

[Translation for Reference and Convenience Purposes Only]

Note1. This document has been translated to English from the Japanese original for reference and convenience purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. Pictures, graphs, charts and some reference matters in the Japanese original have been omitted from this translated document.

Note2. This “Framework for ensuring appropriateness of business & its operational status” and “Basic policy regarding corporate control” in the business report are available on our corporate website and thus have not been included with the convocation notice document.

Internet Disclosure for Notice of Convocation of the 18th

Ordinary General Meeting of Shareholders (Excerpt)

**(“Framework for ensuring appropriateness of business & its operational status” and
“Basic policy regarding corporate control” in the Business Report)**

[From April 1, 2021- to March 31, 2022]

Nippon Sanso Holdings Corporation

Framework for ensuring appropriateness of business & its operational status

1) Overview of internal control system

The framework for ensuring the appropriateness of business (“internal control system”) specified by the Companies Act and the Regulations for Enforcement of the Companies Act, is determined by a resolution adopted at the Board of Directors, as follows.

Also, part of the contents was revised at the Board of Directors held on March 24, 2022. The main point of revision is the change of the name of positions of “Chief Compliance Officer” and “Regional Compliance Officer,” to “Group Chief Compliance Officer” and “Regional Chief Compliance Officer,” and the stipulation of “Global Compliance Committee” held by the Group Chief Compliance Officer.

1. Framework for confirming the execution of duties by Company Group directors & employees complies with laws/regulations & Articles of Incorporation

- The directors of the Company shall determine the basic policy of compliance in the Group and establish an organization and rules to ensure its effectiveness.
- The Group Chief Compliance Officer (hereinafter referred to as “Group CCO”) is assigned to the Company, and a Regional Chief Compliance Officer (hereinafter referred to as “Regional CCO”) is assigned to each region. The Group CCO is in charge of supervision of compliance promotion activities in the Group, and the Regional CCO is in charge of supervision of compliance promotion activities in its region.
- The Group CCO and Regional CCO shall strive to enhance and establish the Group's compliance promotion activities.
- The “Global Compliance Committee” is held by the Group CCO on a regular basis, to share the compliance promotion policy and contents of compliance promotion activities in each region, and to discuss on the respective issue as necessary.
- The Company shall establish a whistle-blowing mechanism in Japan and overseas to ensure a system that allows us to report compliance violations within the Group and the possibility of such violations without suffering any disadvantage.
- In order to ensure the reliability of financial reporting, an internal control reporting system shall be established and its effective and efficient operation and evaluation shall be carried out.
- The Company's audit department shall carry out an internal audit of the operational status of the above organizations, institutions and systems.

2. Matters concerning storage & management of information related to execution of duties by directors

- Information related to the execution of duties by directors shall be appropriately stored and managed based on the Information Security Management Regulations and other related regulations based on the Information Management Basic Policy of the Group.
- The above storage and management system shall allow relevant information to be kept available to directors and members of the Audit & Supervisory Board.
- The Company's internal audit department shall carry out an internal audit of the above operational status.

3. Regulations & other systems for managing Group risk of loss

- The directors of the Company shall determine the basic policy of risk management in the Group and establish an organization and rules to ensure its effectiveness.
- Risk management shall be carried out by the department in charge of the relevant field, and the Global Risk Management Committee shall be established to select important risks for the entire Group and formulate countermeasures.
- The Company's internal audit department shall carry out an internal audit of the operational status of the above organization and institutions.

4. System to ensure efficient execution of duties by Group directors

- In order to ensure the efficient execution of duties by directors, the Board of Directors shall practice reasonable division of duties and appoint appropriate executive officers.
- The Representative Director and President shall execute his duties based on the basic policy specified by the Board of Directors, and discuss and decide on the necessary issues at the management meeting.
- The Global Strategy Review Committee shall formulate the Group's management strategy and manage its progress.
- A medium-term Group management plan shall be formulated, quantitative and qualitative targets shall be set to achieve the plan, and performance management shall be carried out through quarterly monitoring.

5. System to ensure appropriateness of Group operations

- The Group shall manage its business based on the above policy, group management rules and other related regulations, and compliance promotion, risk management and other systems that make up the internal control system shall cover the entire Group. As a holding company, the Company shall maintain and

- operate the internal control system while respecting the independence of each Group company. The Company shall support and manage it according to the prevailing situation.
- The Company's internal audit department shall cooperate with the internal audit department of each Group company, and shall grasp and evaluate the status of setting up and operating the internal control system in the Group through the audit of each Group company.
6. System for appointment of employees sought by Audit & Supervisory Board (hereinafter, sometimes referred to as "A &S Board") members to assist them

The A &S Board shall have a secretariat established as an organization for assisting the duties of A &S Board members and as an entity independent of the command and order of directors. Dedicated employees shall be assigned to the secretariat.
 7. Matters for securing independence of above employees from directors & ensuring effectiveness of instructions given to such employees
 - Employees of the A &S Board's secretariat mentioned in the preceding item shall not receive the command and order of directors when receiving an order necessary for audit work from A &S Board members.
 - The evaluation of the above employees shall be carried out by A &S Board members, and the prior consent of A &S Board members shall be obtained for their transfer, disciplinary action, etc.
 8. System for reporting to A &S Board members, system for ensuring no unfavorable treatment of anyone reporting to A &S Board members
 - A &S Board members and directors shall hold regular meetings to share information, and directors and employees shall report the following matters 1) to 5) to A &S Board members without delay in addition to legal matters.
 - The Company's directors and employees, and the directors, A &S Board members and employees of each Group company shall report to the Company's department in charge regarding matters corresponding to 4) or 5) below, and may also report directly to A &S Board members or the Audit & Supervisory Board.
 - It is prohibited for anyone who has made a report to A &S Board members specified in this item to be treated unfavorably because of the report.
 - 1) Contents decided by directors regarding important matters that affect the management of the Company or each Group company;
 - 2) Results of internal audits conducted by the department in charge of the Company or each Group company;
 - 3) Of the whistle-blowing mechanism, any matter that has a significant impact on the management of the Company or each Group company;
 - 4) Matters that violate compliance and have a significant impact on the management of the Company or each Group companies;
 - 5) Among matters related to poor quality and product defects, matters that have a significant impact on the management of the Company or each Group company.
 9. Policy related to processing of expenses or debts incurred in A &S Board members' execution of duties

When an A &S Board member requests prepayment or reimbursement of expenses for the execution of his/her duties, the request shall be met promptly unless it is deemed that the expenses or debts related to the request are not necessary for the execution of the relevant A &S Board member's duties.
 10. Other systems to ensure effective audits by A &S Board members

The Audit & Supervisory Board shall receive a prior report on the audit plan of an accounting auditor, regularly receive reports on audit results, and make other efforts in cooperation with the internal audit department to maintain close relations with the accounting auditor in order to supervise the accounting auditor and ensure the independence of the accounting auditor from directors.
- 2) Operational status of internal control system
1. Operational status of compliance

The regions where our business is conducted are divided into 8 zones, and under the initiative of Group Chief Compliance Officer (Group CCO), a Regional Chief Compliance Officer (Regional CCO) is assigned to each zone, and develops compliance promotion activities in response to risks in each zone.

As for the compliance promotion in overseas regions, under the initiative and supervision of Group CCO, Regional CCOs in North America, Europe, East Asia, Taiwan, Southeast Asia, India, and Australia, promoted compliance activities, such as training in response to compliance risks in the regions.

In order to promote our compliance in Japan, the persons in charge of compliance promotion who were appointed for domestic Group companies, including the Company, Taiyo Nippon Sanso Corporation, and THERMOS K.K., by the Taiyo Nippon Sanso Group CCO implemented compliance training.

In the "Global Compliance Committee" held by the Group CCO, we discuss the issues to be solved to implement compliance training, and the operational issues in the whistle-blowing mechanism, while sharing the compliance promotion policy, the status of compliance promotion activities in each region, and the progress status of lawsuit.

The contents of Global Compliance Committee are reported to the Board of Directors.

We also have a whistle-blowing channel in place in each domestic and overseas Group company for early discovery and correction of compliance violations. For each whistle-blowing case, we respond with remedy action, recommendations, etc. based on thorough investigations, thus leading to formulation of countermeasures to prevent any recurrence. In the specific operation of the whistle-blowing mechanism, we thoroughly protect whistle-blowers and prohibit their detrimental treatment.

2. Operational status of information security

The past year saw widespread security risks caused by remote work and meetings which already became part of our daily lives, and increased cyberattacks associated with the Summer and Winter Olympic Games and crisis in international politics. Under such circumstances, the Company and domestic Group companies implemented and enhanced additional security systems including e-mail filters and malware detection systems, and continuously provided employees with training against targeted email attacks and with e-learning programs.

Also, the overseas Group companies implemented various countermeasures, such as setting and thorough implementation of remittance procedures to prevent business email compromise, installment of generation backup system to prevent damage by ransomware, and implementation of targeted email attacks training intensively. Moreover, in accordance with Nippon Sanso Holdings Group Information Security Management Standard, we carried survey of current configuration and operation of network system, status of compliance with standard, and implemented the on-site survey for some of our bases.

As a result of the above approach and appropriate storage and management of information on the basis of the Information Security Management Regulations, and other related regulations, directors and A & S Board members are able to have access to information related to the execution of duties of directors.

3. Operational status of risk management

The Company established Nippon Sanso Holdings Corporation Global Risk Management Regulations. Based on the above regulations, under the initiative of Representative Director and President as CEO, we assigned the risk management supervision manager, and person in charge of risk management promotion respectively in Taiyo Nippon Sanso Corporation, Matheson Tri-Gas, Inc., Nippon Gases Euro-Holding S.L.U., THERMOS K.K., and Asia & Oceania region, to evaluate the risk from the managerial and medium- to long-term viewpoint, formulate countermeasures, and promote taking actions.

Also, for the purpose of enhanced risk management of the whole Group, we held the Global Risk Management Committee in February, discuss the important risks for the entire Group from the managerial and medium- to long-term viewpoint, while sharing the risk evaluation results and risk management status based on the new evaluation standard.

As for technological risks associated with security, the environment, product quality/safety, and intellectual property, we confirmed efforts made by each Group company at the Global Strategy Review Committee held in February and determined a policy framework for initiatives to be taken as a holding company. Our technological risks liaison committee, whose members are responsible managers in the area of security, the environment, product quality/safety, and intellectual property, holds a meeting twice a year, and we work on the issues raised by the committee.

The contents of the risk management activities mentioned above are reported to the Board of Directors.

4. Operational status of duties of directors

At the Board of Directors, the contents of duties commissioned to directors who execute the duties are determined by the resolution, and five executive officers are appointed. Also, important operational matters delegated to the Representative Director and President in accordance with corporate governance principles are discussed at management meetings and are subject to a final decision by the Representative Director and President.

Before the meeting of the Global Strategy Review Committee in February to propose the budget of the next fiscal year to the Board of Directors, the optimal allocation of resources in the whole Group is examined, while checking details of strategies of each operating company.

In the FY2021 ended March 2022, formulation of a medium-term Group management plan for four years from April 2022 to March 2026 was examined.

5. Operational status of the system to ensure appropriateness of Group operations

Important matters on the Group companies' operations, such as huge investment, require approval at a management meeting or by the Board of Directors of the Company. Also, the Representative Director and President or CFO and etc. has meetings with the responsible manager of each business segment on a regular basis, to receive reports on performance, security & compliance activities, etc., and to discuss issues to ensure operational appropriateness in the Group companies.

Besides, in the important committees for internal control system of the Group, namely, the Global Compliance Committee, the Global Risk Management Committee, and the Global Strategy Review Committee, the representatives of business segments attend to discuss issues which have an impact for the whole Group.

6. Operational status of internal audit

The Group has audit organizations in Japan, America, and Europe, and conducts audits of operations in each region. The Corporate Audit Office of the Company is in close cooperation with the audit departments in the regions mentioned above to check and evaluate the operational status of the internal control system of the whole Group, and to conduct audits of the Company, Asian & Oceanian Group companies, and THERMOS K.K.'s Group companies. Its audits focus on checking legal compliance and internal control in major operational processes.

To carry out technical audit, the Group has audit organizations in Japan, the U.S.A., and Europe, and conducts audits of operations in each region. The Sustainability Supervision Office of the Company is in close cooperation with the audit departments in the regions mentioned above to check and share the status of management of technological risks of the whole Group, and to conduct a technical audit of Asian & Oceanian Group companies and THERMOS K.K.'s Group companies. Its audits focus on checking the operational status of security management.

Besides, both operational and technical audits are conducted on-site or remotely, depending on the situation of the COVID-19 pandemic.

7. Operational status of financial reports

We distributed internal control checklists to the Company and Group companies to continue improving business quality and ensure the efficiency of internal control related to financial reports. Each company's self-assessment was confirmed by the Corporate Audit Office and the accounting auditor based on documented evidence, and matters found deficient were corrected on the part of relevant companies.

8. Operational status of audit by A &S Board members

A &S Board members attended internal important meetings such as meetings of the Board of Directors and management meetings. They had interviews with the top management including directors and executive officers, accessed important approval documents, and conducted audits of domestic and overseas Group companies, etc., in accordance with the audit policy & plan decided by the Audit & Supervisory Board. Any matter that has a significant impact on the management of the Company or each Group company was reported directly or via the Company's responsible department to the Audit & Supervisory Board, and it was found that no one who reported such a matter was treated unfavorably because of his or her reporting.

Also, the Audit & Supervisory Board made efforts to improve effectiveness of audits, by maintaining close relations with the internal audit department and the accounting auditor, supervising the accounting auditor, and regularly exchanging information, opinions, etc. with outside directors.

The Audit & Supervisory Board have a secretariat established as an organization for assisting the duties of A &S Board members and as an entity independent of the command and order of directors. Dedicated two employees are assigned to the secretariat. The employees of the Audit & Supervisory Board's secretariat mentioned above do not receive commands or orders from directors after they are authorized by A &S Board members to carry out audit work. Also, the evaluation of the above employees is carried out by A &S Board members.

The expenses necessary for or debts incurred in the A &S Board member's execution of duties are promptly processed.

Other than the above, we are operating our internal control system in a proper manner to ensure the appropriateness of business.

Basic policy regarding corporate control

I. Basic policy regarding what anyone controlling Company's policy decisions on finance & business should be

The Company makes it a fundamental principle that anyone controlling the Company's policy decisions on its finance and business must fully understand the Company's management philosophy, sources of corporate value, relationship of trust with stakeholders supporting the Company, etc., and secure and improve the Company's corporate value, as well as common benefits of shareholders, in the long term.

Shares in the Company, a listed enterprise, are authorized to be traded freely through the stock market by many shareholders and investors. Should a major purchase or takeover bid be proposed, we do not rule it out totally as long as it contributes to securing and improving corporate value of the Company and, eventually, common benefits of shareholders.

We believe that final judgment on whether or not to accept such a major purchase offer, etc. should be subject to the intention of shareholders.

II. Initiatives contributing to realization of basic policy

We are taking the following initiatives so that many investors may continue investment from a long-term perspective and that corporate value of the Company and, eventually, common benefits of shareholders, may be improved.

We believe that these initiatives will contribute to realizing the above basic policy regarding control over the Company.

1. Initiatives to improve corporate value

In May 2022, in order to implement the Group Philosophy and Group Vision, the Company will announce "NS Vision 2026/Enabling the Future" (period: four years from April 2022 to March 2026), which is the first medium-term Group management plan after its shift to the current holding company structure.

Under the business operation structure of four global business segments & Thermos business, we formulate five key strategies (I. Promote the sustainable management, II. Explore new business toward carbon neutrality, III. Expand electronics business, IV. Pursue operational excellence, V. DX initiatives leading to the generation of new value). By putting these strategies into action, we will aim to enhance the Group's collective strength and to achieve further growth, and will strive to improve corporate value while contributing to a brilliant and bright future for human beings, society, and the earth.

2. Initiatives to improve corporate value by enhancing corporate governance

The Company's Board of Directors has formulated corporate governance principles that will guide our corporate governance. The Company believes it the essence of corporate governance to ensure transparency and objectivity in decision-making, based on the positions of shareholders, customers, employees, regional communities, etc., from the perspective of seeking the Group's sustained growth and long-term improvement in corporate value, and to make effective use of management resources we have and boost management vitality through swift and resolute decision-making. We are striving to improve corporate governance along the lines of fundamental thinking as follows.

- (1) Respect shareholders' rights and ensure equality.
- (2) Consider the benefits of shareholders and other stakeholders, and work in partnership with them in an appropriate manner.
- (3) Disclose corporate information in a timely and appropriate manner to ensure transparency.
- (4) Improve the effectiveness of the Board of Directors' function of supervising business execution by separating supervisory and executive functions.
- (5) Conduct constructive dialogue with shareholders to contribute to the Group's sustained growth and medium- to long-term improvement in corporate value.

Also, to implement the internal control system, the Company makes efforts to enhance our law-abiding spirit and corporate ethics, based on "the Nippon Sanso Holdings Group Code of Conduct." and operates a framework built as stated in the aforementioned "Framework for ensuring appropriateness of business & its operational status".

The Company will build deeper trust with our stakeholders, including shareholders, clients, and employees, by working on the aforementioned initiatives, etc., and will aim to stably enhance corporate value from the medium- to long-term viewpoint.

3. Initiatives to prevent inappropriate parties from controlling Company's decision-making on finance & business in light of its basic policy

Against any party trying to make massive purchases of shares in the Company, we will take appropriate measures, to the extent permitted by relevant laws such as the Companies Act and the Financial Instruments & Exchange Act, including the pursuit of information necessary and sufficient for shareholders to judge the advisability of such a move, coupled with the disclosure of opinions of the Company's Board of Directors, and the securing of time for shareholders to examine such an issue.

4. Board of Directors' judgment of our specific initiatives & its reasoning

The Company's Board of Directors believes that the initiatives described in the above II. 1. 2. and 3. items are in accordance with the basic policy described in item I., matching the corporate value of the Group, including the Company, and eventually common benefits of shareholders, and that these initiatives are not intended to maintain the positions of the Company's officers.

-end of page-