

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

## Corporate Governance Report

Last Update: 30 June 2023

### **Nippon Sheet Glass Company, Limited**

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The corporate governance of Nippon Sheet Glass Company, Limited (the "Company") is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

Nippon Sheet Glass Group (the "NSG Group" and the "Group") has established the "NSG Group Corporate Governance Guidelines" below as constituting our basic views on the matter of corporate governance.

The Group considers achievement of the advanced level of corporate governance is a high priority for the Group management and will implement the followings.

#### (1) Structure

- a) The Group's ultimate parent company, Nippon Sheet Glass Company Limited (the "Company" and the "NSG") adopts the committee-based governance structure and the Company hence establishes the Board of Directors (the "Board"), Nomination Committee, Audit Committee, Compensation Committee (individually referred to as the "Committee") and Executive Officers.
- b) It is the intention of the Board that the Executive Officers should be authorized to determine the businesses and affairs of the Company within the scope as permitted by law, thereby

facilitating separation of execution from oversight, enhancing the transparency of the management processes and further strengthening oversight function over the executive management.

- c) The Company will establish and maintain an internal control system operating on a Group-wide basis including the system in relation to financial reporting (J-SOX).

## (2) Stakeholders Communication

a) The Group aims to be judged as best in class by our many stakeholder groups in a variety of settings across the whole group (including shareholders, customers, suppliers and local communities) from their own perspectives and also will develop, maintain and enhance good relationship with any of such groups.

b) In relation to the matter of disclosure of corporate information whether or not it is to be made according to legal requirements, the Group always aims to act in a timely and appropriate manner both in terms of the substance and form, with a view to maintaining and invariably enhancing transparency of management of the Group.

## (3) Code of Conduct

The Group will, in order to materialize those values, create the NSG Group Code of Ethics which all entities and employees etc of the Group must comply with and will be regularly reviewed in light of the status of implementation/embedding within the Group and the contents.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] **[updated]**

The Company implements all of the principles of the Corporate Governance Code (after revision dated June 11, 2021 including the principles for the Prime Market).

[Disclosure Based on the Principles of the Corporate Governance Code] **[updated]**

**【 Supplementary Principle 1.2.4 Exercise of Shareholder Rights at General Shareholder Meetings】**

The Company will create an environment in which all the shareholders, regardless of whether they are able to attend General Meeting of Shareholders in person, are provided

with opportunities adequately to exercise their voting rights, including by way of securing earlier posting of convocation notice of the General Meeting, our participation in the Electronic Voting Platform and publishing convocation notice in English (full text-including business reports, financial statements, excluding audit reports).

**【Principle 1.4 Cross-Shareholdings】**

The Company and its main material subsidiaries do not own politically-held listed shares as a matter of principle, unless such ownership becomes necessary for the purpose of enhancing our sustainable enterprise value and serving the important corporate purposes such as significant business alliance, the intent of which is adopted for as “Policy on nil ownership of politically held listed shares” disclosed in our website.

[https://www.nsg.com/~media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/~media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Principle 1.7 Related Party Transactions】**

The Group has established strict procedure concerning the Related Party Transactions in order not to harm the common interest of the Company’s shareholders according to the relevant laws and regulations such as Companies Act and its internal policies.

Visit our website for details.

[https://www.nsg.com/~media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/Principle\\_1\\_7\\_1812\\_E.pdf](https://www.nsg.com/~media/NSG/Site Content/sustainability/Downloads attached to pages in sustainability section/Principle_1_7_1812_E.pdf)

**【Supplementary Principle 2.3.1 Sustainability Issues, Including Social and Environmental Matters】**

**(i) Sustainability in general**

The Group regards Sustainability initiatives as important activities to achieve both solutions to environmental & social challenges and the sustainable business development, and aims to grow together with society through sustainability activities.

As a fundamental management policy for addressing these activities, the Board of Directors has adopted the “Basic Policy for Sustainability”. In the process of formulating a new medium-term management plan, the Group also identified five areas of Materiality to be focused to attain sustainable growth of the Group and contribute to a sustainable society at the same time in the medium- to long-term. They are “Ethics and Compliance”, “Society Shift and Innovation”, “Environment”, “Safe and High-Quality Products and Services”, and “Human Capital”, and are mapped under the Basic Policy on Sustainability. We are committed to driving sustainability initiatives forward under this Basic Policy.

## Materiality

<https://www.nsg.com/en/investors/management-policy-and-sustainability/materiality>

### (ii) Governance

The Board of Directors has adopted the Basic Policy for Sustainability and established targets for the Group's sustainability activities. Sustainability initiatives are steered mainly by the Sustainability Committee, which reports regularly to the Board of Directors, and the opinions of the Board of Directors expressed at these meetings are reflected in subsequent initiatives. In the fiscal year ended March 31, 2023, the Sustainability Committee reported to the Board of Directors in September 2022 and March 2023 on the progress in climate change and sustainability related activities in general. The Sustainability Committee formulates the Group's sustainability strategy, oversees all of the Group's sustainability related activities, and will ensure effective communication with stakeholders. The Sustainability Committee is chaired by CEO or a person who is nominated by CEO, and composed of CEO, Kaicho, CFO (Chief Financial Officer), CAO (Chief Administration Officer) and CRO (Chief Risk Officer), CLO (Chief Legal Officer) and CRE&CO (Chief Risk, Ethics and Compliance Officer), CHRO (Chief Human Resources Officer), Sustainability Director, the Heads of relevant Group Functions and the Heads of all Strategic Business Units. The Sustainability Committee also administers the Energy & Carbon Committee, which discusses energy and decarbonization initiatives, and sub-committees are set up to work on issues in such areas as health and safety, human resources, and diversity, equity, and inclusion. In addition, the Supply Chain Committee was newly established in the fiscal year ended March 31, 2023 to discuss issues related to supply chains. Representatives of relevant departments and other persons appointed on a case-by-case basis attend the Committee meetings to discuss target setting, progress management, and measures to be taken.

### (iii) Risk management

The Group's enterprise risk management (ERM) process is carried out by the Strategic Risk Committee (SRC) in accordance with ISO 31000. The SRC defines the risk appetite and tolerance associated with the Group's activities, and regularly goes through a process to identify and evaluate risks to the achievement of strategies. The risks related to climate change, poor product quality, and human resources were reported and monitored at the Committee in September 2022 and March 2023.

**【Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women】**

(i) Ensuring diversity in the promotion to core human resources

The Group respects the diversity of people based on the core value of the Management Principle, "Our Vision" which states "Respect others and unleash their potential". Working on Inclusion and Diversity (I&D) globally is an important issue for companies. In the item of "Human Capital" of the Materiality reconfirmed and defined in the process of formulating a new mid-term management plan, the Group aims to ensure sustainable growth of the Group and contribute employees' welfare through a variety of initiatives to enhance development of Change Leaders at global level, Inclusion and Diversity, safety and health. The Group is firmly committed to further improving its own I&D, embracing the internally and externally declared Statement of Intent in 2017.

Inclusion and Diversity Statement of Intent

Having an Inclusive Culture and Environment:

we give everyone an equal opportunity to contribute to their full potential and harness the richness of ideas.

Having a Diverse Workforce:

any differences in individuals' backgrounds, experiences, preferences and beliefs are recognized, respected and valued for their variety of perspectives.

While promoting I&D, regarding employees as human capital, building their career paths, and increasing their engagement, we acknowledge that rather than simply providing equal opportunities (Equality), we need to get close to each individual and find the optimal opportunities (Equity) considering each one's environment and situation.

Based on the belief that this will eventually increase enterprise value and lead to the creation of a sustainable organization, we formulated the DEI Policy that develops and evolves Equality into Equity.

NSG Group DEI Policy

We will create and develop an organization where each and every one of us will shine brightly like glass.	
✓ Diversity	: Recognize individual differences, respect each other, and create value
✓ Equity	: Providing suitable opportunities for each individual to demonstrate their strengths
✓ Inclusion	: Everyone feels safe to voice their opinions, discuss, and lead decisions

The Group established a Global I&D Steering Committee with the aim of enhancing I&D across the entire group. The Committee comprises 20 members, covering all business units, functions, and regions. It works with individual businesses to identify and implement local, regional, and global initiatives, identifying areas for improvements and measuring progress. The Global I&D Steering Committee\* has changed its name to the Global DEI Steering Committee and will continue its activities, including support for LGBTQ+.

The Group operates as an integrated international group with a multinational management team. In addition, the Group believes in and respects the value of diversity. Our management style is to put the best person in each job, regardless of nationality or region, and there is a diverse mix of nationalities, skills, qualifications and experience at management level. In view of the diversity of the Group's core employees, the Group has set a target for diversity in the appointment of core employees in terms of the promotion of women. As we expand our business globally, we will continue to ensure the diversity of our core employees with regard to nationality, skills, qualifications.

#### (ii) Active Participation of Women

The Group supports female career development through DEI&I programs. The Group conducted Unconscious Bias Training for all managers across the Group, and also promote awareness of International Women's Day as a day for recognizing diversity. In Japan, following activities are being undertaken to promote gender diversity: greater visibility for females in succession planning discussions, identifying and confirming the positions to which female managers will be appointed, career workshops regularly held for female managers, and joint career seminars with female employees of other companies.

#### Female managers in the Group

- 14.4% as of 31 December 2022
- FY24 target : To increase female managers at least 1% in each business units, functions from the result as of June 30, 2022 (12.7%).

#### (iii) Active Participation of foreign nationals and midcareer hires

The Group operates as an integrated international Group, with a multinational management team. Subsidiaries located globally are basically managed by the local Leadership teams.

#### Foreign Senior Managers in the Group

- 78.6% as of 31 March 2023

- 78.2% as of 31 March 2022
- 82.5% as of 31 March 2021

The Group has diverse workforce with its range of skills, qualifications, and experience in the world. In Japan, the Group is promoting the mid-career employment to satisfy the skills and careers required by our businesses and functions.

#### New Employment in the Company

- FY23 : 5 new graduates and 57 mid-careers
- FY22 : 11 new graduates and 26 mid-careers
- FY21 : 26 new graduates and 8 mid-careers

(iv) Human resource development and internal environment development to ensure diversity  
The Group continuously cultivate our employees through learning and development opportunities, aiming to provide a working environment that allows our people to reach their full potential and meet our customers' expectations.

In 2018, the Group introduced Talent Management as part of our wider Talent Strategy supporting the Group's Vision and Values. With this introduction, we migrated key global talent records and data to a new talent management system. This global approach to talent management is more inclusive and reduces 'organizational silos', as we can share the talent data such as Performance Reviews and Succession Plans across Regions, SBUs and Functions via the system, allowing us to take a transparent and dynamic approach to Talent Management continuously.

The Company aims to provide learning opportunities for employees at all levels on a continuous basis even under the "with Corona" environment by shifting the group's HR education and training programs from a conventional fully face-to-face education style to an appropriate combination of online virtual classrooms, action learning, coaching and other training activities.

In Japan, the company was awarded Platinum Kurumin Certification by Japanese Ministry of Health, Labour and Welfare in 2019 as we achieved high standards of the targets for our employees to satisfy both their career aspirations and childcare needs. The company is encouraging more paternity leave. In addition, the company is striving to achieve the work environment where diverse individuals can maximize their full potential, realizing diverse working styles not bound by place and time through expansion of remote work and introduction of flexible time without core time, for example.

The detail is disclosed on our website as an integrated report.

<https://www.nsg.com/en/investors/ir-library/annual-reports>

**【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】**

The Company has organized the asset management committee consisting of Finance and HR departments to formulate and review the basic policy for the management of pension assets and the asset portfolio mix and evaluate investment management organizations. We also have placed the staff in charge of the matter in Finance and HR and in particular, those with appropriate qualifications and business experience are assigned to be in charge of investment management and operations. Stewardship activities are monitored through quarterly reports from the investment management organizations.

No conflict of interest will arise between the corporate pension beneficiaries and the company since the exercise of voting rights in relation to the managed assets is left in the sole discretion of the investment management organisation.

We continue to seek, with the aid of external support as well as expertise accumulated internally within the Group, enhancing the expert quality of the asset managing process and thus strengthening the function of the pension funds as asset owners.

**【Principle 3.1 Full Disclosure】**

(i) Business principles, business strategies and business plans

The Group has formulated the management principles "Our Vision" , Medium Term Vision and Medium Term Plan respectively and made them publicly available in our website and various publications etc.

Management Principles "Our Vision"

Mission

Changing our surroundings, improving our world

Aspiration

Through innovation, becoming the most trusted partner in all industries we work in

Core Values

- ◆ Respect others and unleash their potential.
- ◆ Exemplify trust and integrity.
- ◆ Ensure efforts to serve society.
- ◆ Take the initiative.
- ◆ Embrace challenges and learn from failure.
- ◆ Follow through to get results.

<https://www.nsg.com/en/about-nsg/our-vision>



NSG Group's Medium-Term Vision :

[A global glass supplier contributing to the world with high value-added glass products and services.](#)

<https://www.nsg.com/en/investors/management-policy-and-sustainability/medium-term-vision>

Medium Term Plan "Revival plan 24"(RP24)

[https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021\\_e02.pdf](https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtrp24presentation2021_e02.pdf)

The progress of "Revival Plan 24 (RP24)" is disclosed in the Financial Results Reports (YUHO).

<https://www.nsg.com/en/investors/ir-library/financial-reports>

(ii) Basic views and guidelines on corporate governance (NSG Group Corporate Governance Guidelines)

The Group has crystallized its basic views and guidelines on corporate governance in the form of NSG Group Corporate Governance Guidelines and uploaded it in our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

(iii) Policies and procedures in determining the compensation for the senior management and Directors

The Compensation Committee, chaired by Independent External Director and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors, determines the policy of, and individual contents of, compensation payable to Executive Officers and Directors.

Please see below "Compensation for Directors and Executive Officers (Shikkoyaku), Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management".

(Principles of Compensation for Directors and Executive officers)

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle\\_3\\_1\\_3\\_2307\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle_3_1_3_2307_e.pdf)

(iv) (v) Policies and procedures in the appointment and the dismissal of the senior

management and the nomination of Director candidates

The Company will decide a candidate for Director at the Nomination Committee, chaired by Independent External Director and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors and submit the details to the ordinary general meeting of shareholders as a proposal. In addition, the Board of Directors will, on the basis of recommendation rendered by the Nomination Committee in advance, appoint or dismiss senior executive managers including Executive Officers. These decisions will be carried in accordance with "General Criteria to Select Candidates for Directors" or "Policy and Procedure on Appointment and Dismissal of Executive Management", which details are accessible in our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle\\_3\\_1\\_4\\_2307\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle_3_1_4_2307_e.pdf)

**【Supplementary Principle 3.1.2 Full Disclosure】**

The Company discloses and provides various disclosure materials (Financial Reports, IR Presentations, Notices of Convening of General Meetings of Shareholders, Shareholder Communications, Integrated Reports, etc.) in English on the Company's website.

**【Supplementary Principle 3.1.3 Full Disclosure】**

(i) Efforts to tackle climate change

The Group acknowledges that tackling climate change and other environmental issues is a major management challenge for realizing a sustainable growth of the Group.

In November 2021, the Group announced the support for the recommendations issued by TCFD (Task force on Climate-related Financial Disclosures) and joined the TCFD Consortium.

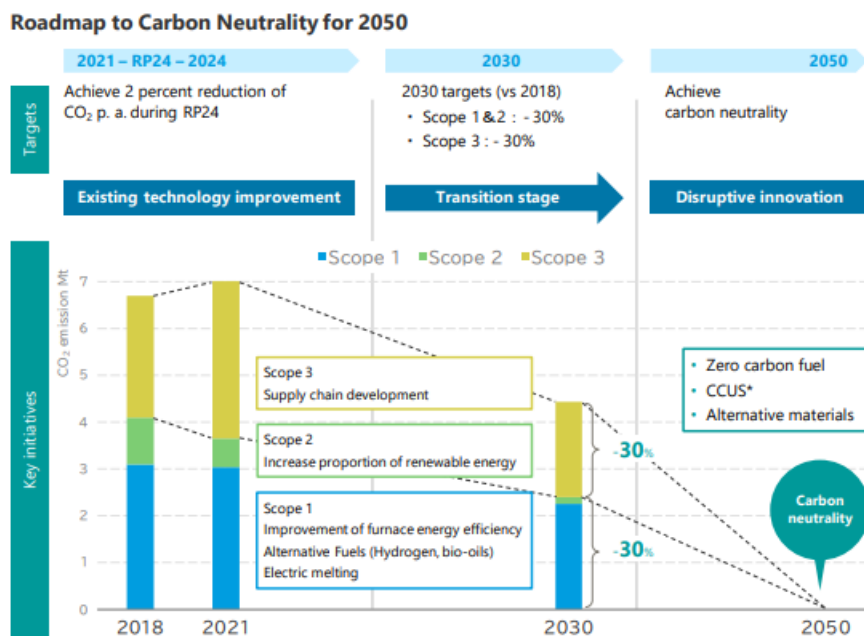
In the future, in accordance with the disclosure framework published by TCFD, we plan to enhance the disclosure content by quantitatively evaluating the potential impacts based on climate-related risks and opportunities using the Climate Scenario Analysis approach.

With regard to GHG emissions from the manufacturing processes, the Group already set targets in October 2019 of reducing GHG emissions (Scope 1 and Scope 2) by 21% compared to its 2018 levels by 2030 as a "Science Based Targets" certified by SBT Initiative (SBTi)\*, and we have been taking initiatives in line with these targets. In the meantime, the Group has been working on a target to reduce carbon emissions (Scope 1 and 2) by 2% annually during the RP24 period to 2024.

In 2022, the Group resolved on the achievement of carbon neutrality by 2050 as a goal that we should be committed to inevitably and decided to raise the carbon reduction target by 2030, which is more important for achieving carbon neutrality, from 21% to 30% for GHG

emission from the manufacturing processes (Scope 1 and Scope 2) and then, set out additional measures that are more concrete and feasible. Also, GHG emission from Supply Chain (Scope 3) was added as another reduction target. The Group's targets have been certified by SBTi as the first such targets introduced by a Japan-based glass manufacturer in June 2022. In order to attain these targets, the Group is actively promoting climate change related initiatives such as the world's first successful experiment in float glass production using 100% biofuels in April 2022. Moreover, the Group will work on disruptive innovations as well as development of existing technologies including optimization of glass manufacturing processes, development of energy saving technologies, introduction of alternative fuels and renewable energies, and development of supply chains.

\* SBT (Science Based Targets) are a set of greenhouse gas reduction targets consistent with scientific knowledge



Regarding sustainability initiatives, the Group has determined appropriate KPIs in areas such as environment, safety, energy / CO<sub>2</sub> reduction, sustainable high value-added product development, procurement / transportation responsibility, and human resources, and progress toward each goal. The detailed information is disclosed on our website as an integrated report.

<https://www.nsg.com/en/investors/ir-library/annual-reports>

(ii) Investments in human capital and intellectual properties

① Human Capital

The Group considers having corporate culture, personnel system, and workplace

environment in place so that employees can find opportunities to “grow” and “find joy in working” is the goal of “Human Capital Investment” and should strive to enhance the effectiveness and efficiency of such investment to keep driving its growth under the “Human Capital Management”.

In its Human Resource Strategy, the Group strives to “strengthen the senior management and realizing One Team management”, “realize open, transparent and interactive organizational management”, “provide growth opportunities including reskilling to its people”, “promote diversity as a source of new ideas”, “foster a sense of community that strengthens the bonds to Group”, and “establish an evaluation/compensation scheme that contributes to retention, development, and recruitment of employees”. The Group is pursuing this Strategy by establishing targets as indicators of its activities.

We conduct “Your Voice” survey for all employees globally and implement improvement measures based on the survey results using employee engagement as an indicator to promote corporate culture reform. Additionally, based on one of the Group's core values, “Respect others and unleash their potential”, we have enhanced “Inclusion & Diversity (I&D)” initiative to “Diversity, Equity & Inclusion (DEI)” initiative and are working to improve employee engagement with focus on each individual’s strength and development. As an indicator of human resource diversity, Group uses the ratio of female managers in Group.

The Group’s human resource strategy, including human capital, is described in detail in the Integrated Report and disclosed on our website.

<https://www.nsg.com/en/investors/ir-library/annual-reports>

## ② Intellectual Properties

The Group recognizes the importance of Intellectual Property (IP) in pursuing its business objectives and maintaining a competitive edge in its technical expertise. The Intellectual Property team works closely with R&D and the SBUs to align our patent strategy with our businesses and R&D strategies. They are proactively managing the Group’s IP portfolio paying particular attention to patents that are closely connected with our core and strategic businesses. This way, Intellectual Property Rights for product developments and process technology developments are secured, maintained, and vigorously enforced.

In investing in intellectual properties, the Group focuses on the areas of “Safety & Comfort”, “Eco Society”, “Information and Telecommunication” as set forth in the Group Medium Term Vision, and aims to accelerate shifting towards value-added products and services and promote R&D to establish new pillars of growth. In the investment in R&D and intellectual property, a well-balanced, cost-effective resource allocation is intended focusing on core technologies that the Group has strengths in.

And the Group is targeting to maintain and advance the Group's competitive trading position by proactively capitalizing on intellectual property. It is important to align our own patent strategy with our business and R&D strategies, and the Group is pursuing patent prosecution both in "product development" and "key technology development" areas, which are closely connected with our core and strategic businesses. As a part of such effort, we seek to acquire patents ahead of competitors, and ensure that patenting activities are performed in a way that meets the needs of businesses by maintaining close contacts with the development and manufacturing frontlines.

Social shift and innovation (R&D strategy), including intellectual property, are described in detail in the Integrated Report and disclosed on our website.

<https://www.nsg.com/en/investors/ir-library/annual-reports>

(iii) Impact of climate change-related risks and earning opportunities on the Company's business activities and profits

The Group has been aligning its climate related disclosures with the Taskforce on Climate related Financial Disclosures (TCFD) utilizing the Carbon Disclosure Project (CDP) framework. In November 2021, the Group announced the support for the recommendations issued by the TCFD (Task force on Climate-related Financial Disclosures) and joined the TCFD Consortium.

Following the TCFD four recommendations, "Governance", "Strategy", "Risk Management", "Metrics and Targets", the Group assesses potential impacts of climate-related risks and opportunities more quantitatively using the climate scenario analysis approach and provides details in the Integrated Report and discloses such information on NSG's website as well.

<https://www.nsg.com/en/investors/ir-library/annual-reports>

#### **【Supplementary Principles 4.1.1 Roles and Responsibilities of the Board (1)】**

It is the purview of the Board to decide on the basic management policies, including business and financial strategies and annual, medium- and long-term business plans, certain important matters such as an election of Executive Officers, and other matters required to be determined by laws or the Articles of Incorporation. The Board authorizes the Executive Officer(s) to decide on all other matters as matter of principle in order to enable nimble and flexible decision-making by the executive management as well as enhance effectiveness of supervision by the Board.

An overview of the scope of such delegation is described on Article 10.1(2) of the NSG

Group Corporate Governance Guidelines.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principles 4.1.3 Roles and Responsibilities of the Board (1)】**

The Nomination Committee clarifies the qualifications for a top managing officer and required personality or character as a part of the Chief Executive Officer's succession plan. Further, the Company formulates and operates training programs and leadership development plans for management development needs. In addition to such plan for CEO, the Company also creates and maintains succession plans for certain specified senior managers of the Group AND regularly reviews them to ensure their validity. In case the incumbent CEO is also a member of Nomination Committee, he/she will not be involved in any decision or discussion as to his/ her own succession plan, except only where he/she expresses his/her opinion in response to specific request if any from the Nomination Committee to do so. As relevant, the Terms of Reference of Nomination Committee is uploaded in our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principle 4.2.1 Roles and Responsibilities of the Board (2)】**

The Compensation Committee designs and operates the executive remuneration system and determines the remuneration amounts for Directors and Executive Officers based on "Compensation Policy for Directors, and Executive Officers". This objective is also set out in Article 16 of the CG Guidelines.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principle 4.2.2 Roles and Responsibilities of the Board (2)】**

(i) Basic policy for the company's sustainability initiatives

The Group upholds a mission "to change our surroundings and improve our world through the high quality products and services", and to that end, aims "to become the most trusted partner in all industries we work in through innovation" as our enduring goal.

Contributing to the realization of a sustainable society and world is an essential part of the management policy of the Group, which operates in many countries and regions around the world, and also is the cornerstone of its business strategy.

The Group has recently adopted the "NSG Group Basic Policy on Sustainability" at the Board

of Directors to establish the attitude and policy of basic sustainability initiatives. The Group is committed to contributing to the sustainable enhancement of corporate value and the realization of a sustainable society over the medium to long term by identifying materiality issues together with appropriate KPIs, and by addressing and resolving these issues through our business in line with the following basic policy on sustainability. Through such a framework, NSG Group is working on five materiality issues: "Environment", "Society Shift and Innovation", "Safe and High-Quality Products and Services", "Ethics and Compliance" and "Human Capital".

NSG Group Basic Policy on Sustainability

[https://www.nsg.com/-/media/nsgcom/sustainability/policies/nsg-group-basic-policy-on-sustainability\\_e01.pdf](https://www.nsg.com/-/media/nsgcom/sustainability/policies/nsg-group-basic-policy-on-sustainability_e01.pdf)

These sustainability initiatives are promoted mainly by the Sustainability Committee chaired by CEO, and the committee regularly reports to the Board of Directors and reflects views of the Board of Directors presented on further roll-out of such initiatives.

(ii) Supervision of the allocation of management resources and the implementation of business portfolio strategies

The Group has advocated "Business structure reform" centered on expansion of value-added business, development of new growth businesses, and emphasis on investment and asset efficiency as one of the three reforms, and "Transformation into more profitable business portfolio" as one of the two key initiatives in the Medium Term Plan "Revival Plan 24 (RP24)", covering a period of three years from the fiscal year ended March 2022 to the fiscal year ended March 2024. The Board of Directors regularly receives reports from the executive team on the allocation of management resources to human capital or IP assets and the strategic execution of the business portfolio, and monitors the progress and the prompt execution of RP24.

The progress of "Revival Plan 24 (RP24)" is disclosed in the Financial Results Reports (YUHO).

<https://www.nsg.com/en/investors/ir-library/financial-reports>

#### **【Supplementary Principle 4.3.2 Roles and Responsibilities of the Board (3)】**

The Nomination Committee determines in advance, pursuant to the Policy and Procedure on Appointment and Dismissal of Executive Management, the necessary qualifications for CEO and sets the procedure for selecting the CEO, and recommends candidates to the Board of Directors, on the basis of which the Board of Directors makes the final selection of the

CEO.

In case the incumbent CEO is also a member of Nomination Committee, he/she will not be involved in any decision or discussion as to such recommendation on appointment of CEO, except only where he/she expresses his/her opinion in response to specific request if any from the Nomination Committee asking for the same.

As relevant, both of the Terms of Reference of Nomination Committee and the Policy and Procedure on Appointment and Dismissal of Executive Management are uploaded it in our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principle 4.3.3 Roles and Responsibilities of the Board (3)】**

The Nomination Committee, pursuant to the Policy and Procedure on the Appointment and Dismissal of Executive Management, shall deliberate in advance on the appropriateness of CEO dismissal (including the case where the CEO's term of office is not renewed contrary to an initial assumption; hereinafter the same applies in this regard), and recommend the implementation of such decision to the Board of Directors, which then makes a final decision.

In case the incumbent CEO is also a member of Nomination Committee, he/she will not be involved in any decision or discussion as to such recommendation in relation to his/her dismissal, except only where he or she expresses his/her opinion in response to specific request if any from the Nomination Committee asking for the same.

As relevant, both of the Terms of Reference of Nomination Committee and the Policy and Procedure on Appointment and Dismissal of Executive Management are uploaded it in our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principle 4.3.4 Roles and Responsibilities of the Board (3)】**

(i) The Group has established Strategic Risk Committee composed of Executive Officers including CEO and appointed Chief Risk Officer ("CRO") from among the Executive Officers. The responsibilities of Strategic Risk Committee (SRC) include the provision of an overall framework for the enterprise risk management of the Group, and the identification and evaluation of the high-level risks which could have a material adverse effect. The CRO chairs the SRC meetings and, as the representative of the Committee, regularly reports to the Management Committee and Audit Committee in relation to effectiveness of the fundamental system of the internal control and risk management structure of the



Group.

(ii) Internal Audit Function performs the role of giving independent assurance to efficacy of such overall enterprise risk management of the Group.

(iii) The Group has also formulated the NSG Group Entities Management Policy in order to comprehensively identify and manage material risks inherent in each legal entity constituting the Group. The Executive Officer in charge is responsible for regularly reporting to Management Committee and the Board of Directors regarding the outcome.

**【Principle 4.8 Independent Directors】**

Currently, the Company has five Independent External Directors on the board, and the majority of the Directors are Independent External Directors. In the CG Guidelines, the Company stipulates that "The Board of Directors is comprised of a majority of Independent External Directors". In addition to the Chairman of the Board of Directors, Nomination, Audit and Compensation Committees of the Company are chaired by Independent External Directors.

Details of the significance and roles of Independent External Directors are described in the CG Guidelines and disclosed in the website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle\\_4\\_8\\_2307\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principle_4_8_2307_e.pdf)

**【Principle 4.9 Independence Criteria and Qualification of Independent Directors】**

The Company, when considering qualification for independence with regard to external Directors, has established and applies its own independence criteria duly taking account of their relationships with the Group, the Executive Officers as well as major shareholders, further to the requirements set by TSE in relation to such independence standards.

Its detail is as described in, "Matters relating to Independent Directors" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" and disclosed in the website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary Principle 4.10-1 Use of Optional Approach】**

The Company has established Nomination Committee and Compensation Committee as the committee-based governance structure.

Both the Nomination Committee and the Compensation Committee are chaired by Independent External Directors, and both committees are composed of four Independent

External Directors out of five, including the chairman.

The Nominating Committee decides the content of the agenda for the appointment and dismissal of Directors to be submitted to the general meeting of shareholders. In addition, the Nominating Committee recommend or advise the Board of Directors regarding the appointment and dismissal of other executive officers of the Group, whose appointment and dismissal are decided by Executive Officers and the Board of Directors.

The Compensation Committee determines the policy of remuneration for Directors and executive officers. In addition, the content of individual remuneration for Directors and executive officers will be determined.

There are "Terms of Reference of Nomination Committee" and "Terms of Reference of Compensation Committee" as related regulations, which are disclosed in the website.

- Terms of Reference of Nomination Committee

[http://www.nsg.com/~media/NSG/Site-Content/sustainability/Downloads-attached-to-pages-in-sustainability-section/Annex/Annex14\\_3\\_2207\\_E.pdf](http://www.nsg.com/~media/NSG/Site-Content/sustainability/Downloads-attached-to-pages-in-sustainability-section/Annex/Annex14_3_2207_E.pdf)

- Terms of Reference of Compensation Committee

[https://www.nsg.com/~media/NSG/Site%20Content/sustainability/Downloads%20attached%20to%20pages%20in%20sustainability%20section/Annex/Annex16\\_2\\_2112\\_E.pdf](https://www.nsg.com/~media/NSG/Site%20Content/sustainability/Downloads%20attached%20to%20pages%20in%20sustainability%20section/Annex/Annex16_2_2112_E.pdf)

**【Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness】**

In pursuing one of the Core Values set in Our Vision, "Respect others and unleash their potential" as well as Inclusion & Diversity Basic Statement, the Group respects the diversity of its people and is committed to promoting diversity in its various bodies including the Board of Directors.

In the CG Guidelines, the Company stipulates that "The Group values the principle and wisdom of creating and maintaining diversity in the composition of the Board given specifically the development of and commitment to the businesses conducted globally and thus aims to ensure that the Board will be composed of such member with a well-balanced mix of professional skills, knowledge, expertise and experience by reference to the management objectives and strategies of the Group, and with diverse background in terms of gender, international experience, work experience, age, etc., and at the same time its size will be maintained such that the Board can discharge its function effectively and efficiently".

In terms of internationality of the Board, one of the seven Directors of the Board is non-Japanese. In terms of professional experiences, they include former President, Chairperson

or an academic, and six of them are External Directors with abundant international experiences in multiple companies and institutions. Such diversity of Directors is believed to ensure a good balance of experiences and expertise of the Board, which we consider to be critical given the circumstances surrounding the Company and the issues to be resolved. In terms of age, the Board is made up of Directors ranging from 50s to early 70s. In terms of gender, one of the seven Directors is a female Director.

As for Executive Officers, also a function under the Company Law, seven out of the 15 Officers (including one who also serves as a Director) are non-Japanese, two are female, and one is in the 40s.

Thus, the Group has a well-balanced composition of Directors and Executive Officers in terms of gender, internationality, professional career and age with a good understanding of their respective role of oversight and execution. We will continue to strongly promote the diversification of the Board of Directors and Executive Officers.

At least one member of the Audit Committee, which consists of four Independent External Directors, will be elected from among those who have specialized knowledge on finance and accounting to a respectable degree and the purpose of that is prescribed in Article 9 of the CG Guidelines. Currently, Mr. Kunihito Minakawa, Director, is elected as such a member of the Audit Committee.

In addition, the Group analyzes and evaluates the effectiveness of the Board of Directors on a fiscal year basis, discloses the results, action plans, etc. The purpose of this is also prescribed in Article 23 of the CG Guidelines. The CG guidelines are also disclosed on our website

**【 Supplementary Principle 4.11.1 Preconditions for Board and Kansayaku Board Effectiveness】**

The Board of Directors shall consist of Directors with a well-balanced mix of professional skills, knowledge, expertise and experiences in light of the management objectives and strategies of the Group, and with diverse background in terms of gender, international experience, career, age, etc., considering the global footprints of the Group operation as a background. The Group has created a skills matrix by defining the important experience and expertise required of Directors to deal with the important issues to be addressed in the Group's management strategy and medium-term plan and discloses them in the notice of convening the ordinary General Meeting of Shareholders. In addition, when selecting candidates for Directors, they are examined in light of the "General Criteria for the Selection of Candidates for Directors" set forth by the Group, the skills matrix, and also diversity to ensure a well-balanced composition of the Board of Directors on the whole.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

- skill matrix

[https://www.nsg.com/-/media/nsg/site-content/ir/ir-library/shareholders-meeting/156th/156thshareholdersmeeting\\_e01.pdf](https://www.nsg.com/-/media/nsg/site-content/ir/ir-library/shareholders-meeting/156th/156thshareholdersmeeting_e01.pdf)

**【 Supplementary Principle 4.11.2 Preconditions for Board and Kansayaku Board Effectiveness】**

The Company's "General Criteria for the Selection of Candidates for Directors" stipulates that Directors must be able to secure sufficient time for participation in the Board of Directors and committees meetings. And concurrent positions held by Directors are disclosed in our website and described in the notice of convening the ordinary General Meeting of Shareholders and Financial Results Reports.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principleofreplenishment\\_4\\_11\\_2\\_2307\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/principleofreplenishment_4_11_2_2307_e.pdf)

The notice of convening the ordinary General Meeting of Shareholders:

<https://www.nsg.com/en/investors/ir-library/shareholders-meeting>

Financial Results Reports (YUHO):

<https://www.nsg.com/en/investors/ir-library/financial-reports>

**【 Supplementary principle 4.11.3 Preconditions for Board and Kansayaku Board Effectiveness】**

The NSG Group has made it an internal practice to implement an annual effectiveness review of the Board and three Committees (individually the "Committee" and collectively the "Committees") to continuously enhance the level of function and effectiveness of its Board of Directors and three Committees. The purpose of this is prescribed in Article 23 of the CG Guidelines. The CG Guidelines are also disclosed on our website.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

In this process the Board confirms the progress of the ongoing priority implementation items as it relates to the issues previously identified, creates an additional improvement plan addressing the newly found issues and then combines and integrates the issues into priority implementation items for regular monitoring to continuously aim for enhancement of the effectiveness of the Board as a whole.

The overall summary of the results from the review made in relation to FY ended March 2022 is as follows:

An annual effectiveness review of the Board of Directors for the fiscal year ending March 31, 2023 is currently underway with the assistance of an external facilitator. The results will be disclosed on the Company's website.

[Our Effectiveness Review Process]

As part of the annual evaluation process for the fiscal year ended March 2022, the Board conducted an analysis and evaluation of the effectiveness of the Board and Committees based on the feedback and views provided by each Director with regard to composition, status of meeting management, agenda setting, status of deliberations, the role performed by the Board, communication with the Executive team and material agendas requiring further in depth deliberation by the Board on a going forward basis. The entire process was led and supervised by the Independent External Directors under the leadership of the Chairman of the Board to ensure sufficient adequacy and independence.

[Evaluation Summary]

The effectiveness review endorsed that the Board and the Committees were all properly and soundly operated to ensure their effectiveness during the fiscal year under review. At the same time, the following points were confirmed as issues to be addressed by the Board individually.

·NSG Group's Medium Term Management Plan (MTP)

To deepen discussions on the medium- to long-term management strategy and important management issues with a view to enhancing the corporate value of the Group in a sustainable way. In addition, the Executives' initiatives to address the challenges incorporated in MTP (RP24) need to be specified further and their implementation needs to be accelerated in response to various changes occurring in the external environment.

·The Composition of Directors

In order to properly deal with medium- to long-term important management issues, promote in-depth discussions on the skills and experiences required for the Board and enhance the effectiveness of the process of selecting Director candidates. At the same time, promote the appointment of a female Director who is currently absent.

[Priority Implementation Items (what to do next)]

By reference to and on the basis of the evaluation results and views, the Board adopted the following priority implementation items through the exchange of views at sessions consisting exclusively of Independent External Directors and discussions at the Board meetings, with a view to ensuring the execution of the Revival Plan (RP24) and improving the Group's corporate value over a medium to long term in a sustainable manner through the Board and the Committees.

- In addition to in-depth discussions of the medium- to long-term management strategy and important management issues, regarding key measures set forth in MTP (RP24), request the Executive Team to further specify implementation items to achieve the plan and monitor the progress to ensure their swift implementation in view of the ongoing changes in the business environment.
- Pursue the significance of diversity in the Board, work on realizing an appointment of a female Director, which is an ongoing issue.
- In order to properly deal with medium- to long-term important management issues, promote in-depth discussions on the skills and experiences required for the Board and the current composition of the Board, and select Director candidates.

In order to drive forward the management structure facilitating sustainable growth and enhancement of enterprise value of the Group in a medium to long term in light of establishing an appropriate corporate governance structure, these priority implementation items should be validated on a regular basis in terms of their implementation status and effects while their contents should be reviewed as appropriately. The plans are therefore anticipated to constitute a material part of the Board effectiveness evaluation process for the following year.

**【Supplementary principle 4.13.3 Information Gathering and Support Structure】**

The Group will, on the basis of "Fundamental Policies of the Company on creation of effective internal control system of the Group" approved by the Board of Directors, create, maintain and operate the internal control structure, and will further assess its effectiveness, and continuously seek to improve such control structure.

The Board of Directors and Audit Committee may, on an as-required basis, receive reports directly from those Group functions regarding internal controls such as sustainability, internal audit, risk management, finance, treasury, taxation, human resources, labor relations, pensions, health and safety, investor relations, legal, ethics and compliance, environment.

In addition, the Audit Committee Office is established as the secretariat of the Audit Committee. The Board Secretariat Team and the Audit Committee Office provide continuous information to Directors, especially Independent External Directors. Regarding the support of the secretariat, we conduct a questionnaire every year in the effectiveness evaluation of the Board of Directors to confirm it, and we also set and implement improvement actions.

**【Supplementary principle 4.14.2 Director and Kansayaku Training】**

The Company, upon their election and afterwards on as-needed basis, provides each Director of the Company with such information and explanation about related laws like Companies Act, corporate governance and material management issues, by having reference to familiarity and experience of each.

In addition to these, especially for External Directors, the Company provides them with explanation about the basic information on the Group and its business (business, history, financial, organization, and main regulations, etc.), and opportunities to visit the site, do interviews with business executives occasionally.

Its details are described on Article 12.5 of the NSG Group Corporate Governance Guidelines [https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Principle 5.1 Policy for constructive dialogue with shareholders】**

The Group considers open, constructive, and effective dialogue with shareholders is quite crucial. The Group aims to engage effectively with shareholders and investors by making the most of a number of avenues and opportunities available to us including through regular communications, investor relation activities and the General Meeting of Shareholders, whilst simultaneously ensuring adherence to any applicable laws. Its details are described on Article 2 of the NSG Group Corporate Governance Guidelines.

[https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023\\_07\\_e.pdf](https://www.nsg.com/-/media/nsg/site-content/sustainability/downloads-attached-to-pages-in-sustainability-section/corporategovernanceguideline2023_07_e.pdf)

**【Supplementary principle 5.1.1 Policy for Constructive Dialogue with Shareholders】**

Overall, the Group CEO takes a leadership role in maintaining and enhancing investor/shareholder relations, with the active involvement of other executive management of the Group as required from time to time.

Also, IR activities are as described in “2 Investor Relations activities” in “III. Implementation of Measures for Shareholders and Other Stakeholders”.

**【Principle 5.2 Establishing and Disclosing Business Strategies and Business Plan】**

In order to increase the shareholder value over the medium to long term, the Group will take into consideration the costs of capital fully and produce the basic policies for earnings plan and capital policy, whilst based on the situations the Group is then facing we intend to present the targets for earnings power and capital efficiency etc. adequately linked to its then important management agenda, along with making of appropriate and logical explanation about business portfolio review as necessary or useful or allocation of management recourses etc. for delivery of those targets.

In order to fulfill its mission of “changing our surroundings, improving our world”, NSG Group recently formulated a Medium-Term Vision to become “A global glass supplier contributing to the world with high value-added glass products and services” as a direction the Group should be heading for.

On 13th May 2021, the Group publicly announced “Revival Plan 24 (RP24)” as its Medium Term Plan covering a three-year period from FY2022 to FY2024 aiming at building robust business for sustained growth and preparing the Group for the next disruption in the business environment.

In order to achieve Medium Term Vision, we will take actions in two steps, namely, Step I (RP24: FY2022 to FY2024) for business transformation and Step II (FY2025 and beyond) for sustained cycle of growth. RP24 is deemed as the period for business transformation during which time the Group will focus on drastic reform of profit structure, restoration of financial stability, and transformation of business portfolio so as to accomplish drastic and fundamental initiatives as a basic principle.

·Main Initiatives of RP24

In RP24, we will execute the following “Three Reforms” and “Two Key Initiatives” decisively and build business strength to sustain the cycle of growth.

Three Reforms:

- Cost structure reform: cost reduction and productivity improvement
- Business structure reform: expansion of value-added business; development of new growth businesses; emphasis on investment and asset efficiency
- Corporate culture reform: never failing to take up challenges and following through to deliver results

Two Key Initiatives:

- Restoration of financial stability
- Transformation into more profitable business portfolio



#### ·Financial Targets

NSG Group's most urgent task is to recover a sustainable financial base. To this end, the Group aims to restore equity ratio to more than 10 percent quickly by steadily generating net profit and free cash flow every term. Meanwhile the Group will also proactively review further enhancement of equity from a longer term viewpoint.

- Improvement of OP margin via: Cost structure reform, business structure reform, business portfolio transformation
- Selective and focused investment: Control of the total capital expenditure, prioritization according to asset efficiency, growth potential and added value

Financial targets for the final year of RP24 (FY2024) are as follows:

Operating profit Margin\*1 8%

Net profit/loss\*2 > JPY 30 bn cumulatively for 3 years

Equity ratio > 10%

Free cash flow > JPY 10 bn

\*1: Operating profit after amortization

\*2: Profit attributable to owners of the parent

Regarding measures for taking actions to realize the company management with enhanced awareness of capital costs and stock prices, the Company plans to disclose this information after conducting sufficient analysis and study of the current situation in the formulation of the next medium-term management plan, which is scheduled to begin in the next fiscal year in addition to efforts to achieve the goals of the RP24 medium-term management plan that ends in the fiscal year ending March 31, 2024

#### 【 Supplementary principle 5.2.1 Establishing and Disclosing Business Strategies and Business Plans】

The Group has advocated "Business structure reform" centered on expansion of value-added business, development of new growth businesses, and emphasis on investment and asset efficiency as one of the three reforms, and "Transformation into more profitable business portfolio" as one of the two key initiatives in the Medium Term Plan "Revival Plan 24 (RP24)", which has a period of three years from the fiscal year ended March 2022 to the fiscal year ended March 2024, and they are disclosed in our Website. And the progress of business portfolio transformation in RP24 is disclosed in the quarterly financial result presentation materials.

[https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtprp24presentation2021\\_e02.pdf](https://www.nsg.com/-/media/nsg/site-content/ir/ir-presentations/mtprp24presentation2021_e02.pdf)


## 2. Capital Structure

Percentage of Foreign Shareholders	20% or greater but less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	14,788,200	16.22
Custody Bank of Japan, Ltd. (Trust Account)	4,446,400	4.87
Nomura Securities Co., Ltd	3,593,455	3.94
MSIP CLIENT SECURITIES	2,519,200	2.76
BNYM SA/NV FOR BNY M FOR BNYM GCM CLIENT ACCTS M ILM FE	2,013,702	2.20
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1,861,400	2.04
Client stock ownership of Nippon Sheet Glass	1,525,978	1.67
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	1,289,009	1.41
JP MORGAN CHASE BANK 385781	1,227,502	1.34
SUMITOMO LIFE INSURANCE COMPANY	914,800	1.00

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

### Supplementary Explanation

- ① The status of major shareholders is as of March 31, 2022
- ② In the Large Shareholding Report (Change Report) that was used for public inspection on March 22, 2023, although it is stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder, as of March 15, 2023 owned a total of 5,135,500 shares, we have

not reflected such ownership in the above status of major shareholders because we can not confirm the actual number of such ownership as of March 31, 2023.

- ③ In the Large Shareholding Report (Change Report) that was used for public inspection on April 5, 2023, although it stated that Nomura Asset Management Co., Ltd. and its joint holder, as of March 31, 2023 owned a total of 8,727,084 shares, we have not reflected such ownership in the above status of major shareholders because we can not confirm the actual number of such ownership as of March 31, 2023.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Glass and Ceramics Products
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥100 billion or greater but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	100 or greater but fewer than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

**1. Organizational Composition and Operation**

Organization Form	Company with Three Committees
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**[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	No limit is defined.
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	External Director
Number of Directors	7

**[Outside Directors]**

Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the company (1)

Name	Attribute	Relationship with the company*											
		a	B	c	d	e	f	g	h	i	j	K	
Hiroshi Ishino	External									△	△		
Jörg Raupach Sumiya	Scholar												
Kunihito Minakawa	External												
Yoshihiro Kuroi	External												
Shinji Asatsuma	External									△	△		
Eriko Sakurai	External												

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. Executive of a company, between which and the Company outside Directors/*kansayaku* are mutually appointed (the Director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hiroshi Ishino	Nomination / Compensation / Audit	○	Mr. Hiroshi Ishino served as President and Representative Director of Kansai Paint Co., Ltd. He is currently acting as a senior corporate advisor for Kansai Paint Co., Ltd., and although there is a business transaction relationship between the Company and Kansai Paint, the transaction amount is less than one percent of the consolidated sales of both companies. In addition, Mr. Keiji Yoshikawa, a former Director of the	Mr. Hiroshi Ishino was in charge of overseas operations at a major trading company, and since then has been promoting the Group's global strategy as president and CEO of a major international manufacturer. It is expected that he will contribute to the supervisory function of the Board and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad

		<p>Company, was appointed as an external Director of Kansai Paint Co., Ltd. in June 2018. It has been seven years since he retired as a Director of the Company and five years have passed since he retired as a senior corporate advisor. It has passed, and there are currently no positions in the Company, including honorary positions. Kansai Paint Co., Ltd. was appointed by Mr. Keiji Yoshikawa as an external Director based on his background as a manager in the manufacturing industry and his knowledge of corporate governance. He has been appointed as an external Director after evaluating his abundant experience and insight with regard to business</p>	<p>knowledge and perspectives with regard to business transformation and business management from manufacturing to sales. Mr. Ishino has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external Director and general shareholders of the Company.</p>
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			<p>management. These are independent judgments and do not affect the independence of Mr. Hiroshi Ishino, not the mutual appointment. Also, Mr. Shinji Asatsuma, a former Director of Kansai Paint, has been appointed as a Director of NSG. Both Mr. Asatsuma and Mr. Ishino meet the criteria of independency for external Director of the company and have been notified to the TSE as independent Directors. Both of them have been elected by the Nominating Committee as candidates based on the diversity of the Board of Directors in terms of their experience and specialized knowledge. They are expected to contribute to</p>	
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			enhancing the company's corporate value by supervising the performance of the Executive Officers and others from an independent and objective standpoint.	
Jörg Raupach Sumiya	Nomination/ Compensation / Audit	○		Dr. Jörg Raupach Sumiya has international experience in the field of both business and academia, and is currently a professor at the college of business administration, Ritsumeikan University, one of the Japanese private universities. He is conducting research activities mainly on renewable energy and regional economy. It is expected that he should continue to contribute to the supervisory function of the Board and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad



				<p>knowledge on ESG and portfolio-management and perspectives with regard to an academic expert and business management.</p> <p>Dr. Jörg Raupach Sumiya has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external Director and general shareholders of the Company.</p>
Kunihito Minakawa	Nomination / Compensation / Audit	○		<p>Mr. Kunihito Minakawa was a Managing Executive Officer and an Audit &amp; Supervisory Board Member at a major international manufacturer, and he is currently serving as Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner. He has global experience, a wide range of insights and practical experience in finance and auditing. It is expected that he will</p>

				<p>contribute to the supervisory function of the Board furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to business management and professional expertise on finance and accounting.</p> <p>Mr. Minakawa has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the Company's own independence standards as established in its "Independent Directors", hence no threatening to give or cause material conflict of interest between his capacity as external Director and general shareholders of the Company.</p>
Yoshihiro Kuroi			Mr. Yoshihiro Kuroi concurrently serves as	Mr. Yoshihiro Kuroi was a president of an overseas

			<p>Advisor of Japan Industrial Solutions Co., Ltd. ( "JIS" ) the Company has concluded an agreement on share subscription of Class A shares with JIS Fund II, of which JIS is an unlimited liability partner. 15,000 Class A shares have been allocated and issued to JIS Fund II. (As of June 30, 2021)</p>	<p>subsidiary at a major trading company, and has a wealth of practical experience in overseas business, IR departments and risk management, etc. as an executive officer at a major automobile manufacturer and major automobile parts manufacturer. In addition, he currently serves as an advisor to Japan Industrial Solutions Co., Ltd., which underwrites Class A shares issued by the Company. He is an external director whose personality, insight, leadership, expertise, and commitment have been confirmed by the Company's Nomination Committee to satisfy "the standards for the appointment of the nomination of the director candidates" and he is nominated by the relevant shareholder based on the subscription agreement for Class A shares. Although he has not been designated as an independent director in accordance with the Company's criteria of independency for external director, it is expected that he will contribute to the</p>
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				<p>supervisory function of the Board and furthermore to enhancement of the enterprise value of the Company including in overseeing performance of Executive Officers based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to risk management and business development.</p>
Shinji Asatsuma	Nomination / Compensation / Audit	○	<p>Mr. Shinji Asatsuma served as Director, Senior Executive Officer of Kansai Paint Co., Ltd. and although there is a business transaction relationship between the Company and Kansai Paint, the transaction amount is less than one percent of the consolidated sales of both companies. In addition, while Mr. Keiji Yoshikawa, a former Director of the Company, was appointed as an external Director of Kansai Paint Co., Ltd.</p>	<p>Mr. Shinji Asatsuma was in charge of accounting, finance, business strategy and overseas operations in a major international manufacturer and as a Director and Senior Executive Officer, he has been responsible for the overall business management, facilitating the formulation of business strategies and expanding overseas businesses. It is expected that he will contribute to the enhancement of NSG's corporate value by providing advice and supervising the performance of the Executive Officers and others from an independent</p>

			<p>in June 2018, it has been seven years since he retired as a Director of the Company and five years have passed since he retired as a senior corporate advisor and currently he holds no positions in the Company, including honorary positions.</p> <p>Kansai Paint Co., Ltd. appointed Mr. Keiji Yoshikawa as an external Director based on his background as a manager in the manufacturing industry and his knowledge of corporate governance.</p> <p>Meanwhile, the Company appointed Mr. Shinji Asatsuma as an external Director after evaluating his abundant experiences and insight with regard to business management. These are independent</p>	<p>and objective standpoint based upon his abundant management experiences in global companies and broad knowledge and perspectives with regard to finance, accounting and risk management. Mr. Asatuma has also been designated as Independent Director since he meets the independence standards of External Directors as defined by TSE and the company's own independence standards indicated in its "Independent Directors", hence not threatening to give or cause material conflict of interest between his capacity as External Director and general shareholders of the Company.</p>
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			<p>judgments and not the mutual appointment and thus, do not affect the independence of Mr. Shinji Asatsuma,.</p> <p>Also, Mr. Hiroshi Ishino, a former Director and a current senior corporate advisor of Kansai Paint, has been appointed as a Director of the Company. Both Mr. Ishino and Mr. Asatsuma meet the criteria of independency for external Director of the company and have been notified to the TSE as independent Directors. Both of them have been elected by the Nominating Committee as candidates based on the diversity of the Board of Directors in terms of their experiences and specialized knowledge. They are expected to</p>	
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			contribute to the enhancement of the Company's corporate value by supervising the performance of the Executive Officers and others from an independent and objective standpoint.	
Eriko Sakurai		○		Ms. Eriko Sakurai held important positions in marketing, operating, and corporate management at a major US manufacturer that is expanding its business globally, and since then, she has promoted business development and business transformation as the top management of its Japanese subsidiary for many years. In addition, she has supervised the management of major manufacturers and a financial institution as an external director. It is expected that she will contribute to the supervisory function of the Board including in overseeing the performance of Executive Officers from an independent and objective standpoint as well as based upon her abundant management experiences as

				<p>an international business executive and broad knowledge including sustainability promotion. This is the reason why Ms. Sakurai is appointed as a candidate for the new external Director. Ms. Sakurai has also been designated as Independent Director since she meets the independence standards of External Directors as defined by TSE and the company's own independence standards indicated in its "Independent Directors", hence not threatening to give or cause material conflict of interest between his capacity as External Director and general shareholders of the Company.</p>
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**[Committees]**

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	1	4	External Director
Compensation Committee	5	0	1	4	External Director
Audit Committee	4	0	0	4	External Director

**[Executive Officers (Shikkoyaku)] [updated]**



Number of Executive Officers (Shikkoyaku)	15
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#### Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Munehiro Hosonuma	Yes	Yes	○	○	No
Shigeki Mori	Yes	Yes	×	×	No
Leopoldo Garces Castiella	No	No	×	×	No
Koichi Hiyoshi	No	No	×	×	No
Hisashi Okamoto	No	No	×	×	No
Akihito Okochi	No	No	×	×	No
Rob Purcell	No	No	×	×	No
Phil Wilkinson	No	No	×	×	No
Mike Greenall	No	No	×	×	No
Denise Haylor	No	No	×	×	No
Michael Kiefer	No	No	×	×	No
Shiro Kobayashi	No	No	×	×	No
Kumi Nakamura	No	No	×	×	No
Yohei Nakatsuji	No	No	×	×	No
Iain Smith	No	No	×	×	No

#### [Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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#### Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

The Audit Committee Office is set up to assist the Audit Committee and as many staff members as necessary are assigned to the Office. Assignment of such staffs is reported to the Audit Committee in advance for its members' consent. The head of the Audit Committee Office stays outside the executive management and follows only the Audit Committee's chain of command.

#### Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee holds a meeting with the Accounting Auditor and the Group Internal Audit regularly and as necessary to receive reports on audits, exchange opinions and gather information.

Group Internal Audit implements audits on a group basis and any appointment or dismissal of the Head of Group Internal Audit requires a prior consent of the Audit Committee.

Under the resolution of the Board of Directors regarding the matters listed in Article 416, Paragraph 1, Items 1(b) and 1(e) of the Companies Act and based on the internal control system established in accordance with such resolution, Group Internal Audit performs internal audits across Group in collaboration with the Audit Committee and the Accounting Auditor through regular meetings with them and by conducting site visits in accordance with the annual audit plan agreed on by the Audit Committee. Group Internal Audit reports audit results to the Audit Committee, Executive Officers, and Accounting Auditor.

### [Independent Directors]

Number of Independent Directors	4
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#### Matters relating to Independent Directors

In determining the independence of the independent outside Directors, the Company has taken into consideration the independence criteria for outside Directors established by the Tokyo Stock Exchange and has its own independency standards for external Directors as follows, in consideration of the relationship with the Group, its officers, and major shareholders.

<Criteria of Independency for External Director in the Company>

External Directors of the Company falling into any of the following categories are considered to lack independency as an external Director.

(1) As to the External Director him/herself, where:-

a) He/she is, has become or once served as an executive Director, executive officer, corporate officer or employee of the NSG Group (hereinafter collectively referred to as "Executive/Employee");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended or (in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as Executive/Employee of the organization), or NSG Group is a Major Business Partner for him/her/it

➤ Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

; OR,

ii) he/she has a business relationship with the Company and paid the Company the following sum during the Company's any single financial year of those past three years most recently ended, or he/she is a Major Business partner of the NSG Group (or in case where the one having such business relationship is an organization such as legal entity, then he/she serves or served as Executive/Employee of the organization);

➤ Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

Note: For the purpose of this criteria protocols, the expression "Major Business Partner(s)" means, as between the NSG Group and the group having business relationship with us, those persons which could be, in terms of magnitude of its business relationship, expected to exert the same degree of influence on the decision-making process of the other as would exist among parent-subsidiary relationship or affiliated group.

- c) He/she is a Certified Public Accountant retained as Accounting Auditor for the Company (or in case the accounting firm is retained as Accounting Auditor then he/she serves as partner or employee of the firm) or he/she has engaged in any audit activities of the NSG Group businesses at any time during the past three years;
- d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (or in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she belongs to any such organization);
- e) He/she has material business relationship with or material interest in the NSG Group (or in case where an organization such as legal entity has such relationship or interest, he/she is an Executive/Employee of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the immediate past three financial years of the Company is deemed to constitute such material interest in the NSG Group);
- f) He/she holds cross-Directorships or has significant links with other Directors/Executive Officers of the Company through involvement in other companies/bodies;
- g) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (or in case where the organization such as legal entity falls into such a shareholder, then he/she currently is or was employed as an

Executive/Employee of the organization at any time during the past five years); or  
h) any individual who has fallen under d), e) or f) above during the Company's any single financial year of those past three financial years most recently ended.

(2) As to the close relative(s) of the External Director (his or her spouse, or relative (s) within the second degree of kinship or who lives in the same residence ), where:-

a) He/she is or was in the past five years an executive Director/officer or senior employee of the NSG Group (hereinafter collectively referred to as "Senior Manager");

b) i) He/she has a business relationship with the Company and received from the Company the following sum during any single financial year for him/her/(it) of those past three years most recently ended (in case where the organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager thereof), OR the NSG Group is a Major Business Partner for him/her/it

➤ Aggregate payments equivalent to more than 1% of their consolidated sales during the subject year

; OR

ii) He/she has a business relationship with the Company and paid the Company the following sum in any single financial year of the Company during its past three years most recently ended, or is a Major Business Partner of the NSG Group (in case where an organization such as legal entity has such business relationship, then he/she serves or served as a Senior Manager of the organization);

➤ Aggregate payments equivalent to more than 1% of the Company's consolidated sales during the subject year

c) He/she is a Certified Public Accountant retained as an Accounting Auditor (or in case the accounting firm is retained as Accounting Auditor then he/she is a partner or Senior Manager thereof) or has engaged in any audit activities of the NSG Group businesses at any time during the past three years;

d) He/she is one of those consultants, accountants or lawyers who have received substantial amount of cash or other financial gains (equivalent to JPY 10 million or more per financial year of the Company) from the NSG Group (in case where an organization such as consulting, accounting or law firm is the one having received such cash or gains, then he/she serves as partner, associate or Senior Manager of the organization);

e) He/she has material business relationship with or is materially interested in the NSG

Group (in case where an organization such as legal entity has such relationship or interest, then he/she is a Senior Manager of the organization) (For this purpose, the fact of receipt of the sum in the form of donation or loans from the NSG Group equivalent to JPY 10 million or more on an average per annum for the past three financial years of the Company most recently ended is deemed to constitute such material interest in the NSG Group.);

f) He/she is a major beneficial shareholder who is entitled to 10% or more of the total voting rights of the Company (in case where the organization such as legal entity falls into such a shareholder, then he/she currently serves as Senior Manager of the organization); or

g) He/she has fallen into either or both of d) and/or e) at any time during the past three financial years of the Company most recently ended.

The Company designates all external Directors who meet the qualification as Independent Director as such.

## [Incentives]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Implementation of a performance-linked incentive scheme and Restricted Shares compensation plan and others
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### Supplementary Explanation

For details of performance-linked compensation, please refer to the "The system of annual Performance-linked compensation (bonus) plan" and the "Long-term incentive plan" in the "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" below. In addition, in May 2020, we introduced Restricted Shares compensation plan for executive officers who have been assigned to Japan.

Recipients of Stock Options	Executive Officers
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### Supplementary Explanation

Executive Officers , who are retained or employed pursuant to the terms of appointment in place in Japan. No new issuance has been made due to the introduction of Restricted Shares compensation plan since 2020.

## [Compensation for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Compensation	Partial disclosed
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Disclosure of Individual Executive Officers' (Shikkoyaku) Compensation	Partial disclosed
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Supplementary Explanation

【Disclosure status】

**Amount of Compensation for Directors and Executive Officers**

1. <Amount of Compensation for Directors and Executive Officers>Targets and results of performance measures for the performance-linked compensation related to the financial year ended in March 2023 (The FY2023)

A. FY23 Management Incentive Plan (annual bonus)]

In line with the Policy of Directors and Executive Officers Compensation, the Company operates an annual incentive plan. The table below summarises the performance measures, annual targets and results for the financial year FY2023.

A) Performance measures and targets & results

Element	Ratio	Target	Maximum	Results	Payment rate against measure
Group Management Operating Profit	50%	21,350 Million JPY	25,620 Million JPY	39,880 Million JPY	100%
Group Free Cash Flow	50%	10,000 Million JPY	15,000 Million JPY	Entry point not met	0%

Note: Group Free Cash Flow used in the above table represents the net debt movement arising as a consequence of the operating and investing activities in the period. It includes transactions that have impacted the Group's net debt even where there has been no cash movement through an NSG Group bank account, and is therefore different to the Free Cash Flow as derived from the sum of operating and investing activities included within the Group's consolidated statement of cash flows. Group Operating Profit shown in the above table is defined as being operating profit stated post-amortization before exceptional items on a consolidated basis plus share of income from the Cebrace JV. The actuals for these KPIs are the subject-matter of review and confirmation by the Compensation Committee.

B) Determination of Management Incentive Plan (annual bonus) Payment Level

(i) Judgment of the Gate

Although FY2023 resulted in a net loss, the Compensation Committee determined not to take into account the impairment loss of goodwill and intangible assets with respect to the European automotive business in a calculation for assessing the "gate" for the plan, and

thereby confirmed that the gate for the plan has been met. Consequently, the management incentive Plan (annual bonus) will be paid to all Executive Officers based on the outcome of each performance measure in the FY2023. The impairment loss of goodwill and intangible assets with respect to the European automotive business was not related to the results of the current year, and was an accounting treatment as a consequence of a significant increase in discount rates used in the preparation of this impairment test, reflecting interest rate rises in Europe during the second quarter and the group still considers the medium-term prospects of this business to be positive and the impairment loss will reduce the financial risk since the acquisition of Pilkington. Thereby the Compensation Committee has determined that it is appropriate not to include the impairment loss in assessing the gate for making payments based on payment rate against the each performance measure.

(ii) Method of calculation

- Payment Level = Maximum payment amount × Payment rate of Performance measures
- Payment rate of performance measures = Payment rate of Group Management Operating Profit measure × 50% + Payment rate of Group Free Cash Flow measure × 50%

C) Payment level in the FY2023

Group MOP, which is one of the performance measures for FY2023, reached the maximum set and the payment rate against this performance measure was 100%. Group Free Cash Flow, the other performance measure, has not reached the "Entry" and therefore there is no payment for the performance measure. Consequently, the FY2023 total payment levels will be 50% of maximum bonus potential levels based on the achievement against each of the relevant performance measures, the aggregate sum of the annual bonuses payable to all Executive Officers in accordance with the trading results for the FY2023 will amount to 177 million JPY.

B. The long-term incentive plan for the three-year evaluation period ("LTIP") with the financial year ended in March 2023 (the FY2023)

A) Performance measures and targets & results

Measures	Ratio	Entry	Maximum	Result	Payment rate against measure
EPS during the evaluation period (April 2021 to March 2023)*	50%	170 JPY	370 JPY	208.8 JPY	35.5%

ROS as at the end of FY2023	50%	4.1%	8.0%	4.56%	29.4%
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\* For this plan only, due to the uncertainty in numbers resulting from the impact of Covid-19 on the business, the aggregate EPS scale is based on the 2 years FY2022 and FY2023.

Note: The net income used for EPS calculation is the adjusted one such that the deduction of the amount equivalent to the preferred share dividends etc. are excluded.

B) Determination of LTIP Payment Level

(i) Method of calculation

- LTIP Payment Level = Maximum payment amount × Payment rate of Performance measures × Share price movement rate
- Payment rate of performance measures = Payment rate of "EPS measure" × 50% + Payment rate of "ROS" measure × 50%

(ii) Consideration of Aggregate EPS

- In calculating the aggregate EPS, one of the performance measure, the Compensation Committee decided not to include the impairment loss of the financial receivable and partial impairment loss of investments relate to joint venture in Russia recorded in the fiscal year ended in March 2022, and the impairment loss of goodwill and intangible assets with respect to the European automotive business recorded in the fiscal year ended in March 2023.

C) Payment level for FY2023

Consequently, the EPS during the evaluation period was 208.8 yen, achieving the "Entry" and the payment rate for the performance measure was 35.5%. ROS as at the end of FY2023, the other performance measure, was 4.56%, achieving the "Entry" and the payment rate for the performance measure was 29.4%.

The total award is subject to upward or downward adjustment according to the share price movement during the performance period of the plan. The share price movement during the period was a positive increase of 13.6% therefore the LTIP payment level is adjusted accordingly leading to a final payment level of 36.9% of maximum LTIP potential.

2. Amount of Compensation for Directors and Executive Officers paid by Nippon Sheet Glass Company, Limited (NSG)

The amounts shown in the table below are payments earned in respect of the Groups Financial Year from 1st April 2022 to 31st March 2023, and those paid, or clearly expected to be paid during the said period, by NSG.

Category	Headcount	Compensation (million Yen)
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		Basic Salary	Performance -linked compensation			Non-monetary compensation	Total
			Annual bonus	Long-term incentive pay	Subtotal	Stock compensation	
Directors who do not concurrently serve as Executive Officers (External Directors)	6	72	—	—	—	—	72
Executive Officers	8	244	88	64	152	46	441

Notes:

(1)The amounts shown for Directors who do not concurrently serve as Executive Officers relate to all compensation paid to Yasuyuki Kimoto, Jörg Raupach Sumiya, Hiroshi Ishino, Kunihiro Minakawa, Yoshihiro Kuroi and Shinji Asatsuma.

(2)The amounts shown for Executive Officers relate to all compensation paid or to be paid to Shigeki Mori, Munehiro Hosonuma, Koichi Hiyoshi, Reiko Kusunose, Hisashi Okamoto, Shiro Kobayashi, Yutaka Nakashima and Hiroshi Nishikawa.

(3)In addition to the amounts shown in this table which are amounts paid by NSG, additional amounts were paid to other Executive Officers by subsidiaries of the Company, and these are shown in table 4 below.

(4)Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(5)The data for Directors and Executive Officers includes those who retired during the Group's Financial Year from 1st April 2022 to 31st March 2023.

(6)The data for Directors includes those who assumed office during the Group's Financial Year from 1st April 2022 to 31st March 2023.

(7)The Performance-linked compensation in the table are the Annual Bonus for the year from April 2022 to March 2023 (FY2023) and the Long-Term Incentive Plan covering the three financial years from April 2020 to March 2023.

(8)Non-monetary Compensation for Executive Officers are an amount for a total of 114,000 Restricted Shares allotted to seven Executive Officers.

3. Disclosure of individuals earning equal to or in excess of JPY 100 million

Under the Rules on Disclosure of Directors' Compensation in the Cabinet Office Regulations Concerning Disclosure of Corporate Status this disclosure covers on an individual basis those Directors whose aggregate amount of compensation earned with respect to the period from April 2022 to March 2023 borne by the Group, and those paid or clearly expected to be paid during the said period, by the Group, was equal to or in excess of JPY 100 Million per capita.

Individual (Position)	Payer	Compensation (million Yen)							Total
		Basic salary	Performance -linked compensation			Non-monetary compensation			
			Annual bonus	Long- Term Incentive pay	Subtotal	Stock compensation	Other benefits	Subtotal	
Shigeki Mori	NSG	61	38	34	72	12	-	12	145
Tony Fradgley	Pilkington Group Limited	66	26	19	45	0	1	1	112

#### 4. Amount of Compensation for Executive Officers paid by subsidiaries

Category	Headcount	Compensation (million Yen)							Total
		Basic Salary, etc.	Performance -linked compensation			Non-monetary compensation			
			Annual bonus	Long- term incentive pay	Subtotal	Stock compensation	Other benefits	Subtotal	
Executive Officers	7	324	89	81	171	-	34	34	529

#### Notes:

(1)The amounts shown relate to all compensation paid or to be paid to Tony Fradgley, Leopold Graces, Rob Purcell, Phil Wilkinson, Mike Greenall, Iain Smith and Milena Stanisci as Executive Officers, by the subsidiaries of the Company which has direct privity of contract with them in the form of a certain services contract. The Company has not directly paid for such compensations, but all of which have been reviewed and approved by the Compensation Committee of the Company.

(2) Amounts shown relate to the periods for which the office of Director and Executive Officer was held.

(3) Basic salary, etc. includes basic salary for Executive Officers and allowances for certain Executive Officers.

(4) The Performance-linked compensation in the table are the Annual Bonus for the year from April 2022 to March 2023 (FY2023) and the Long-Term Incentive Plan covering the three financial years from April 2020 to March 2023.

(5) Other Benefits include pension fund contributions, healthcare provision, transport, accommodation costs and so forth.

(6) Where amounts in UK sterling and EURO have been converted to Japanese Yen this has been done at an average exchange rate for the year of GBP1:163.0JPY, EUR1: 140.52JPY and BRL1: 26.25JPY respectively.

Policy on Determining Compensation Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

##### <Principles of Compensation for Directors and Executive Officers>

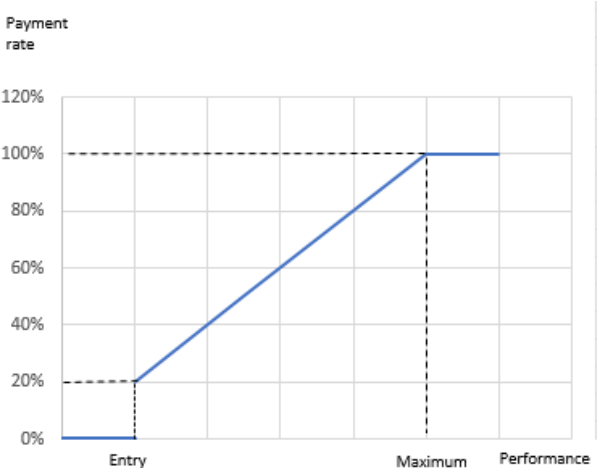
##### 1. Organization & Responsibilities for determining Compensation

The company has in place the statutory Compensation Committee (the "Committee") as adopting a "Company with Committees" structure. No member of the Committee is allowed to be present when matters relating to their specific compensation are being discussed.

Role	Compensation Committee is responsible for making decisions on a compensation policy for Directors and Executive Officers as well as individual elements of compensation for Directors and Executive Officers. The Committee may also give recommendation or advice to the Representative Executive Officer, President and CEO on the policies and details with respect to compensation for the Group's senior management other than Directors and Executive Officers, keeping a consistency with the policy of 3. Below.
Composition	<ul style="list-style-type: none"> <li>· 4 Independent External Directors and 1 Director who concurrently serves as Representative Executive Officer</li> <li>· Chaired by Dr. Jörg Raupach Sumiya, Independent External Director</li> </ul>
Secretariat	Company Secretary Department

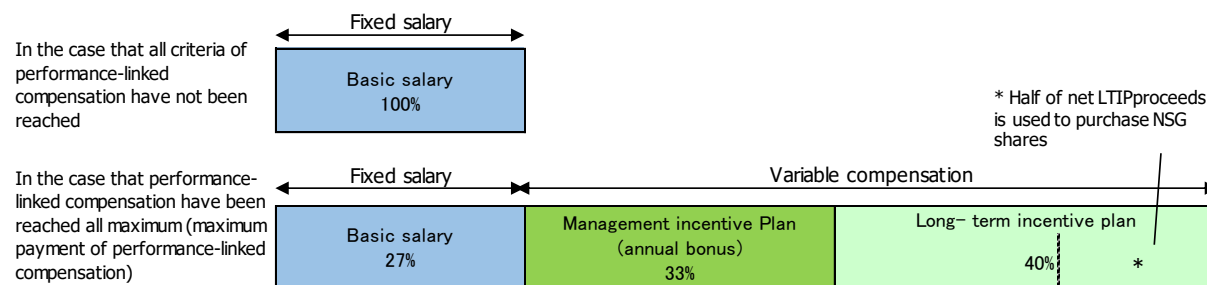
Remuneration Expert	Human Resources Department		
<p>2. Activities of the Committee in Compensation related Decision-Making Process</p> <ul style="list-style-type: none"> <li>• During FY2023, the Committee met on six occasions, and Attendance rate was 100%, all members attended all Compensation Committee meetings. The Committee resolved the individual amount of basic salary, the performance indicators and method for determining the payment amount of incentives (performance linked compensation), and the actual payment amount based on the achievement against the previous year's indicators. And also, the Committee resolved a plan to allot restricted shares to certain qualified Executive Officers under Japanese employment terms as a retirement benefit. Accordingly, the number of restricted shares to be issued to the relevant, individual Executive Officers is determined.</li> <li>• The Compensation Committee gave its final approval to the individual compensation for Directors and Executive Officers for the year ended in March 2023 after confirming that it is consistent with the basic policy on compensation as detailed in ③ and ④.</li> </ul> <p>3. Compensation Policy for Executive Officers</p> <p>A. Compensation System and Compensation Composition Ratio</p> <p>Compensation packages for the Executive Officers principally consist of basic salary, Management Incentive Plan (annual bonus) and Long- term Incentive plan.</p> <p>The Group operates a global grading structure across the Group, and management grade is determined based on job evaluation by the Group common scale using the HAY management grade methodology, a globally recognised job evaluation methodology. Management grade determines the maximum quantum levels for participants in both the annual and long-term incentive structures.</p> <p>A) Compensation System</p>			
Objectives	<ul style="list-style-type: none"> <li>• To ensure that packages of employment terms and conditions are market competitive and designed in a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in international business.</li> <li>• To ensure that each individuals basic salary and incentives are aligned with the performance of the Group and the interests of shareholders, as well as reflecting the commitment and achievements of the individual concerned.</li> </ul>		
Composition and Details	Fixed salary	Basic salary	<ul style="list-style-type: none"> <li>• Salaries are reviewed annually and are broadly aligned with market med for a global business.</li> <li>• In determining what are the appropriate market rates, account is take turnover, market capitalization and the complexity and breadth internationalization.</li> </ul>

			<ul style="list-style-type: none"> <li>• In reviewing salaries, account is also taken of the scope and responsibilities of the role, the performance of the individual, the progress the Company is making against its targets and plans and of salary increases planned for other managers.</li> </ul>												
Performance-related compensation	Management Incentive Plan (annual bonus)		<ul style="list-style-type: none"> <li>• Assessed against the achievement of annual performance indicators which are mainly financial.</li> <li>• Aligned to NSG Group’s Medium-Term Plan</li> <li>• Payment Maximum levels: Ranging between 40% and 125% against each individual’s basic salary dependent upon the management grade</li> <li>• Payment Level = Maximum payment amount × Payment rate of Performance measures</li> <li>• A Gate mechanism operates for the plan, which is based on a minimum level of Net Income that must be reached, as an affordability threshold before considering payment based on achievement against the different performance measures.</li> <li>• For each performance measure, set the minimum performance level (“Entry”) for ensuring that the business is meeting the minimum standard of financial performance, “Target” and a maximum value for stipulating the upper limit of annual bonus payments “Max”, in line with the annual budget for the financial year.</li> </ul> <div style="text-align: center;"> <p>Payment rate</p> <table border="1"> <caption>Payment Rate vs Performance</caption> <thead> <tr> <th>Performance Level</th> <th>Payment Rate</th> </tr> </thead> <tbody> <tr> <td>Below Entry</td> <td>0%</td> </tr> <tr> <td>Entry</td> <td>25%</td> </tr> <tr> <td>Target</td> <td>50%</td> </tr> <tr> <td>Maximum</td> <td>100%</td> </tr> <tr> <td>Above Maximum</td> <td>100%</td> </tr> </tbody> </table> </div>	Performance Level	Payment Rate	Below Entry	0%	Entry	25%	Target	50%	Maximum	100%	Above Maximum	100%
Performance Level	Payment Rate														
Below Entry	0%														
Entry	25%														
Target	50%														
Maximum	100%														
Above Maximum	100%														

		<p>Long-term incentive plan</p>	<ul style="list-style-type: none"> <li>• Assessed against the achievement of long-term performance indicators over a three-year period</li> <li>• Issued annually</li> <li>• Payment Maximum levels: Ranging between 50% and 150% against individual's basic salary dependent upon the management grade</li> <li>• LTIP Payment = Maximum payment amount × Payment rate of Performance measures × Share price movement rate</li> <li>• For each measure, "Entry" is set in such a way to ensure that the business meeting the minimum required performance level and the "Maximum" point on the scale has appropriate stretch.</li> </ul>  <ul style="list-style-type: none"> <li>• Require the purchase of NSG Shares by using part of the cash award from the plan to lead to further alignment of the Executive Officers with shareholders, allowing Executive Officers to continue to be motivated to build shareholder value</li> <li>• Shareholding targets set for Executives</li> <li>• Plans contain Malus (ability for the value of award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participants to repay the value they received after the award has vested). The Group can exercise these provisions if one of a number of trigger events occurs. Trigger events include the Misstatement of results, an error that causes an award to be paid at too high a level, a serious illness, or a material breach of the Group Code of Ethics.</li> </ul>
	<p>Stock Compensation</p>		<ul style="list-style-type: none"> <li>• Restricted shares are issued annually to some Executive Officers under Japanese employment terms as a retirement saving plan.</li> </ul>
<p>B) Compensation ratio</p>			

The ratio of basic salary and incentives is, rather than specifically and equally applied, set according to individuals' management grades.

<CEO's compensation ratio>



Note: For clarification, the above diagram includes only base salary plus annual and Long-term incentive plan compensation, no additional benefits are included. In addition, the impact of the share price movement element of the Long-term incentive plan is not taken into account.

5. Compensation Policy for Independent External Directors

Objectives	<ul style="list-style-type: none"> <li>•To ensure that independent external directors can adequately and effectively fulfill their supervisory roles</li> <li>•To ensure that they have the capability and experience required to fulfill this role</li> </ul>
Compensation level	•Set at the appropriate level based on comparisons with other companies using benchmark data provided by specialist external advisers.*
Compensation Structure	<ul style="list-style-type: none"> <li>•Only Basic salary</li> <li>•Not eligible for Management incentive plans (annual bonuses) and Long-term incentive plans</li> <li>•Independent External Directors receive additional reward if they act as Chair at either the Board or any of the Committees.</li> </ul>

\* In the case that a Non-Independent External Director is elected, compensation will be set at an adequate level for his/her duties in a way commensurate with the duties discharged by Independent External Directors including in terms of whether or not they are appointed as member of any of three Committees and so forth.

<Targets of performance measures for performance-linked compensation>

- A. FY2024 Management Incentive Plan (annual bonus)
- A) Performance measures and weight

Element	CEO and Kaicho	Executive Officers other than CEO and Kaicho, who are mainly responsible for specific Global SBUs	Executive Officers other than CEO and Kaicho, who are mainly responsible for specific group functions
Group Management Operating Profit	50%	35%	35%
Group Free Cash Flow	50%	35%	35%
Global SBU Management Operating Profit	–	In relation to the results of specific SBUs they are responsible for, constituting 15% in total	In relation to the results for every of SBU of the Group, constituting 15% in total
Global SBU Cash Flow from Operations	–	In relation to the results of specific SBUs they are responsible for, constituting 15% in total	In relation to the results for every SBU of the Group, constituting 15% in total

\* Note: SBU means each "Strategic Business Unit" of the Group

B) Reasons for selecting the measures

Measures	Reasons
Group Management Operating Profit	Ensure alignment with delivery of the target numbers assigned to Group operating profit and cash flow which are the financial performance indicators specifically important to the annual budget
Group Free Cash Flow	
Global SBU Management Operating Profit	For Executive Officers who are mainly responsible for specific SBU or group function, ensure working together to achieve the targets number of the entire group as an Executive and also exercising the leadership within each SBU/Function to deliver annual target numbers of each SBU
Global SBU Cash Flow from Operations	

Note: Group Free Cash Flow used in the above table represents the net debt movement arising as a consequence of the operating and investing activities in the period. It includes transactions that have impacted the Group's net debt even where there has been no cash movement through an NSG Group



bank account, and is therefore different to the Free Cash Flow as derived from the sum of operating and investing activities included within the Group's consolidated statement of cash flows. Group Operating Profit shown in the above table is defined as being operating profit stated post-amortization before exceptional items on a consolidated basis plus share of income from the Cebrace JV. The actuals for these KPIs are the subject-matter of review and confirmation by the Compensation Committee.

C) Determination of Management Incentive Plan (annual bonus) Payment Level

- Payment Level = Maximum payment amount × Payment rate of Performance measures
- Payment rate of performance measures

(i) CEO and Kaicho

Payment rate of performance measures = Payment rate of Group Management Operating Profit measure x 50% + Payment rate of Group Free Cash Flow measure x 50%

(ii) EO other CEO and Kaicho

Payment rate of performance measures = Payment rate of Group Management Operating Profit measure x 35% + Payment rate of Group Free Cash Flow measure x 35% + Payment rate of Global SBU Management Operating Profit measure x 15% + Payment rate of Global SBU Cash Flow from Operations measure x 15%

- If the Gate is met, payment is made based on payment rate against the performance measures. Even if the Gate is not met, if the target level of the Global SBU's operating profit is achieved, 50% of the payment rate achieved is paid only for the Global SBU Management Operating Profit and the Global SBU Cash Flow from Operations

B. Long-term incentive

A) Performance measures, weight and reasons for selected the measures of plans currently in operation

(i) Performance Measures of Plan commencing in FY2022 (Target period : FY2022, FY2023 and FY2024)

Performance Measures	Ratio	Reasons for selected the measures
EPS	50%	Two performance measures ensure clear link with the Medium-Term Plan, incentivizing executives to further strengthen earning power and enhance shareholder value.
ROS	50%	

(ii) Performance Measures of Plan commencing in FY2023 (Target period : FY2023, FY2024 and FY2025)

Performance Measures	Ratio	Reasons for selected the measures
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EPS	75%	Two performance measures ensure clear link with the Medium-Term Plan, incentivizing executives to improve restoration of financial stability and enhance shareholder value. Set the ratio of EPS measure to 75% to further enhance shareholder value
Free Cash Flow	25%	

**B) Determination of LTIP Payment Level**

- $LTIP\ Payment = Maximum\ payment\ amount \times Payment\ rate\ of\ Performance\ measures \times Share\ price\ movement\ rate$
- Payment rate of performance measures

- (i) Plan commencing in FY2022= Payment rate of "EPS measure" x 50% + Payment rate of "ROS" measure x 50%
- (ii) Plan commencing in FY2023= Payment rate\* of "EPS measure" x 75% + Payment rate of "Free Cash Flow" measure x 25%

\* Incorporating the degree of achievement of the targets to be achieved in the first and the second years to achieve the performance target for the three years

- The share price movement rate is a coefficient that is linked to the price movements of the Company's share price for the three-year period covered by each plan, and is adjusted based on the price movement of the monthly average share price in the month before the start of the plan and the monthly average share price of the last month of the plan.

**【Supporting System for Outside Directors】**

Secretariats are in place for the Board of Directors and the three Committees of Nomination, Audit and Compensation respectively to support External Directors. Each of such secretarial staff is tasked to deliver papers or give a brief on the matters in advance and also assist in other activities of the Directors, with a view towards facilitating the External Directors to participate in discussion of the Board and each of three Committees in an effective and active manner.

**【Status of those who retired from the President and Representative Director】**

Name of the senior adviser/executive adviser etc. who are former representative Director and president etc.

Name	Position	Business content	Work style / condition	Date of retirement	Term of office
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Yozo Izuhara	Honorary advisor	External activities such as business activities including participation in industry groups (not involved in management)	Work style : Part time  Presence of compensation : No	29 June,2010	1 year , judge necessity of renewal every year
Katsuji Fujimoto	Honorary advisor	External activities such as business activities including participation in industry groups (not involved in management)	Work style : Part time  Presence of compensation : No	27 June,2013	1 year , judge necessity of renewal every year

Total number of the senior adviser/executive adviser etc. who are former Representative Director and president etc.	2
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Other matters
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1. Senior Adviser / Executive Adviser etc.

The NSG Group does not have a system of Executive Advisor.

Based on the request of the CEO, Honorary advisor engages in external activities such as business activities including participation in industry groups. They do not attend conference bodies related to business execution , they are not granted access authority to information related to management, nor do they participate in any management decisions.

In 2018, the NSG Group abolished the senior advisory system and revised the honor advisory system. In the future, We may make the president / chairman experienced as honorary advisor only when CEO judges it is necessary. In addition, Outside Directors are involved in the election and compensation of honorary advisor, the overall scheme.

There is no payment for the above honorary advisers.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

**[updated]**

### 1. The Company's governance structure

#### 【Outline of the governance structure】

On 27 June 2008, the NSG Group changed its governance structure from a Company with Statutory Auditors to a Company with Committees (currently a Company with three Committees) consisting of the Board of Directors; the Nomination Committee, the Audit Committee and the Compensation Committee with a majority of each Committee comprising four Independent External Directors; Executive Officers; the Management Committee mainly consisting of Executive Officers; and the Sustainability Committee and the Strategic Risk Committee.

The following is a summary of each meeting held and attended during the fiscal year ended March 31, 2023.

Individual	Position	Board of Directors	Nomination Committee	Audit Committee	Compensation Committee
Hiroshi Ishino	External Director(Chairperson of the Board of Directors 、 Chairperson of the Nomination Committee)	100% (12/12)	100% (6/6)	100% (11/11)	100% (6/6)
Jörg Raupach Sumiya	External Director(Chairperson of the Compensation Committee)	92% (11/12)	100% (6/6)	91% (10/11)	100% (6/6)
Kunihito Minakawa	External Director(Chairperson of the Audit Committee)	100% (12/12)	100% (6/6)	100% (11/11)	100% (6/6)
Shinji Asatsuma	External Director	100% (Note1) (9/9)	100% (Note1) (5/5)	100% (Note1) (8/8)	100% (Note1) (5/5)
Yoshihiro Kuroi	External Director	100% (12/12)	—	—	—

Shigeki Mori	Representative Executive Officer, President and CEO	100% (12/12)	100% (6/6)	—	100% (6/6)
Munehiro Hosonuma	Representative Executive Officer, Vice President and COO	100% (Note2) (9/9)	—	—	—
Tony Fradgley	Senior Executive Officer, CTrO	100% (Note3) (9/9)	—	—	—
Yasuyuki Kimoto	External Director	100% (Note4) (3/3)	100% (Note4) (1/1)	100% (Note4) (3/3)	100% (Note4) (1/1)

(Note 1 ) Mr. Shinji Asatsuma was newly appointed as Director at the 156th Ordinary General Meeting of Shareholders held on 29 June 2022 therefore it shows the total number of the Board of Directors and the committee meetings held and attended after his assumption.

(Note 2 ) Mr. Munehiro Hosonuma was newly appointed as Director at the 156th Ordinary General Meeting of Shareholders held on 29 June 2022 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.

(Note 3 ) Mr. Tony Fradgley was newly appointed as Director at the 156th Ordinary General Meeting of Shareholders held on 29 June 2022 therefore it shows the total number of the Board of Directors held and attended after his assumption.

(Note 4 ) Mr. Yasuyuki Kimoto retired as Director at the 156th Ordinary General Meeting of Shareholders held on 29 June 2022 therefore it shows the total number of the Board of Directors and the committee meetings held and attended before his assumption.

#### 【The Board of Directors】

The Board of Directors is composed of seven(7) Directors of whom six(6) are External Directors). The Board is responsible for deciding the basic policies for business management and internal control, segregation of duties among Executive Officers and other important management decisions, and supervising execution of duties by Executive Officers. The Chairperson of the Board is Mr. Hiroshi Ishino, Independent External Director. The Company Secretary Function serves as a secretariat to support the Board of Directors. The Board meeting was held twelve (12) times in the fiscal year ended March 2023. The attendance rate of directors at Board meetings was 99%.

The main items for discussion, consideration and deliberation at the Board of Directors meetings for the fiscal year ending March 31, 2023 are as follows

- The Board of Directors received appropriate and timely reports from the executive divisions on the status of their efforts to achieve the goals of the RP24 medium-term management plan that began in the fiscal year ended March 31, 2022, including annual policies and issues of the Group as a whole, the four Strategic Business Units and major Group functional divisions (Human Resources, Purchasing, Transformation, Intellectual Property, Quality Management, Group Entity Management, Internal Control, etc.).
- In particular, the Board of Directors received a report from the Group Sustainability on the status of the company's promotion plans and initiatives with respect to climate change and CO2 reduction, among other sustainability issues, including the SBTi certification of CO2 reduction targets by 2030 and the TCFD roadmap for achieving carbon neutrality by 2050.
- The Board of Directors also deepened its discussion on important management issues for the Group (financial strategy, business portfolio transformation, etc.), which were addressed in the Board of Directors Action Plan formulated based on the evaluation of the effectiveness of the Board of Directors covering the fiscal year ending March 31, 2022.
- Based on the recommendation from the Nomination Committee, the Board of Directors discussed and approved the management structure, including the change of President and CEO effective April 2023.
- The Board of Directors discussed and approved key measures for business restructuring and portfolio transformation, including the construction of a new on-line coating facility for solar glass to be added to an existing float furnace in Malaysia and the integration of the Chinese automotive glass business with a major Chinese automotive glass manufacturer.
- The Board of Directors discussed and approved the introduction of company indemnity (establishment of a "Group-level Directors and Executive Officers Indemnity Policy") as a response to the revised Companies Act.

#### **【Nomination Committee】**

The Nomination Committee is in charge of deciding the details of proposals concerning appointment or removal of Directors to be submitted to the General Meeting of Shareholders, and also provide recommendation or advice with regard to candidates for Executive Officers. The Nomination Committee is chaired by Mr. Hiroshi Ishino, Independent External Director, and composed of five (5) Directors including the Chairperson, four (4) of whom are Independent External Directors. The Company Secretary Department serves as its secretariat

providing support as necessary. In addition, members of the Human Resources Department assist the Committee as internal experts on matters of personnel affairs. The Committee gathered six (6) times in the fiscal year ended March 2023.

All Committee members attended all Committee meetings, with 100% attendance.

The main items for discussion, consideration and deliberation at the Nomination Committee for the fiscal year ended March 31, 2023 are as follows.

- The Nomination Committee discussed and approved the recommendation to the Board of Directors for the appointment of a new President, effective April 2023, and for the appointment of Executive Officers to enhance the new management structure.
- The Nomination Committee deepened its discussion on enhancement of succession plans and training plans for major Senior Executives including Directors and Executive Officers, and further enhancement of disclosure content by reviewing the contents of the Directors' skills matrix, etc..

Month and Year of Meeting	Main Items for Discussion
May 2022	Key Senior Management Succession Disclosure of Directors' Skills Matrix
June 2022	Senior Management Succession
September 2022	CEO Succession
November 2022	Executive Management Member of the Group - Succession and Development Proposed candidates for Executive Officer / Director - initial discussion
February 2023	Executive Management Structure from April 2023 - discussion
March 2023	Proposal of Directors, EO Recommendation Discussion of Directors' Skills Matrix

#### **【Audit Committee】**

The Audit Committee is responsible for auditing the execution of duties by Directors and Executive Officers, preparing audit reports, and deciding details of proposals concerning appointment, removal or not reappointing the Accounting Auditor. The Audit Committee is chaired by Mr. Kunihiro Minakawa, Independent External Director and comprises four (4) Independent External Directors including the Chairperson. Mr. Kunihiro Minakawa has the career and experiences of serving as Corporate Senior Vice President (in charge of accounting) and Corporate Auditor at a major international manufacturing company, and currently, he is serving as Financial Services Agency Certified Public Accountant and Auditing Oversight Board Commissioner. He is equipped with abundant experiences and broad

knowledge in the fields of finance and accounting. The Audit Committee Office is in place for the purpose of providing support to the Committee. The Audit Committee met on eleven (11) occasions in the fiscal year ended March 2022. The attendance rate of directors at Board meetings was 98%. The Audit Committee conducted its activities with focus on the following points in the fiscal year ended March 31, 2023;

The main items for discussion, consideration and deliberation at the Audit Committee for the fiscal year ending March 31, 2023 are as follows.

- The Audit Committee confirmed and reviewed, mainly through interviews, the Executive Officer's understanding and action on important management matters, including issues related to the implementation of the medium-term management plan (RP24), as well as risks and opportunities in the business. For example, with regard to sustainability, the Audit Committee focused on the disclosure of non-financial sustainability information. The Audit Committee confirmed the system and issues for disclosure by interviewing the sustainability department, while closely monitoring the discussions at the Board.
- The Audit Committee confirmed and verified the status of the design and operation of internal control systems, including ethics and compliance, risk management, and internal control over financial reporting, by hearing reports from the department in charge of internal control and by site visits.

In addition, AC requested the Executive Officers, etc. to further strengthen their efforts in governance and Group internal control over subsidiaries, considering our Group's situation, which has too many subsidiaries, joint ventures, and affiliates, and fraud risks. Furthermore, AC has started discussions with the Internal Audit department and the external auditor to review the scope of their audits to improve completeness through further cooperation among the three teams.

- The Audit Committee confirmed and verified through reports from and discussions with the Finance function and the Accounting Auditor that they had appropriately examined/responded to and conducted necessary audit procedures, respectively, for important issues in the financial statements and accounting audits in each quarterly and annual financial statements. With regard to the accounting issues that were the subjects of Key Audit Matters (KAM), after taking into account the impairment of goodwill and intangible assets related to the European Automotive glass business in the 2nd quarter of the financial year (FY23), the Committee verified the relevance of accounting treatments, including any consideration by the Finance function about the elements such as the impact of the economic environment like rising interest rates and the future prospects of business performances, as well as confirmed and verified the appropriateness of audit procedures and KAM text preparation by the Accounting Auditor.



### 【Compensation Committee】

The Compensation Committee is in charge of deciding the compensation policy for Directors and the Executive Officers as well as compensation details of individual Directors and Executive Officers. The Committee is chaired by Mr. Jörg Raupach Sumiya , Independent External Director and is composed of five(5) Directors including the Chairperson, four (4) of whom are Independent External Directors. The Company Secretary Department serves as the Committee's secretariat providing support as necessary. In addition, members of the Human Resources Department assist the Committee as internal experts on matters of remuneration. The Committee held a meeting six(6) times in the fiscal year ended 2022. All Committee members attended all Committee meetings, with 100% attendance.

The main items for discussion, consideration and deliberation at the Compensation Committee for the fiscal year ended March 31, 2023 are as follows.

- The Compensation Committee resolved the individual basic salary, the indicators related to incentive compensation (performance-linked compensation), the method for determining the amount to be paid, and the amount to be paid based on the achievement of the indicators in the previous fiscal year.
- In addition, for Executive Officers who are appointed pursuant to the terms and conditions of services in Japan, restricted shares are to be granted as retirement benefits, and based on this, the number of restricted shares to be allocated to each of the relevant Executive Officers was determined.

Month and Year of Meeting	Main Items for Discussion
May 2022	Annual bonus for Executive Officers FY22 Outcome Annual bonus for Executive Officers FY23 Plan Long Term Incentive Plan 2019-2022 Outcome
June 2022	Long Term Incentive Plan 2020-2023 Outcome
September 2022	2022-2025 Long Term Incentive Plan
December 2022	Pay Proposals for Executive Officers under new Organisation Structure
January 2023	Pay Proposals for Executive Officers under new Organisation Structure
March 2023	Pay Proposals for Executive Officers under new Organisation Structure Pay Review for Executive Officers based on FY23 Outcome Annual bonus for Executive Officers FY24 Design

### 【Business executive structure】

Fifteen(15) Executive Officers are responsible for the business execution. One (1) of them is Representative Executive Officer performing the duties of CEO. The Management Committee is composed of Executive Officers with Senior Executive Officers and above, other Executive Officers who supervise major businesses and functions as permanent members. The Management Committee lead the Company's business operation and oversees the execution of businesses in order to realize the policies and targets set forth by the Board of Directors efficiently and appropriately. The Corporate Planning serves as a secretariat for the Management Committee. Sustainability Committee builds the sustainability strategies, presides over all of the Group's sustainability related activities, and ensures effective communication with various Stakeholders. Sustainability Committee is chaired by CEO or a person who is nominated by CEO and composed of CEO, Chairperson of the Company, CFO, Chief Administration Officer (CAO) and Chief Risk Officer (CRO), Chief Legal Officer (CLO) and Chief Ethics&Compliance Officer (CE&CO), Chief Human Resources Officer (CHRO), Group Sustainability Director, the Heads of relevant Group Functions and the Heads of each Strategic Business Unit.

Strategic Risk Committee periodically reviews policies, strategies and frameworks concerning risk management throughout the Group, and appropriately take into account the results of such review in forming the organization strategy and goals, in order to promote efficiency of the Group's business management and to enhance the medium and long-term corporate value. Strategic Risk Committee is chaired by CRO and composed of CEO, Chairperson of the Company, CFO, CAO and CRO, CLO and CE&CO, CHRO, the Heads of relevant Group Functions and the Heads of each Strategic Business Unit.

## 2. Audit system

### 【Internal Control, Internal Audit】

The NSG Group Internal Audit (GIA) performs internal audit on a group basis with eighteen(18) full-time staff members. GIA conducts a group-wide internal audit through site visits in coordination with the Audit Committee and the Accounting Auditor by having meetings with them regularly according to an annual audit plan based on the resolution of the Company's Board of Directors on matters listed in the Article 416, Paragraph 1, Item 1, Subsection (b) and (e) of the Companies Act and under the internal control system established by the resolution. In addition, although GIA is one of the executive functions, a prior consent by the Audit Committee is required for an appointment of the Head of GIA requires as a mechanism to ensure his/her independence. The Departments responsible for

internal control on top of GIA also hold meetings with the Audit Committee regularly and as necessary to exchange opinions and cooperate with each other and improve the effectiveness of audits.

#### **【Audit by the Audit Committee】**

All four members of the Audit Committee are Independent External Directors, and Kunihiro Minakawa who has considerable knowledge of finance and accounting chairs the Committee. The Audit Committee supervises and validates the status of the internal control system and its operation, and in accordance with the audit policy and the audit plan established by the Committee, holds interviews with the Executive Officers; attends important internal meetings including the Management Committee and investigates the business activities as well as assets of the Company and its major subsidiaries, etc. The Audit Committee holds meetings with the Accounting Auditor and GIA regularly and as necessary to receive update on the audit implementation, exchange opinions and gather information.

#### **【Accounting Audit】**

The Company has signed an audit contract with Ernst& Young ShinNihon LLC and is subject to its accounting audit. Certified public accountants who have carried out the Company's accounting audit work during the current consolidated fiscal year 2021 are Mr. Tomohiro Miyagawa, Mr. Ryuichiro Umamo and Mr. Tomohiro Hazama. The aforementioned audit firm takes measures so that the same person does not take charge of the Company's accounting audit beyond a certain period of time. The said three auditors satisfy the legal requirement pertaining to the number of years of continuous audit for the Company. There are 6 Certified Public Accountants and 27 other staff members helping the said three auditors perform the work.

### **3. Risk Management**

The Group's risk management systems are established as "three lines of defence". The first line of defence is established within each Strategic Business Unit (SBU) and Group Functions who manage risks across all the activities of its operations. The second line of defence is made up of the Group Functions and management forums who set risk management policies and standards and also monitor the effective operation of the controls. The third line of defence is provided by the Group Internal Audit (GIA) who makes an independent evaluation of the effectiveness of the controls and the risk management processes.

At the heart of its enterprise risk management system, the Group employs a two-

tiered risk management framework comprising the Strategic Risk Committee (SRC) and the Enterprise Risk Management (ERM) Team.

The SRC is responsible for establishing a companywide risk management framework and promoting and coordinating the Group's risk management process. Specifically, the Committee prepares policies and procedures related to risk management, and decides the policy of identifying, evaluating and responding to risks including strategically critical risks that hinder the Group's goals.

The ERM Team is composed of Heads of each SBU and Functions, and endeavors to improve the effectiveness of risk management by formulating necessary measures to mitigate the key risks pertaining to business execution, and reports on its activities to the SRC.

GIA audits the risk management policies, frameworks and processes formulated by the SRC from the independent standpoint and points out any deficiencies and carries out other activities to ensure its effectiveness. In addition, the Audit Committee cooperates with GIA to monitor the effectiveness of Group-wide risk management, including the activities of the SRC, from the perspective of sustainable growth of the Group over the medium to long term.

#### 4. Ethics and Compliance

The Group E&C Department is in place for the purpose of ensuring compliance throughout the Group. Under the above system, the Group E&C Department will formulate, implement, and manage the comprehensive ethics and compliance policy in the Group, and be obliged to report directly to the Audit Committee about important matters.

#### 5. Matters pertaining to External Directors

##### 【Independence from the Company】

Five (5) External Directors are designated as Independent Directors as stipulated by the Tokyo Stock Exchange (TSE) and reported to that effect to TSE. In addition to the independence standards of External Directors as defined by TSE, the Company has established its own independence standards also factoring in the relationships with the Group, the Group's Executive Officers as well as major shareholders, as described in [Independent Directors]. All of the five External Directors meet the relevant standards of independence.

##### 【Supervision by External Directors and collaboration with other audits】

In addition to attending various important internal meetings, External Directors, as mentioned above, collect information and exchange opinions through collaboration with the Accounting Auditor, the Group Internal Control and the Group Internal Audit. Based on the information gathered this way, the External Directors supervise the execution of duties by the Executive Officers and Directors through the Board of Directors.

**【Outline of an Agreement on Liability Limitation】**

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, an agreement is concluded between the Company and each of the External Directors pertaining to the liability for damages under Article 423, Paragraph 1 of the same Act to the effect that the liability of each of the External Directors in performing their duties in good faith and without gross negligence be limited to the amount as stipulated in each item of Article 425, Paragraph 1 of the same Act.

### 3. Reasons for Adoption of Current Corporate Governance System

#### 【Reasons for adopting the Company with Three-Committee structure】

We adopt the Company with Three-Committee structure to promote separation of the executive and the supervisory functions, enhance management transparency, improve the level of corporate governance and thereby to become a company trusted by our shareholders.

#### 【Roles and Functions of External Directors in the Company】

We expect that an Independent External Director, MR. Hiroshi Ishino, who is the Chairperson of the Board of Directors and the Nomination Committee, and a member of the Committees of Audit and Compensation, will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

While the Company has succession plans for the Chairpersons of the Board as well as each Committee to be appointed from among Independent External Directors, Mr. Hiroshi Ishino was chosen to be the Chairpersons of both the Board and the Nomination Committee as a special exception from among Independent External Directors reappointed in view of the balance in terms of the appointments of the Chairpersons of three Committees as well as his experiences and skills.

We expect that an Independent External Director, DR. Jörg Raupach Sumiya , who is the Chairperson of the Compensation Committee and a member of the Audit and Nomination Committee, will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge with regard to an academic expert and business management through the Board and each Committee.

We expect that an Independent External Director, MR. Kunihiro Minakawa, who is the Chairperson of the Audit Committee and a member of the Committees of Nomination and Compensation, will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

We expect that an Independent External Director, MR. Shinji Asatsuma, who is a member of

the Committees of Nomination, Audit and Compensation will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge with regard to business management through the Board of Directors and each Committee.

We expect that an Independent External Director, MS. Eriko Sakurai will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon her abundant experiences and broad knowledge with regard to business management through the Board of Directors.

We believe that the presence of these External Directors, who are independent of the Group, and their roles as the Chairperson of each Committee will contribute to further enhancement of management transparency and therefore corporate governance.

External Director, MR.Yoshihiro Kuroi is not an Independent Director since he does not fully satisfy the independence standards established by the Company, and is not in charge of each Committee, and yet taking into account his career and experiences in engaging in corporate management as an External Director of multiple companies, we expect that he will contribute to the maintenance and reinforcement of governance and ultimately to the enhancement of corporate value by overseeing performance of Executive Officers based upon his abundant experiences and broad knowledge through the Board of Directors.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Group sends the notice 3 weeks prior to the day of the Ordinary General Meeting of Shareholders. The Group publicizes the notice 4 weeks prior to the day of the Ordinary General Meeting of Shareholders by filing it onto the Tokyo Stock Exchange and the electronic platform operated by ICJ as well as in our website.
Allowing Electronic Exercise of Voting Rights	To allow shareholders to submit their votes via the Internet, the Group takes part in electronic voting platform that permits the use of voting websites.
Participation in Electronic Voting Platform	The Group takes part in electronic platform operated by ICJ for institutional investors.
Providing Convocation Notice in English	The Group publicizes the English notice (with Business Report and Consolidated Financial Statements in full sentence excluding Audit Report) by filing it onto the Tokyo Stock Exchange and the aforementioned platform as well as on our website Shareholders' Meeting 4 weeks prior to the day of the Ordinary Shareholders' Meeting.
Other	The Shareholders' Meeting resolutions and voting rights result (Japanese and English) are posted in our website in addition to extraordinary reports (Japanese only) submitted via EDINET.

#### 2. Investor relations (IR) Activities<sup>[updated]</sup>

	Supplementary Explanations	Presentation by President
Preparation and Publication of Disclosure Policy	The Group's disclosure policy can be found in our website. (FYI) <a href="https://www.nsg.com/en/investors/contact/ir-policy">https://www.nsg.com/en/investors/contact/ir-policy</a>	
Regular Investor Briefings for Individual Investors	The Group does not hold any regular briefing. Instead, have set up a section	No



	called "For Individual Investors" on our website to show information for individual investors.	
Regular Investor Briefings for Analysts and Institutional Investors	The Group, in principle, holds a regular briefing for analysts and institutional investors online after every quarterly results in August, November, February and an annual closing (May) , where CFO explains in August (for the 1st quarter) and in February (for the 3rd quarter) and CEO and CFO explains in November (for the 2nd quarter) and in May (for the Full-year), attracting approximately 50 participants every time. Progresses of mid-term management plan are explained in the briefings. The Group also planning to host briefings for institutional investors and analysts on business strategies and individual businesses separately from those above.	Yes
Regular Investor Briefings for Overseas Investors	The Group, in principle, has regular briefings for overseas investors in Europe, North America and Asia (Hong Kong, Singapore) etc., two to three times a year. As of July 2023, visiting briefings are suspended to prevent COVID-19 , but participation in conferences held by security companies or Web meeting which tends to replace recently have been considered.	Yes
Posting of IR Materials on Website	The Group website posts financial results information, timely disclosure matters' materials (other than financial information), Securities Report, Quarterly Report, Quarterly Results materials, Business Report ("To our shareholders"), Notice of Convening Ordinary General Meeting of	

	<p>Shareholders/ voting results, corporate governance update, Integrated Report (including Finance Data and Sustainability Data Book), Corporate Profile for Investors("Introduction to NSG")</p> <p>English-language materials are also posted on our website at the same time as the Japanese-language materials.</p> <p>(However, for the English version of the Annual Securities Report, only the financial statements and the sections 'Issues to be addressed', 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and 'Business and Other Risks' are available. Also, the English versions of the Quarterly Report are not provided.)</p> <p><a href="https://www.nsg.com/en/investors/ir-library">https://www.nsg.com/en/investors/ir-library</a></p>	
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>Our IR Department (Hiroyuki Genkai, General Manager, Investor Relations) is responsible for IR.</p>	
<p>Other</p>	<p>The Group shows our profile, IR schedule, stock price and other information for individual investors in our website. "IR news mail alert service" is also available on demand basis.</p> <p>Issues raised by analysts and institutional investors are reported quarterly as feedback of regular investors briefings and IR meetings in the high level meetings such as the Board of Directors and Management Committee for the requests from the market to be reflected to the management.</p>	

### 3. Measures to Ensure Due Respect for Stakeholders **[updated]**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	NSG Group's Corporate Governance Guidelines define how to build good relationship with diverse stakeholders such as employees, customers, suppliers, business partners and local communities. Furthermore, other internal rules including Sustainability Policy under these guidelines refer to more specific relationship.
Implementation of Environmental Activities, CSR Activities etc.	The Company has adopted, among others, NSG Group's Code of Ethics and Sustainability Policy and proactively performed the actions for environment preservation and other sustainability agenda under such framework. The Sustainability Committee chaired by CEO or a person who is nominated by CEO, adjusts and monitors those activities for promotion of sustainability. The Board has defined clear and unambiguous goals of the Group to be reached by 2018 in the areas such as environment, safety, health, energy, reduction of CO2, sustainable highly value adding product development, procurement and transportation responsibility and employees. The status of the progress vis-à-vis such goals from time to time is disclosed in our Integrated Report (including Finance Date and Sustainability Date Book) and our website.
Development of Policies on Information Provision to Stakeholders	NSG Group has established Corporate Governance Guidelines, Policy on Constructive Dialogue with Shareholders, Sustainability Policy, Investor Relations Communication Policies which are disclosed in our website.
Other	<p><b>【Health Management】</b></p> <p>NSG Group think "People are our most important asset", and health promotion is indispensable for employees to maximize their individual abilities, and it leads to the sustainable improvement of the company's value. In January 2020, we made a "Health Management Declaration" in Japan. The details of the declaration, promotion system, and major initiatives are disclosed on our website.</p> <p><a href="https://www.nsg.com/en/sustainability/social/wellbeing">https://www.nsg.com/en/sustainability/social/wellbeing</a></p>

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

#### (1) Basic Views on Internal Control System

The basic views of the Group's internal control system are described in the "Basic Views on Construction of Internal Control System" and disclosed on the Company's website.

[http://www.nsg.com/~media/NSG/Site-Content/sustainability/Downloads-attached-to-pages-in-sustainability-section/Annex/Annex10\\_3\\_2202\\_E.pdf](http://www.nsg.com/~media/NSG/Site-Content/sustainability/Downloads-attached-to-pages-in-sustainability-section/Annex/Annex10_3_2202_E.pdf)

#### (2) Maintenance and operation status of Internal Control System

##### ① Actions with regard to the Group's Ethics and Compliance

- The NSG Group Code of Ethics broadly covers the ethical behavior expected of our employees in the workplace, including compliance with the law and all major Group policies, procedures, and guidelines. The Code is available in all 19 Group languages on its intranet.
- The Group has in place the Reporting of Concerns system including the Ethics and Compliance (E&C) Hotline. The confidential hotline, available in multiple languages, is operated by a qualified third party allowing anyone to report E&C related concerns anytime, even anonymously except as prohibited legally. Group E&C Function periodically reviews and properly controls the Group policies and procedures related to the Reporting of Concerns system, communicating them to the employees. Hotline reports are handled consistently in accordance with the relevant Group policies and procedures, being appropriately investigated where warranted.

Any form of retaliation against an individual who has reported in good faith is expressly prohibited. In FY2023, 175 allegations were reported via the Reporting of Concerns system.

- Under the Group E&C Director's leadership, E&C regional managers are responsible for embedding E&C culture into the whole organization within the major regions of the Group as well as covering risks in each region.
- Since FY2022, the group-wide Ethics & Compliance Week has annually taken place for further embedding ethical culture into the organizations throughout the Group. During the Week, Group E&C provides some programs such as relevant survey, communications and educations regarding basics and requirements of ethics and compliance. Additionally, in FY2023, each E&C regional manager visited major production sites to reach out to the shop-floor workers there trying to make more direct and better communication with them about ethics and compliance ("Gemba Walk").

- The Group requires its employees to report or obtain prior permission from the relevant SBU/Function heads as well as Group E&C regarding certain high-risk areas such as competition law compliance (CC) and Anti-Bribery and Anti-Corruption (ABAC) via the designated online system. In addition, Group employees are required to report conflict of interests to the company.
  - The Group is monitoring third parties such as agents, consultants and joint venture partners that meet certain risk criteria of the ABAC policy.
  - Globally, Group E&C screens business partners against all necessary sanctions lists on a daily basis.
  - Group E&C facilitates participation in trade-related programs such as C-TPAT (Customs-Trade Partnership Against Terrorism), and AEO (Authorized Economic Operator) at multiple locations around the Group. These programs demonstrate the Group's commitment to supply chain and facility security as well as strong adherence to Customs regulations.
  - The Group annually provides relevant online trainings to CC and/or ABAC key roles. Further, additional areas such as Code of Ethics, General Data Protection Regulation (GDPR), IS Security, Fraud and Diversity, Equity & Inclusion are covered accordingly in annual training campaign and/or onboarding.
  - Group E&C periodically issues E&C briefings, which are translated in 14 languages and available on the Group's intranet. In addition, each E&C regional manager publishes regional E&C newsletters for E&C communication and education for local employees. In FY2022, the group-wide Ethics & Compliance Week also took place for further embedding ethical culture into the organizations throughout the Group. During the Week, Group E&C provided some programs such as relevant survey, communications and educations regarding basics and requirements of ethics and compliance.
  - Group E&C regularly shares material E&C issues with the relevant SBU/Function heads as well as reports to Audit Committee on its performance and action plans.
  - The Group measures the effectiveness of Group E&C program against specific metrics and KPIs with statistical data in several areas regarding E&C activities.
- ②Actions with regard to the Group's Risk Management
- We annually identify and assess material risks which should be controlled on a group basis in accordance with the NSG Group Risk Management Policy.
  - We have in place Strategic Risk Committee (SRC) whose member consists of CEO, other Executive Officers and relevant senior managers; Chief Risk Officer ("CRO") is appointed from among the Executive Officers. SRC defines overall framework for the enterprise risk management of the Group and identifies and assesses the high-level risks which potentially could have a material adverse effect on the Group businesses. SRC reviews, endorses and monitors any action for mitigation of these high risks taken by the relevant Strategic Business Units (SBUs) and Functions. CRO chairs SRC meetings and, as the

representative of the Committee, regularly made reports to the Management Committee and Audit Committee on the effectiveness of the Group's internal control system, risk management structure and so forth.

- SRC was held three times in FY2023 where the material risks were confirmed, the above framework discussed for ongoing review and any action to address the risks including global insurance program monitored for optimization and improvement, as well as the "bottom up" SBU risk management process.
- Each SBU and Function manages and controls risks associated with its own responsibilities, regularly and or as needed, to SRC.
- Internal Audit Function is tasked with providing independent assurance to efficacy of such overall enterprise risk management of the Group.
- In addition to the risk management and control implemented by SBUs and Functions, we have also the NSG Group Entities Management Policy enabling us to comprehensively identify and manage and control material risks particularly in light of each legal entity constituting the Group. The Executive Officer in charge is responsible for regularly reporting such entity related risks to Management Committee and the Board of Directors.
- We have "NSG Group Insurance Policy," measuring risks such as potential losses due to natural disasters, under the supervision of the Strategic Risk Committee, reviewing and implementing comprehensive insurance coverage at the group level every fiscal period within the global insurance program.
- Preparing for potential major incidents and calamities, we place a major incident management team at each operating site where major incident management plan is prepared and in operation, based on NSG Group Business Continuity Policy and Major Incident Guidelines. In FY2023, the Group created the "Major Incident – Escalation and Communication Guidelines" so that it can react to any major incidents in a timely, consistent, and balanced manner as the Group.
- Executive Officers of the Company preserve, maintain and control such information or data as may be relevant to their performance of the duties in their capacity in accordance with the NSG Group Record Retention Policy and IS Security Policy.

③ Actions to Ensure the Group's Efficient and Effective Management

- The Group has established the Management Committee (MC) as advisory board for the President/Chief Executive Officer (CEO) in order for the policies and goals established by the Board of Directors to be efficiently and adequately carried out. 15 MC meetings were held during FY2023.
- Based on the NSG Group Sustainability Policy formulated by the Board of Directors, the Group has established the Sustainability Committee to set the Group's sustainability strategy, oversee its activities, and ensure effective communication with stakeholders. The Sustainability Committee was held twice during FY2023 to review the status of activities on a global basis.
- We have promoted the initiative of separation of oversight and executive role whereby we strengthen the supervisory role and duties of the Board over the executives whilst making necessary delegation of powers and authorities to the executives, thus seeking to enhance

transparency and agility of whole management process.

- The Company Secretary will be appointed by the resolution of the Board of Directors. The Company Secretary is responsible for all governance duties, providing support to the Board of Directors and the Committees in an integrated manner by one office for the proper functioning of the Board of Directors and Committees. Therefore, the Company Secretary who occupies a unique position between the Board of Directors and the Executive Division, is responsible for ensuring effective communication between them.
- We set in place the internal rule clarifying the roles and decision-making authorities of each layer of management from Representative Executive Officers to each regional SBU heads. As such the Group operates the organization in which we can make business decisions appropriately and timely addressing changes of market and business environment etc.
- We have introduced and effected IT-operated authorization flow process for efficient and effective business management, including in relation to performance management against progress or results of management plans such as long and medium-term plan or annual plan and approval process for capital expenditures requisition.
- We operate the organization with its reporting lines clarified by having the specific organization charts by each SBU and Function which supports SBUs.
- Various meetings were reorganized with the aim of establishing a more agile and resilient management structure, minimizing costs for meeting and maximizing its effectiveness.

#### ④ Actions to Ensure the Effectiveness of the Group's Audit

- Group Internal Audit implements audits on a group basis in accordance with annual audit plan agreed by Audit Committee, and reports such audit results to Audit Committee, Executive Officers and external Accounting Auditor. Group Internal Audit is responsible for ensuring the effectiveness and efficiency of the Group's risk management system by conducting audits independently of each executive department.
- Any appointment and dismissal of the Head of the Internal Audit Function, shall require the prior consent of the Audit Committee.
- Two dedicated Support Staff members of the Audit Committee are appointed for assistance of Audit Committee, and report to and provide necessary information to Audit Committee.
- A member of Audit Committee and Support Staff of Audit Committee attends internal material meetings such as MC in order to ensure the effectiveness of their audit. They have rights to access necessary important documents and so on for their audit.
- Audit Committee periodically meets with Group Internal Audit and other internal control functions and hear reports from them regarding the execution of duties by Executive Officers and others, the status of internal audits, and the status of the establishment and operation of internal control systems and exchange views with them.
- Audit Committee meets with the Accounting Auditor on a periodical and as-necessary basis, keeping close communication with them on important audit issues and challenges..
- Audit Committee conducts on-site or online audits at the major business establishments of the Group that it deems particularly necessary.

## 2. Basic Views on Eliminating Anti-Social Forces

The NSG Group articulates in its Code of Ethics that the Group shall consistently act ethically and comply with laws applicable in nations wherever the Group has its business footprint.

We deal with the anti-social forces in accordance with Japanese regulations based on our Code of Ethics. Our compliance manuals describe our philosophy of uncompromised resolve against the anti-social forces which do harm to a social order and safety and our firm attitude to the anti-social forces. We get such a spirit across to our employees through our in-house compliance training. Also, Group Internal Audit, Group E&C and Legal Function carry out monitoring on our effort in compliance including exclusion of anti-social forces and maintaining collaborative liaison with lawyers and law enforcement authorities, we collect and manage information on anti-social forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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### 2. Other Matters Concerning to Corporate Governance System<sup>[updated]</sup>

(1) Internal mechanism pertinent to timely corporate information disclosure

① Disclosure of information on important decision

Any important decision subject to the timely disclosure is firstly initiated and escalated by a division involved under our internal policy, then is assigned particular decision making unit by a Representative Executive Officer or in the Board followed by an immediate disclosure by IR under the direction of representative in charge of information disclosure. Any decision on critical issues is disclosed in a timely manner under the structure where IR and relevant divisions such as the Secretariat of the Board or Management Committee work together in order to avoid any incomplete disclosure by checking interactively.

Initiated by Division → Decision making unit assigned → IR or relevant division  
→ timely disclosure

② Disclosure of information on results information

Information on business results drafted firstly by the Finance is resolved or finalized by the Board. It is disclosed by IR under the direction of representative in charge of information disclosure immediately after the decision.

Finance → Decision making unit assigned → IR → timely disclosure



③ Disclosure of information on material facts

Any material fact subject to timely disclosure is reported promptly by Divisions upon its occurrence to IR, who, under the direction of representative in charge of information disclosure, carries out timely disclosure.

Initiated by division incurred → IR → timely disclosure

(2) Exemptions of the liabilities of Directors and Executive Officers

The Company's Articles of Incorporation stipulate that the Company may, pursuant to the provisions of the Article 426, Paragraph 1 of the Companies Act of Japan, and by resolution of the Board of Directors, exempt its Directors (including former Directors) and Executive Officers (including former Executive Officers) from their liabilities for compensation of damage with respect to the acts mentioned in Article 423, Paragraph 1 of the Companies Act of Japan to the extent permitted by laws and regulations in order to enable Directors and Executive Officer to fully play their expected roles.

(3) Directors and Officers liability insurance

The Company contracts the Directors and Officers liability insurance based on the Article 430-3, Paragraph 1 of the Companies Act of Japan with insurance companies, and the policy will compensate any reasonable and necessary legal or other defense costs incurred in defending an action brought against them during the policy period. It also pays any ensuing damages, judgements and settlements that are awarded to the plaintiff or third party against the Director or officer.

Insured Persons include Directors and Executive Officers of the Company as well as any and all of past, present and future Directors and officers and employees of the Company and its subsidiaries. The premium of the insurance for the insured is paid by the Company. The policy does not cover claims in relation to any unlawful profit or advantage gained or provided by insureds for the benefit of their own or any third party or those against them based upon any willful conduct or fraud committed.

Corporate Governance Mechanism (as of 30 Junel 2023)

