

Corporate Governance

We aim to reach the targets set forth in our Medium-term Business Plan, EGP2026, by enhancing our competitiveness with a motivated Board of Directors and strengthened supervisory functions across management.

Our Corporate Governance Policy

We believe that to increase corporate value and achieve sustainable growth, it is essential to continue to ensure managerial transparency and strengthen supervisory functions regarding the execution of business affairs. This is our basic policy on corporate governance and we will strive to improve our organization and business systems in accordance with this policy.

Corporate Governance Structure

Board of Directors

The Board of Directors makes decisions on important management affairs of our Group and supervises the execution of business affairs. As of March 30, 2022, the Board of Directors consists of ten members (including two representative directors, four inside directors, and four outside directors). The Board of Directors is presided over by the Chairman of the Board. To achieve clarity of management responsibility and develop a flexible management system capable of responding to changes in the business environment, the term of Directors is set at one year. Regular Board of Directors meetings are held monthly, and extraordinary Board of Directors meetings are held when necessary. In addition, at the budget meeting held once a year, the Board of Directors monitors management by hearing explanations directly from the respective executive officers about the business outcomes of the current fiscal year and the budget of the next fiscal year. We have disclosed the reasons for the appointment of each director in the Notice of the 103rd Ordinary General Meeting of Shareholders (held on March 30,

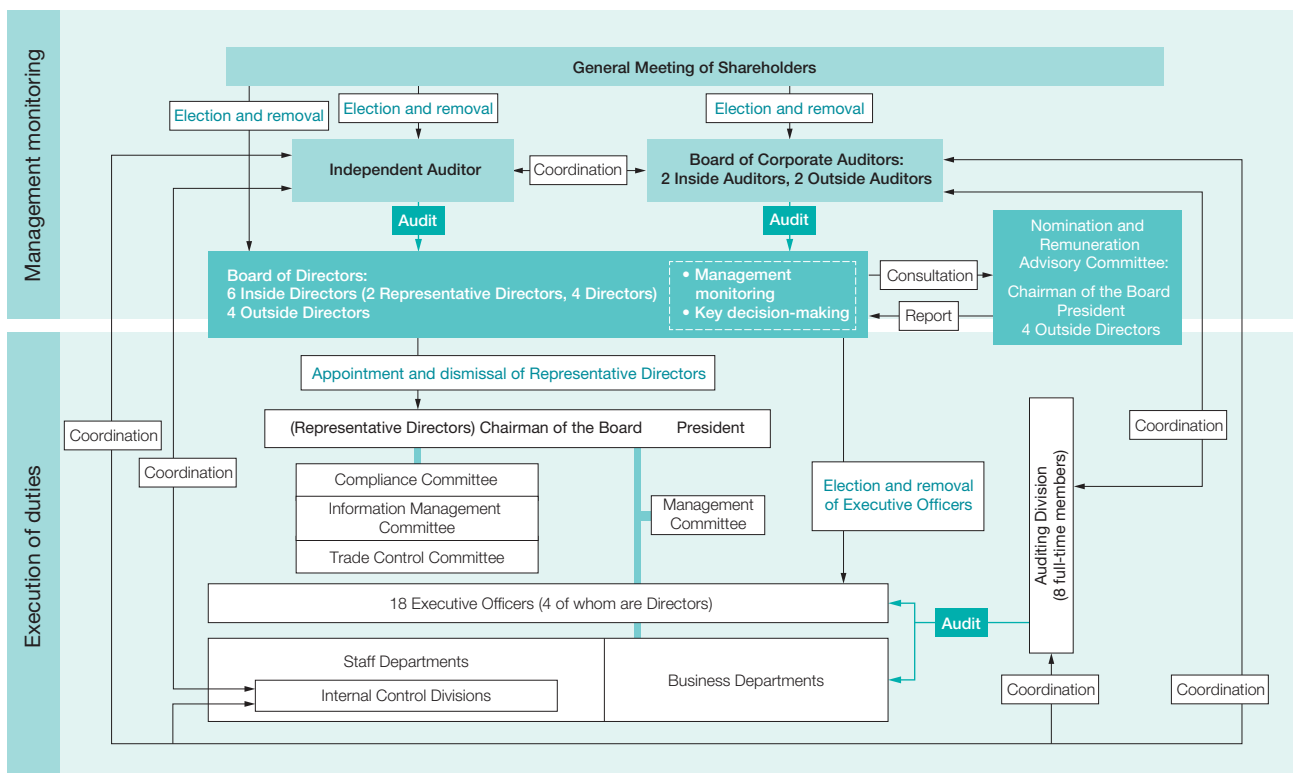
2022), which is available on our website.

(https://www.neg.co.jp/uploads/sites/2/202203_103_notice_en-3.pdf)

Board of Corporate Auditors

We adopt a corporate auditor system. As of March 30, 2022, the Board of Corporate Auditors consists of four Corporate Auditors, two of whom are outside Corporate Auditors. Corporate Auditors conduct audits of the Directors' execution of their duties through assessing business affairs and corporate assets and setting important audit issues according to auditing policies, plans, and assignment of duties established by the Board of Corporate Auditors. They also participate in Board of Directors meetings. Meetings of the Board of Corporate Auditors are held monthly in principle, and Corporate Auditors share information and exchange opinions at these meetings. Corporate Auditors endeavor to improve the effectiveness of their audits by deepening their understanding about the Company's business operations. For this purpose, the Corporate Auditors take various measures, such as attending the

Diagram of Corporate Governance System (as of March 30, 2022)



annual budget meeting and periodically questioning Directors and Executive Officers about their duties and handling of business affairs.

Nomination and Remuneration Advisory Committee

As part of our efforts to strengthen our corporate governance, the Company established the Nomination and Remuneration Advisory Committee to ensure transparency and objectivity in the appointment and dismissal of representative directors and in the process of determining director remuneration. The Committee deliberates on the appropriateness of matters related to the appointment and dismissal of representative directors; remuneration policies and systems for directors; the amount of remuneration determined for directors; and reports its conclusions to the Board of Directors.

The Committee comprises two representative directors and four outside directors. Its membership is shown below.

Chair	Shuichi Mori (Outside Director)
Members	Masayuki Arioka (Chairman of the Board) Motoharu Matsumoto (President) Reiko Urade (Outside Director) Hiroyuki Ito (Outside Director) Yoshio Ito (Outside Director)

Outside Directors and Corporate Auditors

As of March 30, 2022, there are four outside Directors and two outside Corporate Auditors within the Company. Outside Directors make up 40% of all Directors.

In order to strengthen the management supervisory capabilities of the Board of Directors and other corporate administrative bodies by ensuring that they receive informed and objective advice, our outside director appointments include: two corporate management experts with many years of first-hand knowledge and experience in the world of corporate management; a science expert who is specialized and highly experienced in the field of agricultural sciences; and an economist with expertise and a robust background in corporate governance and organizational management.

Outside Corporate Auditors consist of one certified accountant

Management Committee

The Management Committee deliberates on our Company's important managerial affairs and draws up detailed action plans regarding the decisions made at the Board of Directors meetings. Management Committee meetings are held twice a month and when deemed necessary. As of March 30, 2022, the Management Committee comprises six inside directors (two of whom are representative directors) and five senior vice presidents.

Executive Officers

We adopt an executive officer system to promote faster decision making, ensure managerial transparency, and enhance the execution of business affairs. As of March 30, 2022, there are eighteen Executive Officers (four of whom are Directors). The President is responsible for execution of duties and the other Executive Officers execute the duties assigned to them by the President. Each Executive Officer serves for a term of one year.

and tax accountant and one attorney at law, who are both independent from the Company and are highly experienced in their respective fields. They proactively perform their auditing duties and reinforce supervisory functions.

When hiring outside Directors and Corporate Auditors, we base our selection on whether candidates satisfy requirements set for independent directors/corporate auditors in accordance with the Tokyo Stock Exchange's rules and regulations. At the same time, we also take into account the importance of avoiding any risks or conflicts of interest with our general shareholders. We have registered all our outside executives as independent directors/corporate auditors with the Tokyo Stock Exchange.

Analysis and Evaluation of the Effectiveness of the Board of Directors

All of our Directors respond to an annual questionnaire to investigate the effectiveness of the Board of Directors. The questionnaire sent out in fiscal 2021 focused on (1) the Board of Directors in general, (2) the running of Board of Directors meetings, and (3) outside directors.

With regard to the question of whether the Board of Directors deliberated sufficiently in their meetings on corporate strategy and other matters related to the overall direction of the company, some voiced the opinion that corporate strategy was explained in regard to each business separately, but not sufficiently in regard to the overall direction of the company. Another opinion was expressed that while all matters that required deliberation had been put on the agenda, because the large number of matters to discuss was from the most recent and short-term issues, a little more time was needed for the discussion of strategic issues from a medium- and long-term

perspective.

In addition, with regard to the question of whether the internal directors were aware of the difference between their role in executing their own duties and their role as a director and could express an opinion in discussions outside of their immediate purview, and could contribute to improving the quality of deliberations and decision-making by the Board of Directors, some voiced the opinion that while discussions were probably being held in the Management Committee, they wanted internal directors to take a more proactive stance in discussing matters in Board of Directors meetings.

We have determined that the Board of Directors is viable and that its effective functioning has been ensured. However, we will strive to enhance deliberations at Board of Directors meetings by making improvements based on evaluation results and will continue to evaluate its effectiveness.

Skill Matrix of Directors

For the corporation to be able to respond flexibly to a changing climate and business conditions, and to improve corporate value over the medium and long term, we consider it necessary for directors to have specialized skills in a range of areas related to management.

Name	Position in the Company	Outside Independent	Gender	Nomination and Remuneration Advisory Committee (◎ indicates chairperson)	Major knowledge, experience and capabilities			
					Corporate management	Finance and Legal	Technology	Sales and Marketing
Masayuki Arioka	Chairman of the Board (Representative)		Male	●	●		●	●
Motoharu Matsumoto	President (Representative)		Male	●	●	●		●
Hirokazu Takeuchi	Director		Male		●		●	●
Hiroki Yamazaki	Director		Male				●	
Tomonori Kano	Director		Male		●		●	●
Mamoru Morii	Director		Male			●		●
Shuichi Mori	Director	●	Male	◎	●	●		●
Reiko Urade	Director	●	Female	●			●	
Hiroyuki Ito	Director	●	Male	●		●		
Yoshio Ito	Director	●	Male	●	●		●	●

Note: The table above does not indicate all of the expertise possessed by each director.

Policy on Deciding Directors' and Corporate Auditors' Remuneration

Our executive compensation for directors (excluding outside directors) comprises a monthly retainer, bonuses, and grants of restricted shares; for outside directors and corporate auditors, remuneration is limited to a monthly retainer.

The total monthly remuneration for directors is within the scope determined by the General Meeting of Shareholders, and the total amount of the bonus payment is determined at the General Meeting of Shareholders after deliberation by the Nomination and Remuneration Advisory Committee subject to the approval of the Board of Directors. The amounts of the monthly retainer and bonus for each individual director are commensurate with those of other companies and are aligned with our business performance (in the case of internal directors only), the economic environment, and objective market research data on remuneration provided by outside specialized agencies. The duties, responsibilities, and achievements of individual directors are also taken into account. The decision is made after comprehensive consideration of the above and is commensurate with what is offered by other companies. The specifics are deliberated on and decided by the

Nomination and Remuneration Advisory Committee, which is chaired by an outside director and the majority of whose members are outside directors. Unless an equal number of Committee members differ in opinion, the decisions of the Committee are deemed to have been adopted by the Board of Directors. Grants of restricted shares are determined by the Board of Directors after consideration of individual duties and responsibilities as well as the share price after deliberation by the Nomination and Remuneration Advisory Committee and are within the scope of the total amount determined by the General Meeting of Shareholders.

The ratio of the monthly retainer, which is a fixed amount of remuneration, to the bonus and grants of restricted shares, which are variable amounts of remuneration, is generally 6:4 (fixed:variable) on a periodic payment basis.

Remuneration for corporate auditors is determined after consultation with the auditors within the scope of the total amount determined by the General Meeting of Shareholders after reference to what is offered by other companies as determined by surveys conducted by external specialized agencies.

Internal Control

Our internal control system is based on Japan's Companies Act and utilizes basic policies decided upon by the Board of Directors in order to build a system that ensures proper business operations. In addition, we have in place an internal control reporting system, which is based on the Financial Instruments and Exchange Act and which facilitates the development and operation of a system for ensuring proper financial reporting. The condition of financial

reporting-related internal controls is assessed by the internal control division (Auditing Division), which is under the direct control of the president.

In the Internal Control Report released in March 2022, our financial reporting-related internal controls for fiscal 2021 were assessed as "effective." A report by an outside auditing company also assessed the controls as being appropriate in all key aspects.

Roundtable Discussion of the Outside Directors



We look forward to the challenge of further nurturing the shoots of new business while implementing initiatives aimed at maintaining the steady growth of the Company's existing businesses.

Hiroyuki Ito

Outside Director

Shuichi Mori

Outside Director

Reiko Urade

Outside Director

What is your opinion of the current governance system and its effectiveness?

Mori: My candid impression of the company's situation over the past six years is that Nippon Electric Glass (NEG) has firmly established its governance system, which includes the appointment of outside directors. The ultimate mission of outside directors is to rein in a runaway top management, but I think the ultimate guarantee of governance is the ethics of those in upper management. The management team of NEG comprises of the chairman, the president, and others who place great value on honesty and ethics, which I believe has contributed to NEG's autonomous and sound corporate governance.

Urade: When I consider governance, I think it is important that, in addition to establishing a system, that one properly implement it as part of day-to-day management. Since NEG is a manufacturing company with an actual glass manufacturing plant, I think that the Company would not continue if not for steady and cumulative

effort. In that regard, I believe that NEG's business continues to operate thanks to its good faith governance that functions in a diligent manner.

Ito: I believe there are two aspects to governance: The first is to act as a check on management, specifically as a restraint against fraud and intemperate actions; the other is to contribute to better management, or to help sustain proper management. I've been watching the movements in the Company for the past two years, and I certainly wouldn't drop my guard, but I'm hardly worried about the former. Regarding the latter, on the other hand, companies have the responsibility to contribute to society through their business and to pursue sufficient profitability to support this contribution. I believe that maintaining a balance between these two is what constitutes appropriate management, which leads to disciplined and vigorous management. Governance has an important role to play in helping to support a balance between the two. In that regard, NEG also has a clear corporate vision of becoming the world's leading manufacturer of special glass. As an outside director, I intend to support everyone to the best of my ability in order to help them realize this vision.



— **How well does the Company support the activities of outside directors?**

Mori: Regarding the agenda of the Board of Directors meeting, we have asked the board to send us relevant materials in advance, and we also receive explanations from the secretariat. In addition, the minutes and materials of the Management Committee, in which internal management deliberates on important matters, are forwarded to us prior to the Board of Directors meeting. So, we are able to attend the Board of Directors meeting with a full understanding of the discussions that took place at the Management Committee.

Urade: The secretariat provides detailed explanations about these matters, and each time we submit a question we receive a detailed and thoroughly researched reply.

Ito: On that point, I feel that management information is accessible. In particular, I find it a significant advantage that the president provides a summary of the economic circumstances and social situation as well as the business issues facing the Management Committee, which I can confirm. Because I can gain a very good understanding of the thoughts of top management and the management situation, I have a sense of security regarding the operation of the Company.

— **What is the atmosphere at the Board of Directors meetings?**

Mori: Some say that the Board of Directors are convening for a longer period of time now than they did before I was appointed, but in recent years, discussions have become more active, as it was originally a place to seriously discuss each agenda item. However, since internal directors engage in discussions in advance at the Management Committee and other meetings, there is a tendency for outside directors to comment more frequently at the Board of Directors meetings. To that extent, it is possible for us to point out without hesitation problems that are difficult for internal directors to put their finger on as well as issues

regarding business and technological development.

Ito: I've been serving in this position for a relatively short period, so it is sometimes difficult to understand the technical content. I also appreciate the willingness of the chairman and the president to answer my questions with carefully thought-out explanations. In addition to receiving clear answers to our questions, I feel that we outside officers are benefiting from considerations that make it easier for outside officers to participate in discussions. These include explanations and management backgrounders related to technology that are presented in an easy-to-understand manner.

Mori: I am the longest-serving outside director, but I am still not intimately familiar with the glass industry, and to be honest, discussing the direction of the Company and its future strategy can be challenging. However, since outside directors have a mission to supervise compliance with laws and regulations and the legitimacy of decision-making procedures, I intend to continue to fulfill my responsibilities in that regard.

Urade: There are certain things that left an impression on me with respect to the Board of Directors meeting. At one time NEG was engaged in difficult discussions about what it would do to continue operating businesses outside Japan that were not experiencing an earnings recovery. The president said, "The situation is difficult at the moment, but we have important locations that have a positive future outlook that should not be parted with — I will not make an easy decision." This is a clear message that sustainable growth cannot be achieved simply by pursuing short-term profits and represents upper management's stance to ensure NEG remains a leading company. When I heard this, I suddenly had a clearer understanding of the situation.

Mori: I have the strong impression that NEG has grown by doing everything with due diligence and by working with steadfast resolve. In the past, NEG predicted the end of glass production for cathode ray tubes and undertook a bold shift to the liquid crystal display glass business. More recently, it confidently executed a bold strategy: it took the plunge and acquired a huge glass fiber business in Europe and the North America in an effort to expand its business portfolio. This type of major investment represents the one of NEG's strong points.



— What is your opinion of the new Medium-term Business Plan?

Mori: The plan itself was well formulated, and I think it's firmly grounded. The key is to enhance the business portfolio with an eye to the future. The Company is well supported by the two pillars of display glass and glass fiber, but the real challenge is how to develop a third pillar. Research and development should be further strengthened. While I have high hopes for the commercialization of all-solid-state batteries, it is not limited to this. It must also nurture the development of more innovative new businesses. The key to doing so is the effort to strengthen NEG's human resources foundation. NEG is a company that has done well so far with a small number of exceptionally talented individuals, so in a sense it is quite efficient. However, I think it will be necessary to allow for some waste to accrue through the adoption of a trial-and-error approach to various initiatives. Expansion outside Japan is also progressing. I think that investing in people, including the handing down of technology, will be a critical aspect of this Medium-term Business Plan.

Ito: From the outset, NEG has always been a company with a good balance of offense and defense, but this Medium-term Business Plan lays out an approach intended to strengthen the company's offensive stance. Along with the intention to expand existing businesses, the need to develop new fields is a conscious part of the plan. The challenge the Company faces is how to attract and develop its human resources. In the future, I think it will be necessary to develop a system for strengthening their personnel foundation.

Mori: In my experience, strengthening of the human resources foundation is not something that can be achieved overnight. While respecting the desires of younger members, it is also important to maintain a climate in which they are free to take on challenges. Moreover, to that end I think it is important to nurture the green shoots of technologies and businesses that have emerged by having those in supervisory positions provide their expert advice.

Ito: It is a system that develops the ideas submitted by young members and utilizes them, which leads to the emergence of new businesses.

Mori: In my experience, developing innovations requires, in a sense, people who tend to be disruptive outliers. Those who take on new challenges are not always well behaved, so it takes patience to keep them on. In that respect, it is good that the employees of NEG are diligent, but overall, they are somewhat reserved.

Urade: When it comes to strengthening our human resources foundation, I would like the Company to further accelerate its diversity initiatives. The concept of diversity is broad, but in Japan, promoting the active participation of women has become a major issue. I urge the Company to put more effort into hiring female employees, training them, and appointing them to managerial positions. In order to do so, it is essential the system be expanded, that awareness be raised internally, and that top management



show leadership on the issue. I hear that there are few job applications submitted by women, and consequently there are limited numbers of women willing to take on managerial positions. But I believe there exist various ways to review recruitment methods and appoint female managers at an early stage in their careers.

Ito: That's right. I think promoting the active participation of women as a breakthrough in personnel system reforms could be the starting point for kickstarting new growth.

Mori: In terms of the human resources foundation, acquiring management personnel for the future is also a major challenge. The Nomination and Remuneration Advisory Committee is promoting discussions on this issue. Last year, we clarified our requirements with regard to management personnel; in the future, we will prepare ourselves well for upcoming changes at the top.

— Please give us your views on the Company's medium- and long-term growth prospects.

Mori: NEG has strengths in its ability to develop various new products and its technical capabilities to precisely meet the various needs of customers, based on the universal material of glass. On the other hand, the application and marketing capabilities of newly developed products and patents require further enhancement. We believe that the strengths of technological development capabilities will be made known to the industry more widely and collaboration will lead to new development through cross-industry exchanges and information dissemination at exhibitions.

Urade: Having its headquarters in Shiga Prefecture has shaped the character of NEG. Even though the fact that such a great company is located in Shiga, I feel it is a loss if this is not well publicized.

Ito: NEG has entered a new phase that includes support for its new Medium-term Business Plan and its efforts to address carbon neutrality. I would like the public to learn more about these facts and initiatives, so it may be time to consider new strategies related to corporate identity. I hold high expectations for new challenges in everything the company envisions for the future.

Directors, Corporate Auditors, Executive Officers (As of March 30, 2022)

Directors



Chairman of the Board
(Representative Director)

**Masayuki
Arioka**

Apr. 1978 Joined Nippon Electric Glass
Mar. 1997 General Manager of Glass Fiber Division, Production
Jun. 1999 Director (incumbent)
Jun. 2002 Vice President
Jun. 2004 Senior Vice President
Apr. 2008 Executive Vice President
Jun. 2009 President
Mar. 2015 Chairman of the Board (incumbent)



President
(Representative Director)

**Motoharu
Matsumoto**

[Auditing]

Apr. 1982 Joined Nippon Electric Glass
Jun. 2003 CEO of Techneglas Inc.
Feb. 2005 General Manager of Accounting Division
Apr. 2007 Vice President
Jun. 2011 Director (incumbent) and Senior Vice President
Apr. 2013 Executive Vice President
Mar. 2015 President (incumbent)



Director and
Executive Vice President

**Hirokazu
Takeuchi**

(Research & Development,
Process Development &
Engineering, Electronic
Products Business)

Apr. 1982 Joined Nippon Electric Glass
Apr. 2010 Vice President and
Group General Manager of Electronic Products Group
Jun. 2013 Director (incumbent) and Senior Vice President
Jan. 2017 Executive Vice President (incumbent)



Director and
Senior Vice President

**Hiroki
Yamazaki**

(Fundamental Technology,
Intellectual Property, Environment,
Quality Auditing, Product Safety
Management, Cooperation in
Research & Technology)

Apr. 1984 Joined Nippon Electric Glass
Oct. 2006 General Manager of Technical Division
Apr. 2011 Vice President
Jan. 2016 Group General Manager of Corporate Technology Group
Mar. 2016 Director (incumbent) and Senior Vice President (incumbent)



Director and
Senior Vice President

**Tomonori
Kano**

(Display Glass Business)
[Thin Film Business]

Apr. 1989 Joined Nippon Electric Glass
Mar. 2015 General Manager of Display Glass Division, Production
Jun. 2016 Executive Vice President
Jan. 2016 Vice President
Jan. 2020 Senior Vice President (incumbent)
Jan. 2021 Group General Manager of Display Glass Group (incumbent)
Mar. 2021 Director (incumbent)



Director and
Senior Vice President

**Mamoru
Morii**

(Administration, Human Resources,
Purchasing, Information Systems
and Sales Management)
[Accounting, Corporate Strategy,
Marketing, Tokyo Branch Office and
Security Trade Control]

Apr. 1985 Joined Nippon Electric Glass
Jun. 2014 General Manager of Accounting Division
Jan. 2017 Vice President
Jan. 2021 Senior Vice President (incumbent)
Mar. 2022 Director (incumbent)



Outside Director

**Shuichi
Mori**

(Independent Director)

Apr. 1972 Joined Sumitomo Corporation
Jun. 2008 Executive Vice President (Representative Director) of Sumitomo Corporation
Mar. 2011 Left Sumitomo Corporation
President (Representative Director) of Jupiter Telecommunications Co., Ltd.
(currently JCOM Co., Ltd.)
Jan. 2014 Chairman (Representative Director) of Jupiter Telecommunications Co., Ltd.
Jun. 2015 Left Jupiter Telecommunications Co., Ltd.
Mar. 2016 Outside Director of Nippon Electric Glass (incumbent)
Jun. 2017 Outside Director of Tokai Cable Network Corporation (incumbent)



Outside Director

**Reiko
Urade**

(Independent Director)

Apr. 2010 Professor, Graduate School of Agriculture, Kyoto University
Apr. 2018 Emeritus Professor, Kyoto University (incumbent) and Research Professor,
Institute for Integrated Radiation and Nuclear Science, Kyoto University
(incumbent)
Mar. 2019 Outside Director of Nippon Electric Glass (incumbent)



Outside Director

**Hiroyuki
Ito**

(Independent Director)

Apr. 2009 Professor, Faculty of Economics, Shiga University
Mar. 2020 Outside Director of Nippon Electric Glass (incumbent)
Apr. 2020 Emeritus Professor, Shiga University (incumbent) and Professor, Faculty of Business Administration, Osaka University of Economics (incumbent)



Outside Director

**Yoshio
Ito**

(Independent Director)

Apr. 1973 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
Jun. 2014 Senior Managing Director (Representative Director) of Panasonic Corporation
Apr. 2017 Vice President (Representative Director) of Panasonic Corporation
Jun. 2017 Executive Vice President (Representative Director) of Panasonic Corporation
Jun. 2019 Left Panasonic Corporation
Jun. 2020 Outside Director of Kameda Seika Co., Ltd. (incumbent)
Jun. 2021 President of the Japan-China Economic Relations and Trade Centre (incumbent)
Mar. 2022 Outside Director of Nippon Electric Glass (incumbent)

Corporate Auditors



Full-time

**Masahiko
Ohji**

Apr. 1982 Joined Nippon Electric Glass
Oct. 2010 General Manager of Development Division
Jan. 2015 Special Assistant to President
Mar. 2015 Full-time Corporate Auditor (incumbent)



Full-time

**Yoshihisa
Hayashi**

Apr. 1986 Joined Nippon Electric Glass
Mar. 2015 General Manager of Administrative Division
Mar. 2019 Full-time Corporate Auditor (incumbent)



Outside

**Tsukasa
Takahashi**

(Independent Corporate Auditor)

Apr. 1989 Registered as attorney at law and joined Katsube Law Office (currently Katsube Takahashi Law Office)
Jul. 2012 Representative of Katsube Takahashi Law Office (incumbent)
May 2013 Outside Corporate Auditor of Aeon Delight Co., Ltd. (incumbent)
Mar. 2019 Outside Corporate Auditor of Nippon Electric Glass (incumbent)
Jun. 2020 Outside Corporate Auditor of Nippon Shokubai Co., Ltd. (incumbent)



Outside

**Yukihiro
Yagura**

(Independent Corporate Auditor)

Oct. 1992 Joined Tohmatu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
Apr. 1996 Registered as certified public accountant
Jun. 2020 Left Deloitte Touche Tohmatsu LLC
Jul. 2020 Established Yagura-jicpa (incumbent)
Aug. 2020 Registered as certified public tax accountant
Mar. 2022 Outside Corporate Auditor of Nippon Electric Glass (incumbent)

Executive Officers

Senior Vice Presidents

Akira Kishimoto
[Consumer Glass Products Business]

Norio Nakamura
[Glass Fiber Business]

Haruki Matsumiya
[Process Development & Engineering]

Masaaki Kadomi
[Research & Development]

Masahiro Kobayashi
[Electronic Products Business]

Vice Presidents

Hiroaki Nomura
[Glass Fiber Business (Sales), Electric Glass Fiber America, LLC]

Toshiyuki Nakajima
[Administration, Human Resources]

Ken Hamajima
[Glass Fiber Business (Production)]

Takuo Horiuchi
[Display Glass Business (Sales), Sales Management]

Hidetaka Oda
[Display Glass Business (Production)]

Takuji Oka
[Electronic Products Business (Production)]

Hitoshi Kanaya
[Process Development & Engineering]

Yoshiyuki Tamamura
[Purchasing, Information Systems]

Masanori Wada
[Consumer Glass Products Business (Production)]

Compliance and Risk Management

To maintain public trust and to achieve sustainable growth, every employee and executive of our Group is expected to comply with laws and international rules, and consistently act in accordance with our organization's high ethical standards.

Compliance System

We established our Compliance Committee as a specialized body that ensures our Group members continues to comply with laws and regulations. The Committee also provides information on corporate ethics and is primarily focused on the items listed at right.

- Drafting revisions to the Group Code of Conduct and Principles of Activities
- Collecting and analyzing information on compliance and providing compliance training
- Managing an internal whistleblowing system (NEG Hotline)

Compliance Program

Group Code of Conduct and Principles of Activities

To ensure that all employees are informed on compliance matters, we have established the Group Code of Conduct and Principles of Activities. Wallet-sized cards printed with the Corporate

Philosophy Structure, Code of Conduct, Principles of Activities, and an introduction to the NEG Hotline are distributed to employees of group companies in Japan.

**NEGグループ企業行動憲章
～誠実な行動～**

- 1. お得意先第一**
○お得意先のご要望を理解し、そのご要望にどこまでもお応えします。
○社会に役立ち、かつ安全でお得意先の満足と信頼を得られる製品を提供します。
○新たな技術開発に挑戦し、文明の進歩と豊かな未来に寄与します。
- 2. 達成への執念**
○執念をもって課題を成し遂げます。
- 3. 自由闊達**
○前例にとられない自由な発想と、部門や世代にとられない自由な発言を尊重します。
- 4. 高い倫理観**
○内外の法令、国際ルールを遵守し、常に高い倫理観をもって誠実に行動します。
○政治、行政との健全かつ正常な関係を保ち、反社会的勢力、団体には毅然と対応します。
○公正、透明、自由な競争、適正な取引を行います。
○会社資産を適正、確実に管理します。
- 5. 自然との共生**
○自然と共存することを常に意識し、企業活動に伴う環境負荷の低減に努めます。
○地球環境の保全と循環型社会の実現に寄与します。
- 6. 社会貢献**
○健全な企業活動を通して利益を生み出し、社会の持続的発展に貢献します。
○企業活動を行う国や地域社会の文化を尊重し、良き企業市民として行動します。
- 7. 人権尊重**
○人権を尊重し、差別的取り扱い、児童労働、強制労働を認めません。
○安全で、従業員一人ひとりが十分に能力を発揮できる環境を確保します。
- 8. 情報発信**
○適時、適切に、必要な企業情報を開示するとともに、広く関係先とのコミュニケーションを図ります。

以上

1998年 8月1日制定
2006年 2月1日改訂
2015年12月1日改訂

Internal Whistleblowing System

An internal whistleblowing system called the NEG Hotline has been established to help prevent any illegal violations, wrongdoings, or unethical acts and to promote early detection and quick resolution should such acts occur. We have established two consultation hotlines, one that connects employees to the Compliance Committee (internal contact point) and another that connects to an attorney's office (outside contact point). The confidentiality of the informants is strictly protected at both contact points, so that no unfair treatment will occur.

This whistleblowing system has been set up at all of our subsidiaries, including those outside of Japan, and we are working to ensure that our stakeholders know about the system and that it functions properly.

Ensuring Compliance

To raise compliance awareness (for example, for high ethical standards and respect for human rights) throughout our Group, each year we carry out compliance training as a part of an education program for newly hired employees and antitrust

seminars for employees engaged in sales activities. We also ensure awareness among management by holding workshops for directors and executive officers. At these sessions, participants take the opportunity to discuss themes such as governance and compliance. In addition, we have designated October as the month for strengthening compliance. We conduct compliance-related lectures and workshops throughout our Group companies both in Japan and overseas, and also put up compliance awareness posters throughout our facilities. Moreover, we ask all

executives and employees in Japan and overseas to provide the Company with signed declarations each year promising that they will abide by the Principles of Activities. This gives them the opportunity to reflect on how they carry out their work in terms of compliance.

The UK Modern Slavery Act

Our subsidiary, Electric Glass Fiber UK, Ltd., has published a transparency statement pursuant to Section 54 of the UK Modern Slavery Act 2015.

Import/Export Control Initiatives

We have established a Trade Control Committee as part of efforts to ensure thorough implementation of export controls and compliance with various export-related legal requirements, such as the Foreign Exchange and Foreign Trade Act. Among other things, the Trade Control Committee scrutinizes the implementation of export control procedures, facilitates Foreign Exchange and Foreign Trade Act-related training, and develops internal rules and regulations.

Also, in order to ensure appropriate compliance with import/export customs procedures and tax reporting, we have established the Specified Export Declaration Office and Special Import Declaration Office to facilitate the implementation of trade-related business according to the requirements of the Customs Act and other tariff-related laws. As part of their efforts to ensure thorough compliance and greater awareness, both of these offices conduct regular Group-wide auditing and employee

training.

These and other initiatives have earned us certification as an Authorized Economic Operator (AEO) by Kobe Customs for both exports and imports. This is a status conferred on those economic operators that have well-developed cargo security controls and legal compliance structures in place.

Thanks to this, not only the Company but also its overseas subsidiaries are conferred AEO mutual recognition, thereby expediting smoother import/export customs procedures. In addition, we are the only Japanese glass manufacturer to be certified as an AEO for both imports and exports. (Current as of March 29, 2022.)

In October 2021, Electric Glass (Guangzhou) Co., Ltd. earned an Advanced Certified Enterprise, the highest status under Chinese AEO classification system from the local Customs.

Implementing BCP

To be prepared for disasters such as earthquakes, typhoons, floods, fires, and mass infections, we created a disaster management manual based on the company's disaster preparedness regulations, and we carry out emergency drills periodically. In the wake of the 2011 Great East Japan Earthquake, we reviewed our disaster management measures and implemented seismic reinforcement to our buildings, production facilities, and equipment.

In 2015, we began using Business Continuity Planning (BCP), which replaced the previous disaster preparedness regulations. To facilitate the processes necessary for BCP, a manual providing information on detailed preparation procedures and actions that should be taken when an emergency or disaster strikes was created. In accordance with the implementation of BCP, we have also introduced a system that will efficiently confirm the whereabouts of all domestic employees and their families in

case of an emergency. Moreover, in order to resume production and continue to supply our customers in the aftermath of a disaster, we are working to strengthen our risk management system of procurement.

Basic Policy of BCP

- ① To protect each employee and their families and to secure their safety
- ② To protect production equipment, to prevent the spread of damage as well as secondary disasters from occurring within the company and the adjacent communities, and to help with rescue efforts
- ③ To resume providing customers with products and services as rapidly as possible

Risk Management

Our Group reviews business risks on a periodic basis, based on our policy on internal control, and takes the necessary steps to manage such risks. In cases involving any business risks that are deemed significant, responsible divisions or specialized

committees formulate regulations and guidelines, conduct training, prepare manuals, and undertake additional activities as deemed necessary.

CSR Foundation

We will contribute to realizing a sustainable society by working on three priority themes: the Environment, Diversity and Inclusion, and Community Contribution.

The History and Themes of Our CSR Activities

Our work on pollution problems at our Fujisawa Plant in the early 1970s taught us to undertake environmental conservation as an issue crucial to the sustainability of our operations. A particular characteristic of special glass manufacturers is the consumption of large amounts of energy and resources, and the emission of carbon dioxide. Accordingly, environmental conservation continues to be an issue of the utmost importance for our Group. At the same time, we have engaged in contribution to the community mainly by assisting with the education of local human resources and through active involvement in employment of the disabled.

Based on this historical background, and in order to further advance our CSR activities, the Management Committee in which our top management participates has established a “way of thinking” that forms the foundation of these activities, which we have set forth in our CSR priority themes.

Our Fundamental Way of Thinking Regarding CSR

CSR is a key area in our corporate activities and cannot exist separate from our Corporate Philosophy Structure. Accordingly, we carry out our CSR activities in accordance with the intention of our Corporate Philosophy Structure and, through the implementation of CSR activities, we aim to raise our corporate value and realize a sustainable society. We have established both of these approaches as our fundamental way of thinking in regard to CSR.

Our Way of Thinking on CSR

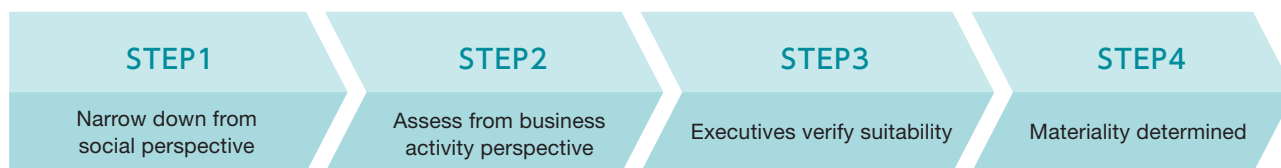
We promote CSR with our Corporate Philosophy Structure as the basic principles.

Through our CSR activities we will raise our corporate value and realize a sustainable society.

Three Priority Themes

We have established the Environment, Diversity and Inclusion, and Community Contribution as the three priority themes (those with the Materiality) of our CSR. These themes have a strong association with the priority issues that we have focused on so far (environmental conservation, community contribution, employment of the disabled). We have reconfirmed the background and importance of these three themes and have clarified the future direction for scaling up our initiatives on a broader scale. In addition, we will place emphasis on these themes, as we believe they are directly linked to the United Nations’ Sustainable Development Goals (SDGs).

Materiality Determination Process



Three Priority Themes Defined

Environment

Environmental conservation is a duty for a company like ours whose operations incur a high environmental burden, so we advocate “consideration for the environment” and “efficient manufacturing processes lead to environment-friendly manufacturing.” Furthermore, we maintain the attitude that it is unthinkable for our operational activities not to include environmental conservation activities.

Diversity and Inclusion

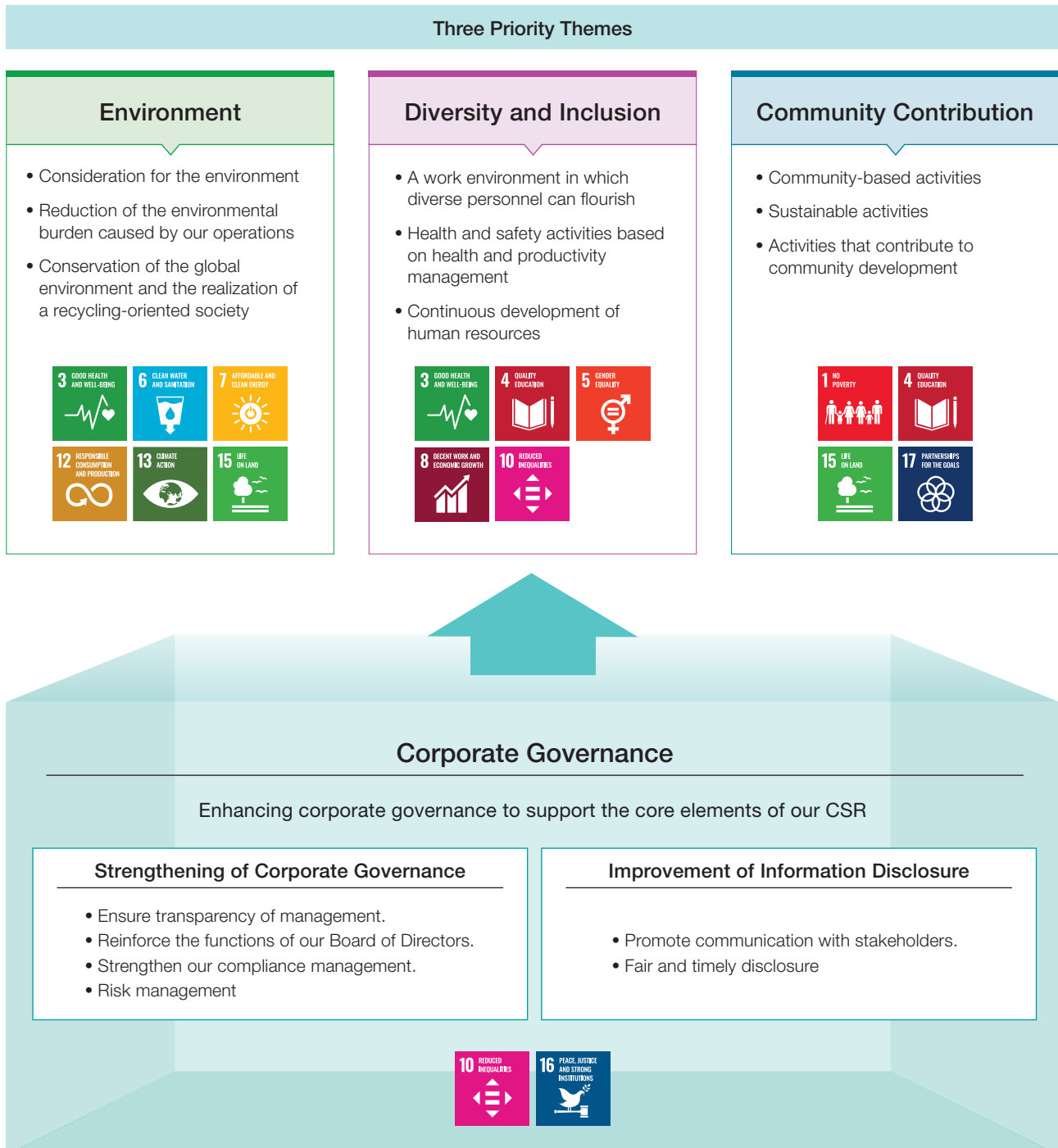
The basis of our thinking on Diversity and Inclusion is that the integrated strength of personnel with diverse backgrounds and values—whether in terms of gender, race, or so on—is the driving force behind corporate growth. Of course, employment of the disabled is also included in this theme. At the same time, we will do our utmost for all these employees by providing personnel training and maintaining a safe and healthy working environment for them.

Community Contribution

A good relationship with the community is essential for sustainable business. Therefore, we believe it is important to engage with local communities to gain their trust and appreciation. We will continue to actively participate in local activities, and also provide support for the disadvantaged and for human resource development in the communities we serve.

The Basic Policy of Our Priority Themes

In order to further clarify the direction of our CSR activities, we have determined a basic policy for each of our priority themes. Furthermore, we have identified corporate governance as the foundation of the core elements of our CSR and are positioning and developing it within the framework of our CSR.



We have put into writing our way of thinking on CSR and what our three priority themes are. We are actively pursuing CSR activities focused on divisions central to each priority theme, i.e., the Environment Division, Human Resources Division, Administrative Division, and Fundamental Technology Division. Through activities like these, we are contributing to the realization of a sustainable society and the improvement of our corporate value.

Environment

With “consideration for the environment” as one of our key values, we will continue to manufacture products in an environmentally friendly way.

Our Way of Thinking on Environmental Conservation

Environmental conservation is one of top management priorities as a special glass manufacturer that uses a large amount of resources and energy. We hold consideration for the environment as an important value and have always been conscious of environmental conservation through our operations. We firmly believe that having the world’s most efficient processes possible is the key to achieving the world’s most environment-friendly manufacturing. In this regard, we are constantly striving to reduce our environmental footprint while promoting various challenges including sustainable development and biodiversity conservation. We are also putting in place measures to achieve carbon neutrality, a key concern in light of ongoing global climate change.

The Environmental Charter is our fundamental policy on the environment and sets forth the direction we need to follow in enacting our initiatives for environmental conservation. In accordance with our Environmental Charter, through our glass business, and together with our Group companies, we will continue to be instrumental in preserving the global environment and realizing a recycling-oriented society.

Environmental Charter

Environmental Principles

Preservation of the global environment is extremely important and indispensable for the prosperity of civilization and humanity in the 21st century. Nippon Electric Glass, upholding the Corporate Philosophy of “To build a brighter future for the world by uncovering the unlimited possibilities of glass for more advanced creative manufacturing” and adhering to “Consideration for the environment” as one of its essential corporate values, strives to be and remain the world’s leading manufacturer of special glass by ensuring the state-of-the-art technological development, the highest quality standards, efficient production, and steady product supply. Nippon Electric Glass and its Group companies are committed to contributing to the preservation of the global environment and realization of a recycling-based society by adopting high-efficiency and environmentally responsible processes.

Action Plan

1. We will honor and observe all environment-related laws and regulations and the environment-related agreements and conventions that we have signed, and establish and enforce our own and voluntary environmental restrictions.
2. We will endeavor to reduce our environmental impact in all aspects of our corporate activities and in all stages of the product life cycle, including procurement, manufacturing, transportation, sales, use, reuse, treatment, and disposal.
3. We will attain the world’s highest-level manufacturing to more effectively utilize natural resources and energy sources, thereby contributing to preservation of biodiversity and reduction of greenhouse gas emissions.
4. We will strive to adapt our activities to the requirements of 21st-century society to prevent pollution, thereby optimizing our presence in society.
5. We will set environmental objectives and targets and attain them through optimization of our essential operations and environmental protection activities in which all employees participate. We will also continuously improve our environmental management system to enhance our environmental protection performance.

This Charter is informed to all employees and affiliated companies, and is made available to parties outside the Company at their request.

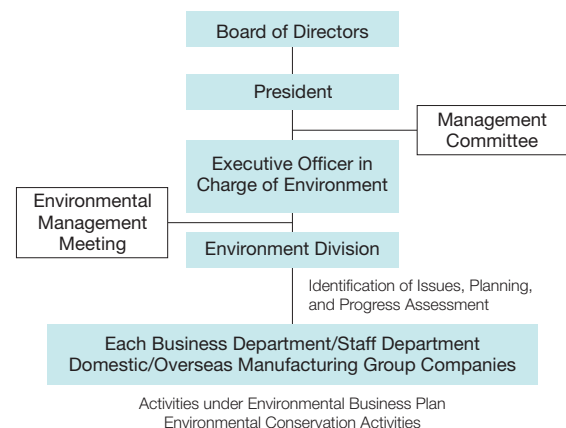
Environmental Management System

Our environmental management system is composed of an Environment Division, business departments (including manufacturing group companies inside and outside Japan) and staff departments—all working under the president and executive officer in charge of environment.

Environmental Management Meeting

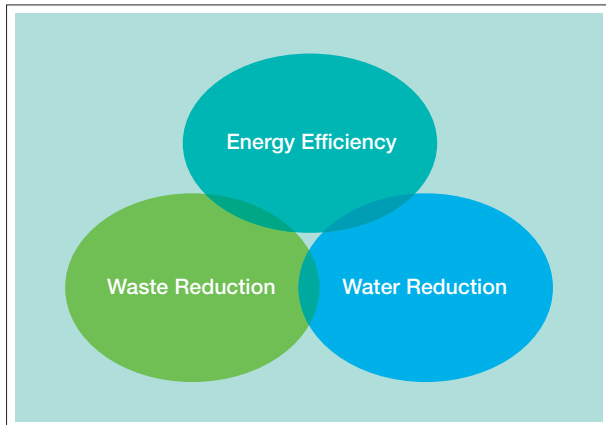
This meeting is held every three months. The executive officer in charge of environment chairs the meeting, which is attended by the President, Executive Vice President, Senior Vice Presidents, General Managers of our business departments, and representatives of our major group companies that carry out manufacturing. The meeting serves as a forum for deliberations related to groupwide environmental activities, covering our responses to climate change and many other environmental issues, along with the rollout of environmental conservation initiatives.

Environmental Management Organization



Environmental Business Plan

Our Environmental Business Plan is our own unique initiative that applies business management principles to environmental conservation. In 2021, we launched initiatives related to energy that supplement our existing focus on waste and water since 2000. Through these efforts, we are demonstrating our commitment to reducing our environmental impact while adopting measures to address the issue of global warming.



Energy Efficiency

We are making visible the total amount of energy used by the group globally in our product manufacturing processes, and have begun implementing an energy business plan aimed at using energy efficiently and reducing waste. The data we gather will be analyzed to determine what productivity improvement measures to implement and to create efficiency improvement plans and set consumption rate targets for more efficient energy use.

We will combine these initiatives with improvements in electricity usage and the introduction of new manufacturing process technologies, such as hydrogen combustion. Promoting efforts to reach our targets for carbon neutrality, we aim to be the world's most efficient and most eco-friendly glass manufacturer.

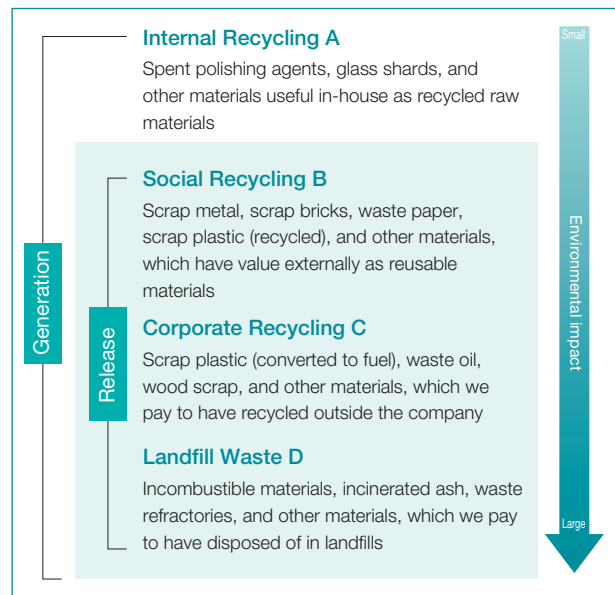
Waste Reduction

We separate waste into two categories: "normal waste," which comprises waste generated by our normal production activities, and "bulky construction waste," which is waste generated by such activities as periodic maintenance of glass melting furnaces. These waste categories are further separated into the four subcategories shown in the accompanying figure, with "Landfill Waste D" being our highest waste reduction priority due to its high environmental impact.

Initiative to Protect the Global Environment

As part of our initiative to protect the global environment and contribute to sustainable systems, we take measures to conserve biodiversity while supplying and developing eco-friendly products that both save energy and generate energy.

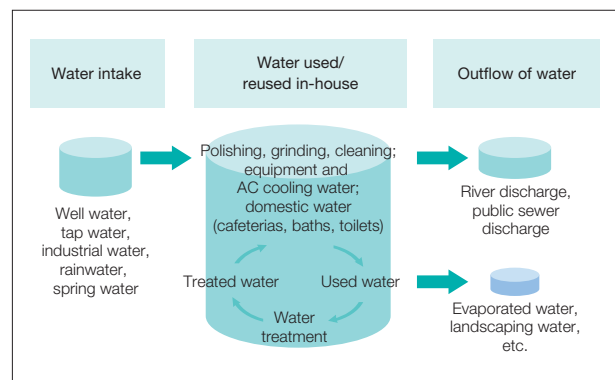
Waste Categories



Water Reduction

We consider the amount of water that we use to be an important factor in determining how skillfully we perform manufacturing. By managing our water usage, intake, and outflow, we increase our understanding of the entire glass manufacturing process, while further improving our process technologies and equipment. Management efforts continue to be focused on decreasing our rate of water consumption.

Water Flow



Special Feature

Our Initiatives for Carbon Neutrality

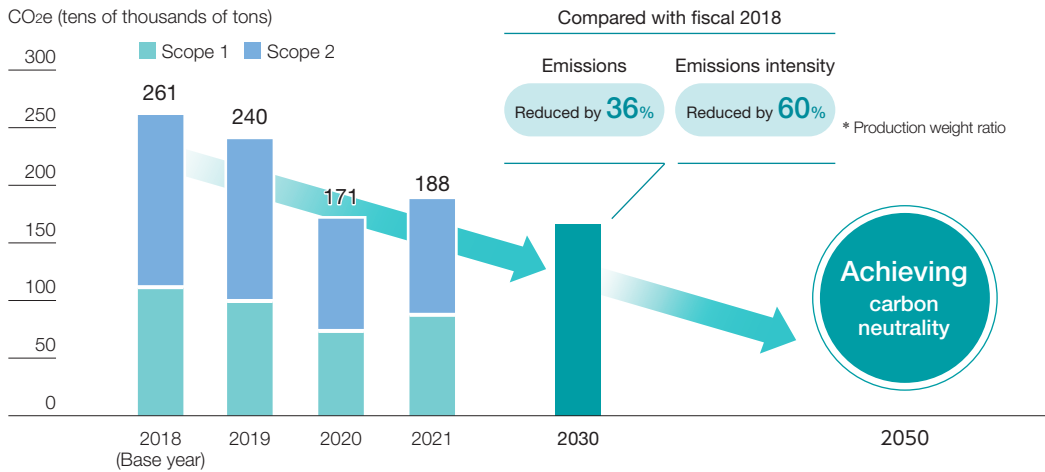
We aim to achieve carbon neutrality by 2050 through aggressive investments, R&D, and other initiatives.

Carbon neutrality is a critical global issue to prevent global warming. Under such circumstances, in February 2022, we determined target values to reduce CO₂ emissions and announced them together with our initiatives to achieve the targets.

CO₂ Emissions Reduction Targets

By 2030	CO ₂ emissions compared with 2018 (Scope 1 + Scope 2)	Reduced by 36%
	Emissions intensity (Scope 1 + Scope 2)	Reduced by 60%
		Achieving carbon neutrality by 2050

* Production weight ratio



Supporting the TCFD Recommendations

In November 2021, we declared our support for the Task Force on Climate-Related Financial Disclosures (TCFD) to analyze risks and opportunities that climate change brings to our businesses, as well as to inform everyone of financial impacts and our countermeasures. We continue to proceed with analyses based on the TCFD recommendations and disclose information appropriately.



► Approach to CO2 Emissions Reduction

Reducing the amount of greenhouse gases emitted from glass melting furnaces is a critical issue for the glass manufacturing industry, and we have been working on this issue as our highest priority.

Reducing Energy Loss Caused by Exhaust Gases

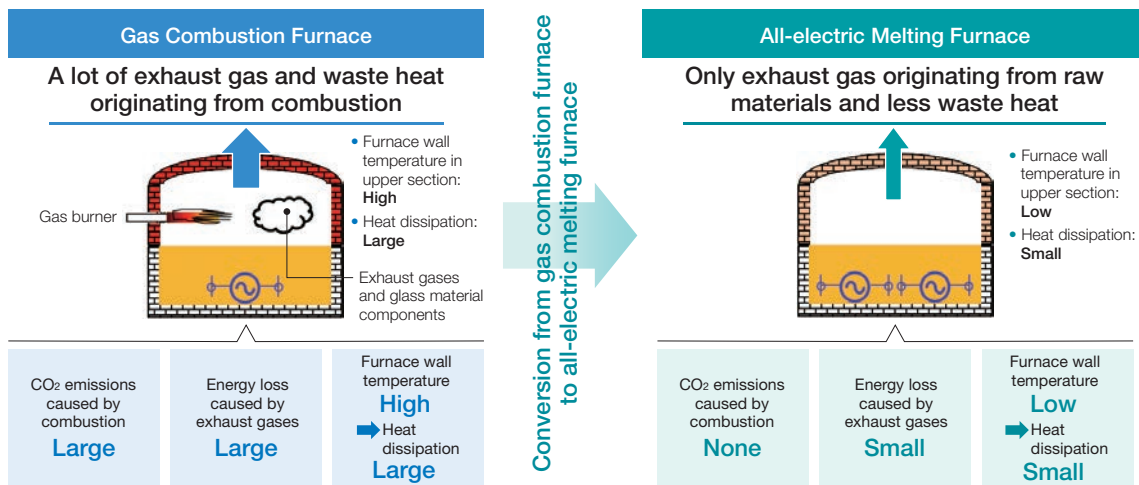
The most efficient manufacturing in the world leads to the most environmentally friendly manufacturing in the world. To achieve this, we will need to improve product quality and yield to minimize the amounts of raw materials and energy that we use for our manufacturing. It is also important to improve thermal efficiency. Conventional glass melting furnaces used to waste a lot of heat due to exhaust gases. In 1993, we installed Japan's first oxy-fuel firing furnaces, which largely prevents nitrogen from entering the furnaces, thus significantly reducing the volume of exhaust gases and improving thermal efficiency. This technology has now been adopted for almost all of our furnaces.

Fuel Conversion for Glass Melting Furnaces

In the past, we were switching fuels for our glass melting furnaces from heavy oil to LPG and ultimately to natural gas to reduce CO2 emissions. In 2010, we completely abolished the use of heavy oil and completed switching to natural gas. We continue technological development for CO2-free fuels such as hydrogen.

Improving Electricity Usage

We employ an electric melting technology that inserts electrodes directly into the glass melting furnace and heats the glass by energizing it directly. This technology significantly improves energy efficiency, eliminates CO2 emissions caused by combustion, and drastically reduces the amount of heat dissipation from melting furnaces. Up until now, we have been using electrical energy together with gas combustion, but we are actively proceeding with conversion to all-electric melting furnaces, which use only electrical energy to melt glass. In the future, we will gradually switch our electricity to renewable energy.

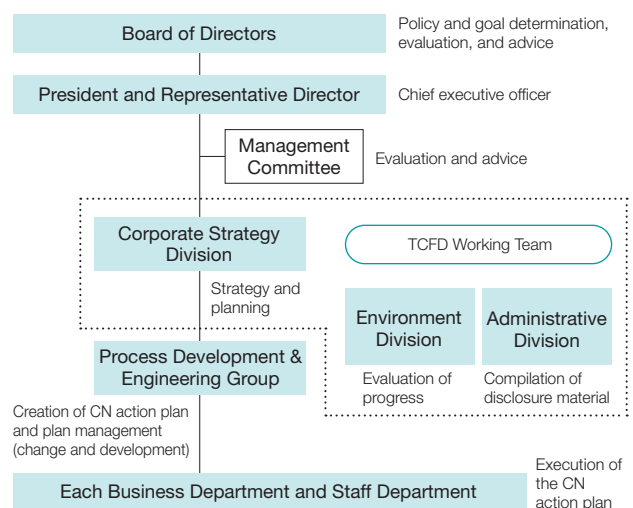


In April 2021, we set up a carbon neutrality project and drew up an implementation plan to reduce CO2 emissions. We continue to promote various initiatives to achieve our targets.

Initiatives to Achieve Targets

Category	Initiatives
Manufacturing process	Promoting electric melting and improving melting efficiency
	Switching to energy-saving facilities
	Technological improvement and electrification for forming and processing facilities
	Operations automation and optimization
Utility facilities	Upgrading to high-efficiency facility
	Facility optimization (to resolve difference between demand and supply, etc.)
	Operation optimization (external environment, production process, etc.)
Technological development	Technological development for CO2-free fuel (hydrogen, etc.)
Procurement	Investment and procurement for renewable energy

Carbon Neutrality (CN) and TCFD Promotion System



Diversity and Inclusion



We maintain a safe and healthy working environment for all employees and strive to develop employee competencies.

Vice President and General Manager of the Human Resources Division

Toshiyuki Nakajima

Joined the Company in 1989 and worked at the Fujisawa Plant in labor affairs, purchasing, and accounting, then joined human resources at the head office to work in labor affairs. Posted in China from 2006 to 2012. Headed the establishment of a joint venture in Shanghai and returned to Japan in 2013. Posted to Fujian Province in 2014, in charge of setting up a company and was appointed its vice president. Returned to Japan in 2016. Appointed as General Manager of the Human Resources Division in 2017. Has held his current position since 2020.

Our Policy on Employee Education

As we pursue the goal of becoming the world's leading manufacturer of special glass, the capabilities of our personnel are more important than anything else. We have long regarded experience as essential to employee growth, so young workers are intentionally given active roles and responsibilities. For individuals to grow, they need to apply their knowledge to real situations and then reflect on the outcomes. Establishing this cycle that leads to the next implementation is vital. On-the-job training (OJT), which involves gaining experience not only through successes but failures as well, is a core component of training at any company.

We also provide valuable learning opportunities that are moderately removed from the day-to-day work experience in the form of a training course. Using such a format, employees have the opportunity to attend lectures given by an instructor and work with their peers to find out for themselves in what areas they are lacking and need to develop further. Those realizations lead to their next stage of growth.

One might think that attending a course that combines classroom learning with role playing will immediately yield

results that can be applied in the workplace and lead to growth. But in reality, not all such training has an immediate effect. Participation in various training programs on an ongoing basis stimulates self-reflection and intellectual curiosity, so the true value may be in fostering self-confidence, which is needed to become the kind of person who has the desire to learn in the long term after the programs.

The Company offers a range of training programs, from periodic level-specific training for young employees and skills training directly connected with job functions to English-language study, and a self-development educational system designed to encourage individual improvement efforts. We work toward the ideal of having our personnel contribute actively at various stages in all areas to build the future of the Company. We do this by promoting on-the-job training and the acquisition of knowledge through various training programs, and by encouraging the implementation of that knowledge. We plan to continue setting up such opportunities for self-realization on an ongoing basis.

Recruitment and Workplace Environment Maintenance

In addition to our continued commitment to provide employment for people with disabilities, we also strive to cultivate a work environment in which the diverse backgrounds and values of employees are respected and in which employee welfare and happiness are prioritized.

Employment of People with Disabilities

In 1980, we established a special-purpose subsidiary aimed at employing people with disabilities. We were among the first six companies in Japan to do so. For its outstanding action in hiring and training young people, this subsidiary was in 2018 granted Youth Yell certification from Japan's Ministry of Health, Labour and Welfare, the second special-purpose company in Japan to be certified. As of the end of 2021, we had achieved a 4.28% employment rate for people with disabilities. We are now working to raise this to 4.6%, which is double the statutory requirement.

Support for Raising the Next Generation and Women's Empowerment

We aim to create a workplace environment that allows our employees to balance their work with their important commitments to raising children and taking care of their families. To that end we have in place measures to support childcare and to empower women. In 2019, we received Platinum Kurumin accreditation from the Japanese government as a company that provides excellent childcare support. We are implementing activities that facilitate exchanges of ideas among female employees, which has resulted in the introduction of easy-to-use systems that facilitate work for employees of all backgrounds, and efforts to promote awareness of these systems within the Company, for example.

Active Participation of Senior Workers

As Japanese society ages and fewer children are being born, it is becoming imperative to utilize our senior workforce. We have raised wage levels for senior employees incrementally and put in place a system for rewarding them that reflects the extent of their work and how well they carry out their duties. We wish to further utilize motivated and capable seniors and promote a smooth handoff to the younger generation.

Support for Employees with Roots in Other Countries

Year by year, as the number of our non-Japanese employees increases, we are providing support by following up to ensure an understanding of the company's policies, offering Japanese language classes and a mentoring system, and through other appropriate means to support smooth workplace communications. Going forward, we will be putting energy into ensuring that workplace environments allow employees of many different

backgrounds to participate in the workplace with vitality, building synergy through the mutual respect of each other's culture.



Human Resource Development

In order to attain our goal of becoming the world's leading manufacturer of special glass, we need to have personnel capable of performing at a world-class level in all areas. We help our employees to better themselves by offering them a range of study opportunities, such as on-the-job training, level-specific training, global human resource training, skills training, and self-development programs that include acquiring industry certification. We will continue to provide our employees with further training, which will help them get to that next level.

Health and Productivity Management

We believe that improving the health of all employees leads to corporate growth. We have therefore been developing health and safety activities based on health and productivity management, and have been implementing work-style reforms. We have established key performance indicators (KPIs) for mental and physical health, and are rolling out activities, education, and other initiatives aimed at improving the health of employees in each area.

Health and Safety

Regarding health and safety, our Principles of Activities state that "We put safety first in everything we do, and we abide by all rules and regulations regarding health and safety." Under our companywide health and safety program, our health and productivity management philosophy forms the basis for an action policy aimed at maintaining and improving the mental and physical health of each employee. This allows us to create a vibrant working environment that increases the creativity and productivity of the entire corporation.

Work-style Reforms

We started promoting work-style reforms in 2017. We have improved efficiency by eliminating unnecessary and duplicated work through task inventory checks and by maximizing the use of IT. These efforts have enabled us to reduce overtime work and increase the taking of paid leave. The benefits of these efforts have been returned to our employees via an expanded welfare program and other ways.

Voices for Diversity

Business success depends on a diverse workforce

I'm Head of Human Resources for EGFU. The HR function centres around people, and people are at the heart of everything we do; supporting employees through their lifecycle at NEG and making it a positive experience. Our objective is to make NEG an employer of choice, by offering fair and competitive terms and conditions, recognising the efforts of our colleagues through our reward and recognition policies, offering transparent development and career progression opportunities.

HR supports the business in safeguarding its future through the acquisition of talent and in ensuring that we steer and drive the right capabilities for our current and future needs. Having a diverse workforce both in terms of skills and people, ensures that we attract and retain people to support our growth and drive an inclusive culture. Creating the right culture, for me, is hugely important to our success as a business and is what makes EGFU a great place to work.

There are certainly cultural differences between the UK and Japan's working styles and we have embraced those differences and adapted to each other, since becoming a part of the NEG group. From a strict diversity and inclusion point of view, it remains disappointing that there are no western representatives in the published top management list, which may be an area of improvement and crucial for retention of senior overseas talent.



Electric Glass Fiber UK, Ltd.
Head of HR
Sally Ann Blades

Creating a positive environment for diverse personnel by taking new perspectives

After joining the Company, I was assigned to work in the Sales Division of Glass Fiber Group and did sales within Japan. Since August 2021 I have been working in Germany at a sales subsidiary. In this position, I have been handling sales matters as well as product inventory control and sales tabulation work. Since coming to Germany I have had the opportunity to work with people from many different cultural backgrounds and I am still working out how to manage my job and carry it out smoothly in this new environment.

I was the first female salesperson in this division in Japan. In the process of doing my job, I realized that women working side-by-side with men is much more rare in Japan than I had thought. I am hoping the Company to create a positive environment that is easy for a greater diversity of people to work in by sometimes taking entirely new points of view to create new frameworks—not by relying on existing systems.



Nippon Electric Glass Europe,
GmbH
Sales Manager
Azusa Shimomura

Intense (and hot) training as a new employee as groundwork for the job

I'm now in my fourth year with the Company and I mainly do administrative work related to things like company stock, legal compliance, and the board of directors. I got training at plants in Japan for half a year, and then studied language for three months in Shanghai before being assigned a position. During my training, doing up-close inspection work of the glass melting and forming processes, I felt the heat of working with glass being melted at over 1,000°C. I was also exposed to discussions of how to improve processes, and I was able to deepen my understanding of glass production through both observing the manufacturing and talking with my peers and superiors. I use that knowledge in my work today. It helps me to understand the discussions at board meetings and it comes in handy when I'm considering how to express things in disclosure documents describing the Company's state of affairs and the like. Such systematic intense on-the-job training is just an example, but it shows how the Company's training programs encourage my growth step by step, which provides a sense of meaning and purpose in doing my job.



Administrative Division
Naoki Soga

Community Contribution

We contribute to the development of local communities through initiatives based on activities rooted in those communities. Our main activities include educational support and involvement in community events.

Supporting the Younger Generation

Supporting Shiga Prefecture's Lake Biwa Floating School Program

Since 2019, we have been supporting education and self-development through an environmental studies program for children in Shiga Prefecture, where the Company is based. In 2021, we donated a large-screen display to the environmental study ship, Uminoko.



COVID-19, but a class was finally held in December 2021 with preventive measures in place.



Welcoming Visitors to Our Plants and Showroom; Opening Our Facilities to the Local Community

- The plants and showroom welcomed approximately 70 people in 2021.
- Approximately 220 people used our facilities that are open to the public (green space, etc.) in 2021.

Visiting Lessons

(Sponsorship of Otsu City Science Museum's "Innovation for the Future" classes for inventing, discovering, and making things)
Classes were suspended in 2020 to prevent the spread of

Academic-Industrial Collaboration

We concluded a comprehensive university-industry collaboration agreement with the University of Shiga Prefecture in 2007. Based on that agreement, we have been collaborating with the university on a variety of ongoing projects, which include the establishment of an endowment course, joint research and technological exchange on glass engineering, and supporting the development of tomorrow's leaders.

Participation in JST Support Program for Female Students in Choosing Science Courses

In conjunction with the University of Shiga Prefecture, in 2020 the Company started participating as a collaborating enterprise in the Support Program for Female Students in Choosing Science Courses run by the Japan Science and Technology Agency (JST).

Coexistence with Local Communities

To strengthen our ties with local communities, we carry out volunteer activities such as cleaning and planting greenery, host various events to which we invite local residents, and carry out donation and support activities.

Record of 2021 Activities (Inside and Outside Japan)

Employees joining community activities	Approx. 200
People visiting our summer festival and other events	Suspended
People joining dialogue between the Group and neighborhood councils	Approx. 40

Photographs of Main Events and Support Activities



Otsu: Donation of books to children's cafeterias in Shiga Prefecture



Electric Glass (Xiamen): Support for PCR testing site



Paju Electric Glass: Donation to children with disabilities

Communicating with Stakeholders

We declare in our Group Code of Conduct that we disclose necessary corporate information in a timely and appropriate manner, and communicate on a broad basis with stakeholders. To enhance our corporate value, we strive to maintain active communication and deepen mutual understanding with various stakeholders.

Communicating with Customers

The principle of “customer first” is a key value in our corporate philosophy structure, and a commitment to being the world’s best in customer satisfaction is one of our essential management policies, as we aim to further improve customer satisfaction while delivering safe, reliable, and high-quality products.

Product Safety

Basic Policy

We always offer safe products that consumers can use without worry.

1. Place the utmost importance on ensuring product safety from the design stage.
2. Continue to improve product safety through quality assurance.
3. Continue to reduce risks throughout the product life cycle.
4. In case of an accident involving our product, disclose information and ensure product safety promptly.

Product Safety Management Committee

Our Product Safety Management Committee enhances the safety of our products. Committee members are selected from Line Departments in charge of manufacturing and sales and from Staff Departments in charge of product design and process design.

Quality Assurance

Basic Policy

Under the principle of “customer first,” we offer products that satisfy customers through the cooperation of all divisions involved in product sales, manufacturing, and development.

1. Properly understand customer needs for products and continue to reflect these needs in product specifications.
2. Market products that comply with appropriate quality assurance standards.
3. Continue to improve product quality and enhance the level of manufacturing that ensures product quality.
4. Take prompt and appropriate action to manage any problems reported by customers.

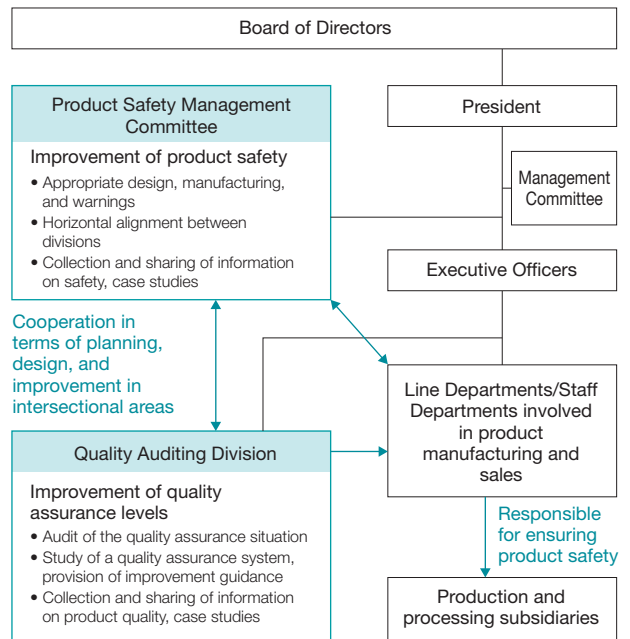
Quality Assurance Department

Each of our Line Departments involved in product manufacturing incorporates a Quality Assurance Department. Our personnel undertake quality assurance for each product in response to customer requests and to help improve manufacturing expertise.

Quality Auditing Division

The Quality Auditing Division at our head office drives cross-company efforts to improve quality assurance levels within the entire group.

Diagram of the Product Safety and Quality Assurance System



Communicating Product Information

We use exhibitions and our website as communication tools for introducing products and providing various relevant information.



API China (Wuhan, China)

Exhibitions

<https://www.neg.co.jp/en/company/exhibition/>

Communicating with Business Partners

Basic Procurement Policy and Request to Our Business Partners

Under the basic procurement policy that we have established, we seek to build up reliable relationships with business partners who can provide us with a stable supply of products and services of superior quality at competitive prices. In order to enhance the performance and efficiency of the entire supply chain, we ask our business partners to agree to produce a stable supply following our supply chain guidelines, improve their competitiveness, comply with laws and regulations, respect human rights, and protect the environment.

Basic Procurement Policy

- ① Open and fair business dealings
- ② Harmonious mutual prosperity with partners
- ③ Compliance with social norms and respect for human rights
- ④ Environmental consciousness

Request to Our Business Partners

- ① Stable supply of purchasing products, plus maintenance and improvement of product competitiveness
- ② Compliance with laws, regulations, and social norms, and respect for human rights
- ③ Environmental preservation and operational safety
- ④ Appropriate information security
- ⑤ Sound corporate management

In addition, we place great importance on responsible procurement practices aimed at mitigating the risk of sourcing conflict minerals (such as tin, tantalum, tungsten, and gold), which are used to finance armed groups abetting human rights violations in the Democratic Republic of the Congo and adjoining countries.

Procurement

<https://www.neg.co.jp/en/company/procurement/>

Communicating with Shareholders and Investors

General Meeting of Shareholders

On March 30, 2022, the 103rd General Meeting of Shareholders was held in the conference room at our head office. Following a report on the fiscal year results and the state of our business, our management responded in a sincere manner to issues raised by our shareholders.



Information Disclosure Tools

Through the use of the Tokyo Stock Exchange's Timely Disclosure Network (TDnet), and by posting information on our website in a timely fashion, we ensure that we provide prompt disclosure of information according to the rules for disclosure established by the Tokyo Stock Exchange. Furthermore, with regard to information that we believe will assist our stakeholders in gaining a better understanding of our Group, we make active use of news releases and web pages to present such information in a timely, appropriate, and fair manner, in accordance with Japan's Fair Disclosure Rules.

Basic Stance on Information Disclosure

<https://www.neg.co.jp/en/ir/disclosure/>

Communicating with Investors

We communicate with institutional investors inside and outside Japan through a variety of means, including individual interviews, briefing sessions on financial results, and IR-related events organized by securities firms. In fiscal 2021, the COVID-19 pandemic made face-to-face interviews very difficult, so we provided additional opportunities for communication through teleconferences, online meetings, and more. The opinions and requests that we received from investors are fed back to our management and utilized to help improve our investor relations activities.

Fiscal 2021 Results

Total number of dialogues carried out	169 companies
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Nippon Electric Glass Co., Ltd. and Consolidated Subsidiaries for the Ten Most Recent Years

*Fiscal year ended December 31, 2014 was a nine-month period due to a change in the Company's fiscal year-end.

	2013/3	2014/3	2014/12*	2015/12
For the year				
Net sales	¥ 287,304	¥ 252,548	¥ 192,692	¥ 251,178
Operating profit	24,968	16,171	5,224	22,035
Profit (loss) attributable to owners of the parent	10,603	12,432	5,938	9,637
Depreciation and amortization	46,105	35,891	28,420	37,154
Capital expenditures	37,487	46,962	45,214	49,212
Research and development	6,833	6,920	5,527	6,183
At year-end				
Total assets	¥ 697,386	¥ 707,021	¥ 731,185	¥ 726,938
Current assets	243,577	247,502	264,001	267,430
Net property, plant and equipment	395,376	393,751	397,273	386,013
Current liabilities	88,038	86,970	82,701	105,400
Interest-bearing debt	102,604	99,492	109,141	109,731
Net assets	495,295	510,807	522,577	519,801
Cash flows				
Cash flows from operating activities	¥ 55,111	¥ 46,700	¥ 38,837	¥ 46,797
Cash flows from investing activities	(46,545)	(33,843)	(29,264)	(32,638)
Cash flows from financing activities	7,667	(11,190)	1,699	(7,892)
Cash and cash equivalents at end of year	121,741	123,888	129,823	133,856
Per share of common stock (yen and dollars)				
Profit (loss) attributable to owners of the parent	¥ 106.58	¥ 124.97	¥ 59.69	¥ 96.88
Net assets	4,914.84	5,057.28	5,163.32	5,159.30
Cash dividends	80.00	80.00	60.00	80.00
Operating profit ratio (%)	8.7	6.4	2.7	8.8
Equity ratio (%)	70.1	71.2	70.2	70.6
Return on equity (%)	2.2	2.5	1.2	1.9

Notes: 1. Profit (loss) attributable to owners of the parent per share and net assets per share are calculated based on the average number of shares outstanding during each year and the number of shares outstanding at the end of each year, respectively.

2. As there was no dilutive stock outstanding during these years, diluted profit attributable to owners of the parent per share was not calculated.

3. U.S. dollar amounts have been translated from Japanese yen solely for the convenience of the reader using the prevailing exchange rate at December 31, 2021 of ¥115 to U.S. \$1.00.

4. As of December 31, 2021, Nippon Electric Glass Co., Ltd. had 25 consolidated subsidiaries and 1 affiliated company accounted for by the equity method.

(Millions of yen and thousands of U.S. dollars, except per share figures)

	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12	
	¥ 239,412	¥ 282,447	¥ 300,327	¥ 257,511	¥ 242,886	¥ 292,034	\$ 2,539,426
	19,571	32,202	24,866	16,258	17,661	32,780	285,043
	4,969	27,184	15,200	(33,670)	15,253	27,905	242,652
	31,256	28,735	29,776	28,576	24,932	26,721	232,357
	46,429	52,913	49,340	20,160	23,447	44,894	390,383
	6,658	6,898	6,959	6,901	6,259	6,599	57,383
	¥ 693,918	¥ 764,420	¥ 725,320	¥ 664,801	¥ 658,140	¥ 698,130	\$ 6,070,696
	254,870	262,932	247,742	241,483	246,400	264,512	2,300,105
	367,399	393,818	386,541	358,682	355,728	380,281	3,306,791
	86,025	103,836	112,992	96,485	103,577	117,935	1,025,522
	101,997	120,661	112,005	100,479	103,687	96,823	841,939
	509,564	543,789	521,548	477,155	476,920	499,743	4,345,591
	¥ 48,261	¥ 46,160	¥ 52,002	¥ 21,637	¥ 47,862	¥ 69,882	\$ 607,669
	(36,139)	(68,644)	(19,551)	(14,317)	(19,760)	(31,755)	(276,130)
	(17,624)	9,797	(28,503)	(21,976)	(7,739)	(29,178)	(253,721)
	126,167	113,835	116,249	100,977	121,215	134,723	1,171,504
	¥ 49.95	¥ 273.29	¥ 154.26	¥ (348.50)	¥ 157.84	¥ 290.98	\$ 2.53
	5,069.60	5,416.93	5,346.03	4,885.50	4,886.10	5,321.77	46.28
	80.00	90.00	100.00	100.00	100.00	110.00	0.96
	8.2	11.4	8.3	6.3	7.3	11.2	
	72.7	70.5	71.2	71.0	71.7	70.9	
	1.0	5.2	2.9	(6.8)	3.2	5.8	

5. Capital expenditures for FY2014/12 were calculated based on the period from April 1, 2014 to December 31, 2014 for the Company and its domestic consolidated subsidiaries and the period from January 1, 2014 to December 31, 2014 for the Company's overseas consolidated subsidiaries.

6. Per share of common stock amounts are retroactively adjusted for subsequent stock consolidation. On July 1, 2017, common shares were consolidated at a ratio of 5 to 1 based on the number of shares held by shareholders of record as of June 30, 2017.

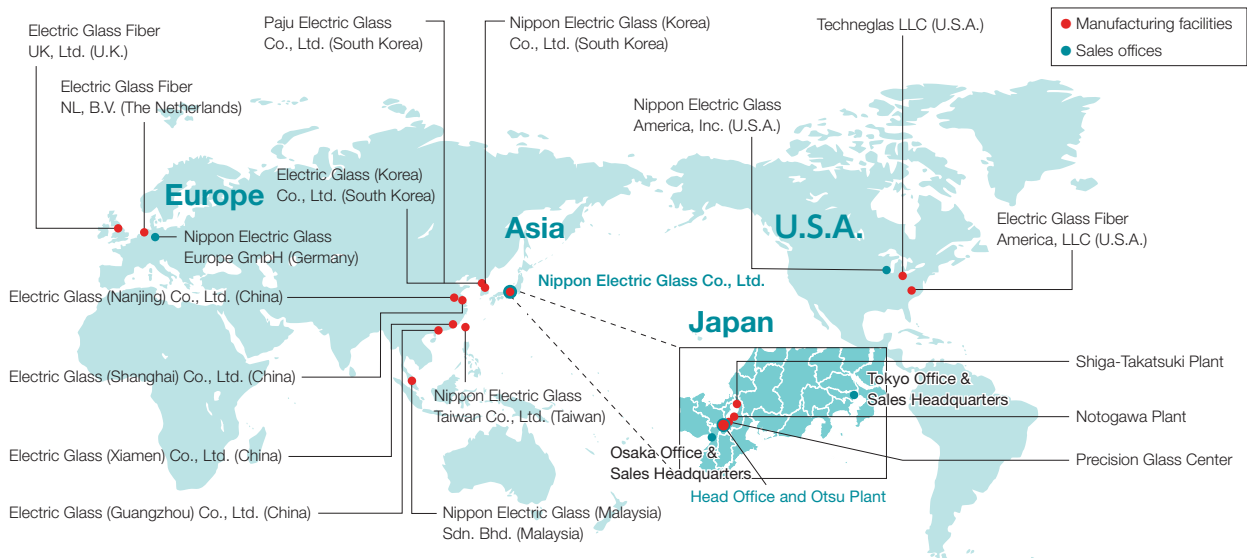
7. The Company and its consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended December 31, 2019. Accordingly, total assets and current assets for the fiscal year ended December 31, 2018 reflect the retroactive application of this standard.

Corporate Information

Corporate Profile

Founded	December 1, 1949	Plants (in Japan)	Otsu, Shiga-Takatsuki, Notogawa, Precision Glass Center
Company Name	Nippon Electric Glass Co., Ltd.	Capital	32,155 million yen
Head Office	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan Tel: +81-77-537-1700 Fax: +81-77-534-4967	Number of Employees	6,251 (consolidated, as of December 31, 2021)
Sales Headquarters (Osaka)	10F, Sumitomo Seimei Shin-Osaka Kita Bldg., 1-14, Miyahara 4-chome, Yodogawa-ku, Osaka 532-0003, Japan Tel: +81-6-6399-2711 Fax: +81-6-6399-2731	Stock Exchange Listings	Tokyo Stock Exchange (Prime Market)
(Tokyo)	9F, Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo 108-0075, Japan Tel: +81-3-5460-2510 Fax: +81-3-5460-2525	Stock Code	5214
		Fiscal Year	January 1 to December 31 of each year
		Ordinary General Meeting of Shareholders	Held each year in March
		Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited

Global Operations

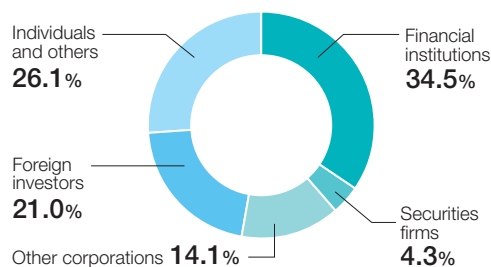


Stock Information (as of December 31, 2021)

Information about NEG Stock

Total number of shares authorized to be issued	240,000,000 shares
Total number of shares issued	99,523,246 shares
Shares per unit	100 shares
Total number of shareholders	30,718

Distribution of Shares by Shareholder Type

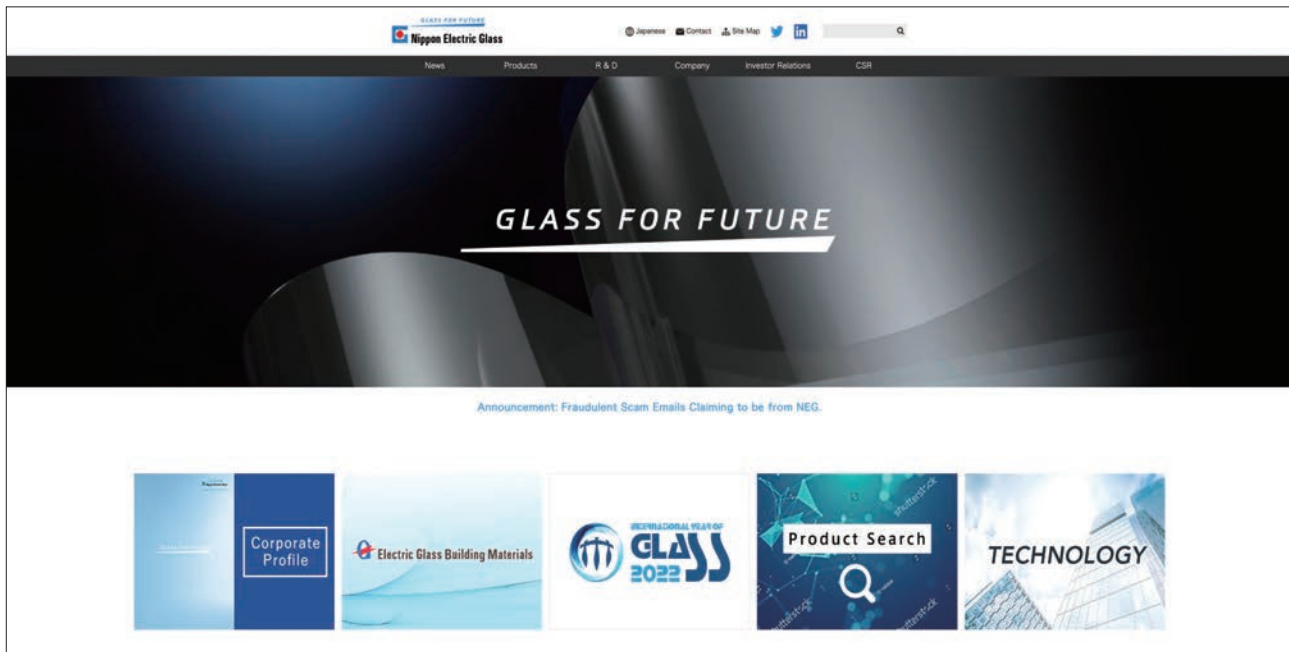


Major Shareholders

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,399	16.6
NIPRO CORPORATION	9,657	10.4
Custody Bank of Japan, Ltd. (Trust Account)	4,839	5.2
THE BANK OF NEW YORK MELLON 140051	2,204	2.4
THE SHIGA BANK, LTD.	1,617	1.7
Keimitsu Kin	1,470	1.6
STATE STREET BANK AND TRUST COMPANY 505001	1,384	1.5
SMBC Nikko Securities Inc.	1,374	1.5
JPMorgan Securities Japan Co., Ltd.	1,317	1.4
JAPAN SECURITIES FINANCE CO., LTD.	1,146	1.2

Notes: 1. The Company holds 6,495,982 treasury shares, and these are excluded from the major shareholders indicated above.
2. The ratio of shareholding is calculated by excluding treasury stock.

Web Directory



● Company

<https://www.neg.co.jp/en/company/>

- Top Message
- Corporate Philosophy
- Corporate Governance
- Locations



● CSR

<https://www.neg.co.jp/en/csr/>

- Our Way of Thinking on CSR
- The three priority themes and main activities of CSR



● Investor Relations

<https://www.neg.co.jp/en/ir/>

- Financial Highlights
- IR Calendar
- IR Library
- Stock Information



Editorial Policy

Organizations Covered

The Nippon Electric Glass Group's 10 companies in Japan and 15 companies outside Japan are covered in this report. In cases where the coverage area of the data differs, we have indicated the appropriate coverage areas respectively.

Period of Reporting

Fiscal 2021 (January 2021 to December 2021). Some qualitative information regarding fiscal 2022 has also been included in this report.

Publication, Next Scheduled Publication

Issued in May 2022. Next scheduled issue in May 2023.

Editorial Guidelines

IIRC International Integrated Reporting Framework, GRI Standards, and others.

The GRI Content Index can be found at <https://www.neg.co.jp/en/ir/archive/annual/>

Disclosure Policy

The Group Code of Conduct stipulates that our Group will disclose necessary corporate information in a timely and appropriate manner to enhance communication with concerned parties. Following this policy, we will continue to disclose important information related to our Group's activities to all stakeholders, including shareholders and investors, in a timely and appropriate manner.

Caution Concerning Forward-Looking Statements

Statements in this Integrated Report with respect to our Group's plans, outlooks, strategies, and other statements that are not historical facts, are forward-looking statements involving risks and uncertainties.

GLASS FOR FUTURE



<https://www.neg.co.jp/en/>

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