

April 11, 2023

**Nisshinbo Holdings Inc.**

Masahiro Murakami,  
President and Representative Director

Securities code: 3105

[www.nisshinbo.co.jp/english/](http://www.nisshinbo.co.jp/english/)

The corporate governance of Nisshinbo Holdings Inc. (the “Company”) is described below.

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

### 1. Basic Views

As an Environment and Energy Company group, Nisshinbo believes that it is necessary to enhance corporate value over the medium to long term by improving the quality of its organizational culture, including corporate governance, based on global management and cash flow management, while simultaneously achieving quantitative growth in terms of numerical and business performance by improving profitability with an emphasis on the return on investment (ROE) and stock price-oriented management. Based on the principles of risk management and the appropriate decision-making process, Nisshinbo will work to establish corporate governance based on a corporate philosophy that ensures both increased management efficiency and transparency by strengthening accountability and thoroughly adhering to corporate ethics through a prompt and decisive decision-making process.

### Reasons for Non-compliance with the Principles of the Corporate Governance Code

Nisshinbo has implemented the Principles of the Corporate Governance Code (including those for the prime market).

### Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1-4. Cross-Shareholdings]

The Company shall establish the Policy for Cross-Shareholdings and periodically review the significance and economic rationale for each issue in light of the cost of capital and other indicators. The Board of Directors will receive reports on the results of the review and deliberate on the policy for continuing to hold or to sell shares. As established, the Board of Directors will not prevent the sale of the Company’s shares by business partners or other entities who possess such shares, although the Board of Directors may inform them of the Company's position on the matter. With regard to transactions with policy-holding counterparties, the Company will periodically confirm the size and details of such transactions and verify their economic rationality.

(1) Policy for Cross-Shareholdings

Of the stocks of business partners and other entities acquired for the purpose of maintaining and strengthening business alliances, Nisshinbo will engage in the gradual and systematic sales of stocks whose strategic usefulness has diminished.

## (2) Criteria for the Exercise of Voting Rights

Voting rights as defined under Policy for Cross-Shareholdings shall be exercised from the perspective of improving the corporate value of the Company and the relevant business partners and other entities and shall be determined on an individual basis in light of the purpose for holding the shares. Therefore, the rationality and the necessity of proposals that have a significant impact on corporate value, such as the election or dismissal of directors or the introduction or extension of anti-takeover measures, will be carefully checked.

### [Principle 1-7. Related Party Transactions]

In the event of a transaction between directors and the Company, the Company shall obtain the approval of the Board of Directors and report the results of the transaction to the Board of Directors in accordance with the conflicts of interest regulations set forth in the Companies Act.

### [Supplementary Principle 2-4-1]

The Group shall adhere to the corporate philosophy of “Change and Challenge! For the creation of the future of Earth and People.” In order to realize this philosophy, the Group has emphasized the promotion of diversity and inclusion (D&I) as a source of innovation and has made efforts to utilize the diversity of human resources to support its business. Nisshinbo will continue to enhance its corporate value by fostering an organizational culture where employees feel a part of a diverse group who can speak and act without excessive reservations, as well as by further promoting diversity in business and human resources.

## (1) Promotion of Women to Management Positions

As of December 2022, the percentage of women in all management positions at Nisshinbo and its core companies\* in Japan was 2.3%, and the Company aims to bring this percentage to the same level as the percentage of women of all full-time employees (15% as of 2022) by 2030. In the General Business Owner Action Plan under the Law for the Promotion of Women's Activities, Nisshinbo set the following targets for 2022, which has been achieved as of the end of 2022.

- ① Increase the percentage of women in administrative career-track positions to at least 50%.
- ② At least double the number of women at the assistant manager level compared to FY 2021.
- ③ Increase the annual paid leave utilization rate to 70% or more.

Furthermore, Nisshinbo will continue to promote the advancement of women by expanding its educational programs, gathering opinions through direct interviews and other means while responding to diverse lifestyles, and creating a comfortable working environment.

## (2) Promotion of Foreign Nationals and Career Hires to Management Positions

The number of non-Japanese employees and non-Japanese executives in management positions at Nisshinbo and its domestic core companies\* remains small. Although the Company has not set specific numerical targets, Nisshinbo will systematically recruit and train non-Japanese employees and actively promote them to key positions in the Company and other group companies, and regularly monitor the status of appointments. As of December 2022, career hires accounted for 9.8% of all management positions at the Company and its domestic core companies\*, and Nisshinbo aims to bring this percentage to the same level as the percentage of career hires among all full-time employees (14% as of 2022) by 2030.

\*Domestic core companies are the six core companies in the Wireless and Communications, Micro Devices, Automobile Brakes, Precision Instruments, Chemicals, and Textiles business segments.

[Principle 2-6. Exercise Functions as an Asset Owner of a Corporate Pension plan]

In order to ensure the safe and appropriate management and administration of the pension plan and the safe and efficient investment of pension assets, the Company shall establish the Asset Management Committee, which shall engage in the necessary deliberations and adjustments to avoid any conflicts of interest with the beneficiaries. In addition, the committee will assign and train the managers and personnel in charge of the finance, accounting, and human resources departments as members of the Asset Management Committee.

[Principle 3-1. Enhancement of information disclosure]

(1) Management Philosophy, Management Strategy, and Management Plan

The Company has established the following corporate philosophy as the set of values to be shared by all officers and employees, which forms the basis of its corporate governance efforts: "Change and Challenge! For the creation of the future of Earth and People." (Corporate Philosophy:

<https://www.nisshinbo.co.jp/english/profile/vision/philosophy.html>) Based on the corporate philosophy, Nisshinbo believes that its established mission is to contribute and grow together with society through its business as an Environment and Energy Company group. To fulfill this mission, Nisshinbo has designated Mobility, Infrastructure & Safety, and Life & Healthcare as the three strategic business domains and has been working to achieve sustainable growth and increase corporate value over the medium to long term. The growth strategy is based on increasing the Nisshinbo Group's corporate value through sound, sustainable growth by placing the highest priority on improving ROE and profitability.

(2) Basic Views and Policies on Corporate Governance

Established in "1. Basic Views" above.

(3) Policies and Procedures for Determination of Remuneration for Directors and Senior Managers

The Company's policies and procedures for determining the remuneration of its directors are described in section II paragraph 1 of this report under [Director Remuneration] (1) "Basic Policy and Procedures for Determining Remuneration for Directors" in "Matters concerning the composition of governing bodies and organization management." The same policy also applies to the determination of remuneration for managing

officers.

#### (4) Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Senior Managers

- The Nomination Committee is established as an advisory body to the Board of Directors in order to enhance the transparency and objectivity of the process of nominating and dismissing directors.
- The Board of Directors shall adopt resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee. The Nomination Committee also adopts resolutions regarding the policies for the nomination and election and dismissal of directors formulated by the Nomination Committee.
- In order to ensure independence, the Nomination Committee consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors, a majority of whom shall be outside directors. The committee members appoint the chairperson of the committee by mutual vote.

#### < Appointment of Directors >

- The Nomination Committee reports to the Board of Directors on candidates for directors who have an outstanding management track record and the strong desire and the skills to commit to the realization of the corporate philosophy and the enhancement of corporate value. The Nominating Committee also recommends to the Board of Directors those directors with particularly outstanding qualifications, aptitude, and performance as candidates for top management position.
- Based on the deliberations of the Nomination Committee, the Board of Directors nominates candidates for directors and selects representative directors and directors for management positions.

#### < Dismissal of Directors >

- If the Nomination Committee determines through its deliberations that a director, including members of top management, lacks the qualifications and aptitude for management, the Nomination Committee shall report to the Board of Directors on the dismissal of the director with the reasons for its decision.
- The Board of Directors, based on the deliberations of the Nomination Committee, decides on the dismissal of the representative director or directors in management positions or on the submission of a proposal for the dismissal of directors to the general shareholders' meeting.

#### < Appointment of Managing Officers >

- The Nomination Committee shall recommend to the Board of Directors candidates for managing officers from among representatives of subsidiaries and managers of the Company who are highly ambitious and bold and who have particular expertise and who excel in management.
- Based on the deliberations of the Nomination Committee, the Board of Directors appoints the managing officers and selects the managing officers for management positions.

#### < Dismissal of Managing Officers >

- The Nomination Committee shall report to the Board of Directors on the dismissal or removal of managing officers who lack the qualifications and aptitude to serve as executive officers with the reasons for its decision.
- The Board of Directors, based on the deliberations of the Nomination Committee, decides on the dismissal of business or the removal of managing officers in management positions.

#### < Appointment of Audit and Supervisory Board members >

- Based on the deliberations of the Nomination Committee, the Board of Directors shall nominate candidates for the Audit and Supervisory Board with the consent of the Audit and Supervisory Board members who have a broad management perspective, management experience, and knowledge of finance, accounting, and legal affairs.

#### (5) Reasons for Nomination or Dismissal of Directors, Audit and Supervisory Board Members, and Senior Managers

The reasons for the appointment or the dismissal of individual directors and the reasons for the appointment of individual Audit and Supervisory Board members (including substitute Audit and Supervisory Board members) will be stated in the Notice of Convocation of the general shareholders' meeting.

(Convocation notice: [https://www.nisshinbo.co.jp/nish/english/news/pdf/news20230303\\_1\\_en.pdf](https://www.nisshinbo.co.jp/nish/english/news/pdf/news20230303_1_en.pdf))

#### [Supplementary Principle 3-1-3]

##### (1) Sustainability Initiatives

The Company has been promoting sustainability initiatives with the aim of realizing a sustainable society. Nisshinbo has identified three materiality issues that must be addressed in order for the Group's business to grow sustainably together with society: global compliance, contribution to the environmental and energy fields, and the creation of a safe and secure society. In addition, climate change has become a global issue that transcends national and regional boundaries, and greenhouse gas reduction has become a common long-term goal worldwide. The Company believes that it is important to capture business opportunities arising from climate change and to respond appropriately to the risks. Therefore, Nisshinbo established the Sustainability Development Department within the Corporate Strategy Center and will strengthen its functions to contribute to sustainability management, which aims for sustainable growth together with society. The Nisshinbo Group's sustainability initiatives are disclosed in the Integrated Report and on the corporate website.

(Integrated Report) [https://www.nisshinbo.co.jp/english/ir/library/annual\\_report.html](https://www.nisshinbo.co.jp/english/ir/library/annual_report.html)

(Sustainability) <https://www.nisshinbo.co.jp/english/csr/index.html>

##### (2) Investment in Human Capital

The Nisshinbo Group focuses on human capital development in line with its human resource policy of "Business is People". The Company updates the list of potential successors for key positions at each Group

company every year and implements management development programs at all levels. Established systems include e-learning, correspondence courses, subsidies for online English conversation, subsidies for those who acquire specific qualifications, and subsidies for language exam fees. The e-learning program provides Group employees with a wide range of learning opportunities, including compliance, human rights, D&I, intellectual property, DX, and information security, among others. Nisshinbo supports human resource development and career development. In addition to the courses of Basic Digital Training, the Company holds opinion exchange meetings on the use of digital technology for young employees to discuss new digital business and other ideas. In 2023, Nisshinbo will provide training and sponsor workshops to consider solutions to issues at each workplace through the use of digital technology. The human resource development efforts are disclosed on the corporate website.

(Human Resource Development) <https://www.nisshinbo.co.jp/english/csr/human-rights/training.html>

### (3) Investment in Intellectual Property

The Group has designated Mobility, Infrastructure & Safety, and Life & Healthcare as its three strategic business domains, with Environment & Energy as the core, and is focusing on the development of competitive products and technologies in these fields. In addition to research and development in each business, Nisshinbo conducts group-wide research and development activities with the aim of creating innovation by integrating diverse technologies and providing new value that contributes to a sustainable society. Nisshinbo discloses its intellectual property activities as R&D activities in the annual securities report. The number of patents granted is disclosed on the corporate website.

(Information on Intellectual Property) [https://www.nisshinbo.co.jp/english/r\\_d/intellectual\\_property.html](https://www.nisshinbo.co.jp/english/r_d/intellectual_property.html)

### (4) Risks and Opportunities Related to Climate Change

In June 2022, Nisshinbo expressed its support for the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures). The company discloses information on climate change-related risks and opportunities based on the TCFD recommendations on the corporate website, including risk materiality assessments and climate change scenario analyses, as part of the strategy initiatives within the four pillars of Governance, Strategy, Risk Management, and Indicators and Targets.

(Information disclosure based on TCFD recommendations) <https://www.nisshinbo.co.jp/english/csr/tcfid.html>

### [Supplementary Principle 4-1-1]

The Board of Directors deliberates and makes decisions on important management matters through its resolutions, including decisions on management strategies and management plans, changes in business portfolios and group structures, and the execution of M&A and investment projects, in accordance with the Company Law and other laws and regulations, as well as the agenda criteria stipulated in the internal Regulations of the Board of Directors and Regulations on the Authority to Make Decisions. On the other hand, the Board of Directors delegates to senior managers the authority to make judgments and decisions on important matters concerning the execution of business, except for matters brought before the Board of

Directors. The president makes decisions on the execution of delegated matters and determines the matters to be brought up for discussion by the Board of Directors after deliberation by the Board of Management, which is composed of managing officers. The Board of Directors receives reports from senior managers on the status of the execution of decisions by the Board of Directors and the matters delegated to it and monitors these reports.

[Principle 4-9. Criteria for Independence and Qualifications of Independent Outside Directors]

The Board of Directors carefully assesses the eligibility of each director as an independent outside director in light of the external requirements set forth in the Companies Act and the independence standards set forth by the financial instrument's exchanges, and with the consent of the individual, appoints the director.

[Supplementary Principle 4-10-1]

In order to enhance transparency and objectivity in the process of determining the remuneration of directors and executive officers and in the nomination and selection and dismissal processes for directors, Audit and Supervisory Board members, and managing officers, the Company shall establish an Independent Nomination Committee and Remuneration Committee in which outside directors shall participate as advisory bodies to the Board of Directors. The Board of Directors shall pass resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee and Remuneration Committee. In order to ensure independence, the Nomination Committee and the Remuneration Committee shall consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors with the majority of the members being outside directors. In addition, the committee members shall appoint a chairperson by mutual vote. The authority and roles of the Nomination Committee are described in section I, paragraph 1 [Principle 3-1] (4) "Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Senior Managers" and the authority and roles of the Remuneration Committee are described in section II, paragraph 1 [Director Remuneration] (1) "Basic Policy and Procedures for Determining Remuneration for Directors".

[Supplementary Principle 4-11-1]

In order to develop each of the Group's businesses globally along the environmental and energy axis, the Board of Directors shall nominate management personnel with outstanding management achievements and the strong desire and the skills to commit to the realization of the corporate philosophy and the enhancement of corporate value as candidates for the Board of Directors; furthermore, the Board shall seek to enhance the diversity of the Board of Directors, including gender, internationality, professional work experience, and age. In addition, the Nomination Committee, which includes outside directors, shall deliberate on the combination of skills possessed by members of the Board of Directors, including experience, knowledge, and expertise, as well as the skills possessed by each director. The current composition of the Board of Directors is 11 directors, including 5 independent outside directors (including 2 women and 1 non-Japanese). A skills matrix listing the experience and expertise of each director is included in Appendix 3 of this document. The procedures for the

appointment of directors are described in "Appointment of Directors" in section I, paragraph 1 [Principle 3-1] (4) "Policies and Procedures for Nominating or Dismissing Directors, Audit and Supervisory Board Members, and Senior Managers".

[Supplementary Principle 4-11-2]

To ensure that outside directors and Audit and Supervisory Board members appropriately fulfill assigned roles and responsibilities, the Company shall ascertain the concurrent positions of candidates at other listed companies or equivalent companies or organizations during the nomination process and shall confirm that such positions would not hinder attendance at meetings of the Board of Directors and Audit and Supervisory Board or the performance of assigned duties. The status of concurrent positions of directors and Audit and Supervisory Board members, including outside directors, is stated in the notice of convocation of the general shareholders' meeting.

[Supplementary Principle 4-11-3]

#### (1) Evaluation Policy

Nisshinbo places importance on establishing effective governance that contributes to sustainable growth and the enhancement of corporate value over the medium to long term in accordance with the Nisshinbo Corporate Governance Policy. Nisshinbo evaluates the effectiveness of the Board of Directors every year and publishes a summary of the results.

#### (2) Evaluation Process

Nisshinbo conducts evaluations using the expertise of an outside consultant in order to ascertain the awareness of issues considered important for the Board of Directors and Audit and Supervisory Board members to effectively fulfill their roles and responsibilities\* and to objectively confirm whether the Board of Directors is functioning effectively under its fiduciary responsibility to shareholders. The external consultant conducted questionnaires and interviews with all directors and Audit and Supervisory Board members and discussed the results based on the compiled analysis.

\* Composition and operation of the Board of Directors and deliberations on strategy

#### (3) Summary of Evaluation Results

The following two items were set as priorities for the last fiscal year.

- Establish a forum to discuss the key issues of sustainability, business portfolio, and management strategy.
- Implementation of measures to further enhance deliberations and improve the effectiveness of the Board of Directors and its independent committees.

The Board of Directors is composed of both internal directors with a wealth of business experience and outside directors with specialized expertise in accordance with the Company's policies, and the diversity of the Board's discussions is well established. The establishment of a forum for discussion of priority themes has functioned effectively with agenda items related to sustainability management and the business portfolio brought up for



discussion, and the implementation of measures to further enhance deliberations has also functioned effectively as the chairperson of the Board of Directors, each director, and each member of the Audit and Supervisory Board have been mutually improving autonomous efforts for the execution of business. The Company was evaluated as functioning effectively. Going forward, the Company will work on the following matters to contribute to sustainable growth and the medium- to long-term enhancement of corporate value.

- The Board of Directors will strategically deepen discussions on these themes from a broad perspective in order to strengthen the profit structure of the entire group and promote sustainability management.
- The Board of Directors will select and steadily discuss effective monitoring themes in order to ensure objectivity and transparency of the strategies planned and promoted for the execution of business.
- In order to effectively monitor the strategies planned and promoted for the execution of business, the Board of Directors will provide opportunities for the person in charge of each segment to present business strategies and management issues to managing officers, deepen their understanding of each business, and directly communicate the stakeholder viewpoints held by outside directors to members for the execution of business. The Board of Directors will strive for two-way communication so that the perspectives of stakeholders held by outside officers can be directly conveyed to executive members.

[Supplementary Principle 4-14-2]

The Company provides training for directors and Audit and Supervisory Board members on the selected topics of CSR, compliance, business strategy, and R&D, as well as opportunities for newly appointed directors and Audit and Supervisory Board members to participate in external training programs. Outside directors and Audit and Supervisory Board members are provided with opportunities to attend external training programs. To promote a better understanding of the Company's business activities, the top managers of the business divisions provide an overview of the Company's operations and visit major business sites and research laboratories.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

Nisshinbo believes that only by listening to stakeholders and gaining their understanding and trust will the Company be able to achieve sustainable growth and increase its corporate value over the medium to long term. Nisshinbo will deepen communication with the shareholders and investors through the implementation of the following various measures.

(Measures for communication)

- The director in charge of investor relations oversees all measures related to communication with shareholders and investors. The director in charge of IR is responsible for the IR team, which consists of personnel from Corporate Communications, Finance & Accounting, Legal, and other departments, and is responsible for the centralized collection of internal information, as well as the accurate and fair dissemination of information outside the company.
- The IR team will strive to enhance the general shareholders' meeting, where top management can directly communicate with shareholders, and the financial results and overseas investors' meetings, where top management personally explains management strategies and plans. The team also plans and holds individual

meetings with domestic and overseas investors throughout the year.

- The person in charge of Corporate Communications division is the point of contact for requests for meetings from shareholders and investors, and when deemed necessary, the director in charge of IR and other directors, Audit and Supervisory Board members, and managing officers will join the meeting.
- The status of IR activities, including the different measures for communication with shareholders and investors, shall be regularly reported to the Board of Directors for its review
- The IR team ensures that insider information is not communicated to shareholders and investors, but in order to prevent leaks of financial information and to ensure fairness, a quiet period is observed from the day following the settlement date to the day of the announcement of financial results.

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	21,399,800	13.63
Fukoku Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	9,000,000	5.73
Custody Bank of Japan, Ltd. (Trust Account)	6,470,200	4.12
Teijin Limited	5,264,356	3.35
State Street Bank and Trust Company 505001 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	5,116,006	3.26
City Index Eleventh Co., Ltd.	4,146,300	2.64
DFA Intl Small Cap Value Portfolio (Standing proxy: Citibank, N.A., Tokyo Branch)	2,848,174	1.81
Shikoku Chemicals Corporation	2,600,000	1.66
The Bank of New York Mellon 140044 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,462,687	1.57
The Japan Wool Textile Co., Ltd.	2,282,000	1.45

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
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Name of Parent Company, if applicable	None
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### Supplementary Explanation

(1) Shikoku Chemicals Corporation changed its name to Shikoku Kasei Holdings Corporation as of

January 1, 2023.

- (2) The large shareholding report (change report) made available for public inspection on October 14, 2022, stated that City Index Eleventh Co., Ltd., owns the following shares as of October 6, 2022, but the Company is unable to confirm the number of shares actually held by the Company as of December 31, 2022. The above status of major shareholders is based on the shareholder registry. The details of the large shareholding report are as follows.

① Name or Company Name: City Index Eleventh Co., Ltd.

Address: 3-22-14 Higashi, Shibuya-ku, Tokyo

Number of Shares Owned: 6,864 (thousand shares), Ratio of Shares Owned: 4.06 (%)

- (3) Although Marathon Asset Management Limited is listed as owning the following shares as of December 15, 2022, in the large shareholding report (change report) made available for public inspection on December 20, 2022, the Company is unable to confirm the number of shares actually held by the Company as of December 31, 2022, so the number is not included in the above status of major shareholders. The details of the large shareholding report are as follows.

① Name or Company Name: Marathon Asset Management Ltd.

Address: Orion House, 5 Upper St. Martin's Lane, WC2H 9EA London, UK

Number of Shares Owned: 11,535 (thousand shares), Ratio of Shares Owned: 6.82 (%)

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December
Business Sector	Electric Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and fewer than 100

### 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

Corporate Governance System

Company with Audit and Supervisory Board

### Directors

Number of Directors Stipulated in Articles of Incorporation	14
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Keiji Taga	From another company											
Hiroaki Yagi	Lawyer											
Naoko Tani	From another company											
Richard Dyck	From another company											
Yuki Ikuno	From another company											

\*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Keiji Taga	○	—	<p>(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his extensive business and management experience at government-affiliated financial institutions, management track record at operating companies, and high level of insight.</p> <p>(Reason for designation as independent officer) Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.</p>
Hiroaki Yagi	○	—	<p>(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his professional knowledge of the law, his wealth of experience in the legal profession, and his high level of insight.</p> <p>(Reason for designation as independent officer) Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.</p>
Naoko Tani	○	—	<p>(Reason for appointment) Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his expertise in the</p>

			<p>semiconductor industry, abundant management experience, and high level of insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.</p>
Richard Dyck	○	—	<p>(Reason for appointment)</p> <p>Nisshinbo believes that he will supervise group management from an independent standpoint by utilizing his extensive management experience, deep insight into capital markets and corporate governance, specialized knowledge of the semiconductor industry in Japan and abroad, and high level of insight.</p> <p>(Reason for designation as independent officer)</p> <p>Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.</p>
Yuki Ikuno	○	—	<p>(Reason for appointment)</p> <p>Nisshinbo believes that she will supervise group management from an independent standpoint by utilizing her expertise and high level of insight into financial and capital markets.</p> <p>(Reason for designation as independent officer)</p> <p>Since she does not fall under any of the</p>

			grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede her independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an independent officer.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Committee	6	0	1	5	0	0	Other
Voluntarily Established Committee Equivalent to Remuneration Committee	Remuneration Committee	6	0	1	5	0	0	Other

Supplementary Explanation

In order to enhance transparency and objectivity in the process of determining the remuneration of directors and executive officers and in the process of nominating and appointing directors, Audit and Supervisory Board members, and managing officers, the Company has established an Independent Nomination Committee and Remuneration Committee, both of which are advisory bodies to the Board of Directors and include outside directors. The Board of Directors also adopts resolutions to revise or abolish the operating rules governing the composition and duties of the Nomination Committee and Remuneration Committee. In order to ensure independence, the Nomination Committee and Remuneration Committee are composed of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors, the majority of whom are outside directors. The chairpersons of the Nomination Committee and Remuneration Committee will be appointed at a later date by mutual vote of committee members.

**Audit and Supervisory Board Member\***

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5

Number of Audit and Supervisory Board Members 4

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Auditors is essential in order to hold regular meetings with the financial auditors from Deloitte Touche Tohmatsu LLC, to receive reports on the status of accounting audits, and to discuss and confirm whether or not improvements are necessary. In addition, the Company strives to enhance the effectiveness of audits by cooperating with the financial auditors to witness the inventory of the Company's divisions and subsidiaries. Furthermore, with regard to the audit of financial results, the Company receives reports from the financial auditors on audit methods and audit results. The Company has established an Internal Audit Department that is independent of the execution of business line. The Internal Audit Department periodically conducts accounting audits of the Company's domestic business sites and subsidiaries and reports to the Audit and Supervisory Board members at regular meetings.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Atsushi Yamashita	Lawyer													
Noriko Ichiba	CPA										△			

\*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other



Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Atsushi Yamashita	○	—	<p>(Reason for appointment)            He has practical experience as a lawyer and specialized knowledge of international legal affairs, and Nisshinbo believes that he can audit group management from an independent standpoint by utilizing his high level of expertise, abundant experience, and insight.</p> <p>(Reason for designation as independent officer)            Since he does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an independent officer.</p>
Noriko Ichiba	○	<p>Ms. Ichiba worked for Deloitte Touche Tohmatsu LLC, the Company's financial auditor, from October 1992 to December 1995.</p>	<p>(Reason for appointment)            She has practical experience as a certified public accountant and tax accountant, as well as specialized knowledge of finance and accounting, and Nisshinbo believes that she can audit group management from an independent standpoint by utilizing her high level of expertise and wealth of experience and insight.</p> <p>(Reason for designation as independent officer)            Since she does not fall under any of the grounds stipulated by the stock exchange and has no other interests with the Company's management that would impede independence, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an independent officer.</p>

## Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members 7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Company designates all outside directors who meet the qualifications for independent officers as independent officers.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors Introduction of Performance-linked Remuneration, Other

Supplementary Explanation for Applicable Items

The 175th General Shareholders' Meeting held on June 28, 2018, adopted a resolution to introduce a restricted stock remuneration plan in order for directors (excluding outside directors) to further share the benefits and risks of stock price fluctuations with shareholders and to motivate them to contribute more to increasing the stock price and raising corporate value.

Persons Eligible for Stock Options —

Supplementary Explanation for Applicable Items

—

## Director Remuneration

Status of Disclosure of Individual Directors' Remuneration No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Number of officers covered by each category of officers and total amount of remuneration (total amount of remuneration by type of remuneration)

Type	Total amount of Remuneration (Millions of yen)	Total amount of Remuneration by type (Millions of yen)			Number of eligible directors
		Base Remuneration (Fixed Remuneration)	Bonus (Performance-linked remuneration)	Restricted transferable stock	
Directors (Excluding Outside Directors)	238	149	70	19	8
Audit and Supervisory Board	34	34	-	-	2

members (Excluding Outside Audit and Supervisory Board members)					
Outside directors and outside Audit & Supervisory Board members	62	62	-	-	7

Notes:1. Maximum amount of remuneration for directors

- Up to ¥400 million per year  
(Resolution passed at the 162nd General Shareholders' Meeting held on June 29, 2005)
  - The total amount of monetary remuneration to be paid to directors (excluding outside directors) as remuneration related to restricted transferable shares, which is separate from the above: Up to ¥40 million per year  
(Resolution passed at the 175th General Shareholders' Meeting held on June 28, 2018)
2. Maximum amount of remuneration for Audit and Supervisory Board members
- Maximum amount of remuneration for corporate auditors: ¥70 million per year  
(Resolution passed at the 145th General Shareholders' Meeting held on July 22, 1988)
3. The total amount of remuneration for directors does not include the amount equivalent to salaries paid to directors who concurrently serve as employees.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

(1) Basic Policy and Procedures for Determining Remuneration for Directors

- The Company shall establish the Remuneration Committee as an advisory body to the Board of Directors in order to enhance transparency and objectivity in the process of determining remuneration for directors.
- The Board of Directors shall adopt resolutions to revise or abolish the operating rules governing the composition and duties of the Remuneration Committee. The Remuneration Committee also adopts resolutions on the policy for determining remuneration formulated by the Remuneration Committee.
- In order to ensure independence, the Remuneration Committee shall consist of the chairperson of the Board of Directors, the president and CEO, and several outside directors appointed by the Board of Directors with a majority of the members being outside directors. The chairperson of the Remuneration Committee is appointed by mutual vote of the Committee members.
- The Remuneration Committee shall establish a remuneration table for directors (to determine the composition, amount, and percentage of remuneration) and bonus calculation criteria (company-wide performance targets for net sales, income before income taxes, and operating cash flow, and the same shall apply hereinafter), taking into consideration the remuneration levels and percentages of other companies and the position of the Company in order to secure excellent management talent and appropriate treatment of such talent.

- Remuneration for directors shall consist of base remuneration (monthly remuneration), bonuses, and stock-based remuneration (restricted stock). However, outside directors shall receive only base remuneration (monthly remuneration).
- Each director shall be paid the basic remuneration (monthly remuneration) for each position as set forth in the remuneration table determined by the Remuneration Committee.
- Each director (excluding outside directors) shall receive a bonus once a year as a performance-based incentive. The actual amount of bonus is determined by applying the bonus calculation standards based on the standard amount of bonus for each position as stipulated in the remuneration table determined by the Remuneration Committee.
- The Company allocates restricted stock as stock remuneration to each director (excluding outside directors) in order to further share the benefits and risks of stock price fluctuations with shareholders and to motivate them to contribute to the increase in the stock price and the enhancement of corporate value.
- Remuneration for directors will be determined within the range of the total amount of remuneration determined by the adoption of a resolution at a general shareholders' meeting. The amount and timing of the payment of monetary remuneration claims for restricted stock will be determined by the Board of Directors after deliberation by the Remuneration Committee and within the total amount and total number of shares separately determined by a resolution adopted at a general shareholders' meeting.
- No retirement benefits shall be paid to directors.

#### (2) Basic Policy for Determining Remuneration for Audit and Supervisory Board Members

- Remuneration for Audit and Supervisory Board members is determined within the maximum amount of total remuneration set by a resolution adopted at a general shareholders' meeting.
- Remuneration for each Audit and Supervisory Board members is determined through discussions among the Audit and Supervisory Board members.
- Bonuses and retirement benefits are not paid.

#### (3) Method of Determining Policy

- The basic policy for the determination of remuneration for directors is set by a resolution adopted by the Board of Directors.
- The basic policy for determining remuneration for Audit and Supervisory Board members is determined by a resolution adopted by the Audit and Supervisory Board.

### **Support System for Outside Directors and/or Outside Audit and Supervisory Board Members**

Materials for meetings of the Board of Directors are distributed to outside directors and outside Audit and Supervisory Board members by the Corporate Strategy Center in advance (usually three business days prior to the meeting) to enable full discussion at meetings of the Board of Directors.

### **Statuses of Persons who have Retired as Representative Director and President, etc.**

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*)  
After Retiring as Representative Director and President, etc.

0

Other Related Matters

The Company already abolished the system of commissioning advisors and counselors.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

### (1) Oversight and Execution of Business

#### [Board of Directors]

The Board of Directors of the Company is responsible for making decisions on important management matters and oversight of the execution of business by directors of the Company. In principle, the Board of Directors meets once a month.

#### [Board of Management]

The Board of Management, consisting of directors, managing officers, and other executives, deliberates on important matters related to the execution of business. In principle, the Board of Management shall meet once a month.

#### [Directors]

Eleven directors, including five outside directors, are elected. The term of office of directors is set at one year in order to clarify management responsibility for each fiscal year. Representative directors are elected by a resolution adopted by the Board of Directors and consist of the president and representative director and two senior executive managing officers.

#### [Managing Officers]

The Company introduced the managing officer system to separate the decision-making and oversight functions of Group management from the execution of business functions with the aim of strengthening both functions. The Company has 14 managing officers (including 6 concurrently serving as directors). The term of office for managing officers is one year.

### (2) Audit System

The Company established the Audit and Supervisory Board to oversee the conduct of audits, appointed financial auditors to conduct the accounting audits, and set up the Internal Audit Department, the Company's internal audit division, to conduct internal audits. The Company strives to improve corporate governance by promoting mutual cooperation among the audit functions. In addition, the Company conduct audits in the

specialized areas of occupational safety, the environment, and information systems.

[Audit and Supervisory Board]

The Audit and Supervisory Board consists of four members, including two outside members. Based on the audit policy and audit plan established by the Audit and Supervisory Board, the Audit and Supervisory Board members audit the management and execution of business of the Company and its subsidiaries by attending important meetings of the Board of Directors and the Board of Management and by interviewing executives on the status of business operations.

[Financial Auditors]

The Company has contracted with Deloitte Touche Tohmatsu LLC to conduct audits, which are conducted from a fair and impartial standpoint.

[Internal Audit Department]

The Internal Audit Department is independent of the execution of business function. The Internal Audit Department continuously conducts on-site audits of the Company and business execution by its subsidiaries and offers advice and suggestions for improvement from the viewpoint of legality and rationality, thereby protecting the Company's assets and improving management efficiency.

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

The Company adopted the current system because it believes that outside directors, who possess a wealth of experience and deep knowledge, can monitor the Company's management from an objective and neutral perspective, while the outside and full-time Audit and Supervisory Board members from the Company work together with the Internal Audit Department, the internal audit division, to ensure the appropriateness of the Company's operations.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	For the fiscal year ended December 31, 2022, the date of the annual general meeting was March 30, 2023, but the notice of convocation was sent on March 8, 2023.
Scheduling of the General Shareholders Meeting During Non-Peak Days	Voting rights can be exercised via the Internet.
Electronic Exercise of Voting Rights	The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	An English translation of the notice of convocation (reference documents) has been prepared and posted on the Company's website.
Other	For the fiscal year ended December 31, 2022, the Company posted

the electronic provision measures (information that is the contents of the reference documents for the general shareholders' meeting) on its website on March 2, 27 days prior to the date of the general meeting. In addition, after the general shareholders' meeting, the results of the exercise of voting rights, including the number of votes for and against each proposal, as well as an English translation of the results, are posted on the Company's website.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Details of the contents of the Disclosure Policy, including the Basic Stance on IR Activities and Information Disclosure Methods, are posted in the "IR Policy" section of the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings (twice a year) and business briefings (twice a year) are held for analysts and institutional investors.	Held
Regular Investor Briefings held for Overseas Investors	The Company actively conducts individual meetings (including online meetings) with overseas investors throughout the year.	Not Held
Online Disclosure of IR Information	Various IR materials are posted on the corporate website, including the Integrated Report, notice of convocation and resolutions adopted at the ordinary General Shareholders' Meeting financial statements, financial results briefing materials, corporate governance reports, business reports, annual securities reports, and press release materials.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Corporate Communications Group, Sustainability Development Department, Corporate Strategy Center is responsible for investor relations. The general manager of the Finance, Accounting & IT Service Department of the Corporate Strategy Center is the director in charge of IR.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Nisshinbo has established "VALUE" as the value and attitude for realizing the Group Corporate Philosophy and the Business Conduct Guidelines as the code of conduct for each individual based on this philosophy. This was established to earn the trust of customers, business partners, local communities, employees, shareholders, and other stakeholders through business activities and to contribute to the sustainable development of society, including the protection of the global environment, in cooperation with them. Established behind this is the concept that a company exists for the benefit of its stakeholders, and that it is committed to integrity in its business activities, enhancing ESG, and the promotion of sustainability management.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Nisshinbo established the Sustainability Development Department within the Corporate Strategy Center and is implementing activities while sharing the direction of sustainability management throughout the Group. Specific initiatives, policies, and systems for environmental protection, D&I, respect for human rights, and occupational health and safety are detailed in the Integrated Report and on the Sustainability website. (Integrated Report) <a href="https://www.nisshinbo.co.jp/english/ir/library/annual_report.html">https://www.nisshinbo.co.jp/english/ir/library/annual_report.html</a> (Sustainability) <a href="https://www.nisshinbo.co.jp/english/csr/index.html">https://www.nisshinbo.co.jp/english/csr/index.html</a>
Other	Nisshinbo views the health of its employees and organization as an important issue and thus established the Nisshinbo Group Health Management Policy in January 2019.

## IV. Matters Concerning the Internal Control System

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

Based on the Nisshinbo Group Corporate Philosophy, the Company fosters a sound corporate culture throughout the Group. In the execution of business, Nisshinbo has established a system for problem detection and improvement within the business execution process and has built and is operating the internal control system as described below.

1. System to Ensure the Execution of Business by Directors and Employees in Compliance with Laws, Regulations, and the Articles of Incorporation

(1) Directors and managing officers take the initiative in following the Nisshinbo Group Business Conduct Guidelines, which aim to establish compliance within the Group and to ensure compliance with laws, the Articles of Incorporation, and internal regulations. In addition, employees are repeatedly educated on the importance of compliance with this guideline to ensure full awareness.

(2) The president is the chief compliance officer, and the Corporate Ethics Committee, which reports directly to the president, is responsible for the development and operation of the Group's corporate ethics systems and regulations. The Corporate Ethics Committee members and the outside legal counsel serve as contact points for the Corporate Ethics Reporting System, which is used for the early detection and correction of violations of



laws and regulations. The president reports important matters related to corporate ethics to the Board of Directors and the Audit and Supervisory Board members.

(3) The participation of outside directors enhances the oversight function of the Board of Directors and improves the transparency of management. By adopting a managing officer system, the Company separates the management decision-making and oversight functions from the execution of business functions to strengthen each component.

(4) The Internal Audit Department, which is independent from the execution of business function, has been established as the organization in charge of internal audits for the Nisshinbo Group. The Internal Audit Department conducts internal audits of the status of the execution of business in each division to ensure proper and rational business execution.

(5) The Company has no relationship with the Antisocial Forces that threaten the order and safety of civil society. The Company works closely with relevant organizations to deal with these Antisocial Forces in a resolute and organized manner as a group, regardless of the reasons for their actions.

## 2. System for Storage and Management of Information Related to Execution of Business by Directors

(1) In accordance with laws, regulations, and internal rules, the Company prepares and keeps minutes of important meetings, such as general shareholders' meeting and the Board of Directors, records related to important management decisions-making and the Execution of Business, and accounting records, such as accounting books.

## 3. Regulations and Other Systems for Managing Risk of Loss

(1) Directors and managing officers establish systems and regulations for risk management in order to respond in a timely and appropriate manner to all risks that may hinder the maintenance and improvement of the Group's corporate value and the sustainable growth of business by implementing risk management, including risk forecasting, planning and verification of countermeasures, and emergency response.

(2) The president is the chief risk management officer, and the chief executive officer and the person in charge of each department have been appointed to implement risk management. The Corporate Governance Office, which serves as the Group's secretariat under the chief executive officer, is in charge of risk management administration, operation, and educational support.

(3) Policies for dealing with important management and other risks are thoroughly discussed at the Board of Management and other meetings, and particularly important matters are reported to the Board of Directors.

(4) Each division selects risks that should be addressed as a priority with respect to the operations for which it is responsible, determines specific countermeasures, and implements appropriate risk management. The Administration Division provides cross-sectional support for risk management implemented by the business units with regard to the matters for which they are responsible.

(5) For individual risks common to each division, such as violations of laws and regulations, environment, product safety, occupational health and safety, information security, and natural disasters, the Company has established corresponding regulations and implements risk management in accordance with these regulations.

#### 4. System to Ensure the Effective Execution of Business by Directors

- (1) The Company maintains the size of the Board of Directors at an appropriate level to accelerate decisions with regard to management strategies and policies. In addition, the term of office of directors is set at one year, and the evaluation of directors by shareholders is confirmed at the annual general shareholders' meeting to clarify responsibilities regarding the business year.
- (2) The Company adopted a managing officer system to speed up decision-making in the execution of business.
- (3) The division of duties and the distribution of authority based on business rules and decision-making authority regulations are used to improve the efficiency of the execution of business.

#### 5. System to Ensure the Appropriateness of Business Operations of the Nisshinbo Group

- (1) The Nisshinbo Group established systems and regulations for business operations and risk management, and by appropriately operating these systems and regulations, the Group strives to improve the soundness and efficiency of its operations.
- (2) Nisshinbo respects the autonomy and independence of each group company and receives regular reports and communications from each company regarding business operations in accordance with the affiliate company management rules.
- (3) Transactions among group companies are conducted appropriately in light of laws and regulations, accounting principles, tax laws, and other social norms.
- (4) To ensure the reliability of the Nisshinbo Group's financial reporting, a system for internal control over financial reporting has been established, and evaluation, maintenance, and improvement activities are continuously conducted in accordance with the Financial Instruments and Exchange Law and other relevant laws and regulations.
- (5) The directors and Supervisory Board members are dispatched to each Group company to oversee and audit the execution of business.

#### 6. Matters Concerning Employees to Assist Audit and Supervisory Board Members and Matters Concerning Independence of such employees from directors

- (1) Audit and Supervisory Board members may instruct employees in the Auditing Department and other departments to assist with matters necessary for auditing duties.
- (2) Employees who receive instructions from Audit and Supervisory Board members regarding audit duties are subject solely to the direction and orders of the Audit and Supervisory Board members with respect to the matters instructed by the Audit and Supervisory Board members.
- (3) With respect to employees who receive instructions from Audit and Supervisory Board members regarding the audit work, directors and supervisors of the department to which the employee belongs shall provide the necessary environment for the employee to carry out the instructions of the members.

#### 7. Systems for Reporting to Audit and Supervisory Board Members and Systems to Ensure the Effective

### Implementation of Audits by Audit and Supervisory Board members

(1) The Audit and Supervisory Board members shall attend meetings of the Board of Directors and other important meetings of the Group, express their opinions as necessary, and receive reports from Directors, Audit and Supervisory Board members, managing officers, and employees of the Company and Group companies on the status of business execution or auditing operations. They also have access to the minutes of the meetings of the Board of Directors and other business-related records.

(2) Directors, managing officers, Audit and Supervisory Board members, and employees of the Company and its group companies shall promptly report to the Audit and Supervisory Board members, either directly or through their positions, any significant deterioration in the credibility of the Nisshinbo Group, any serious adverse effect on business performance, or any serious act that violates corporate ethics or the threat of such an event. In addition, the persons responsible in the Finance and Accounting Department shall report to the Audit and Supervisory Board members in accordance with the nature of their duties.

(3) Directors, managing officers, and employees of the Company and its group companies shall not treat nor engage in any disadvantageous treatment of employees of the Company or its group companies who report to Audit and Supervisory Board members regarding their audit duties.

(4) Liaison meetings between Audit and Supervisory Board members are held on a regular basis at which the Audit Department reports important matters related to internal audits to the members, thereby promoting cooperation between the members and the Audit Department.

(5) The Company shall bear the expenses necessary for Audit and Supervisory Board members to perform their duties.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

### 1. Basic Views

As stated in Section 1 of "Basic Views on Internal Control System," the Company has established a system to systematically and resolutely confront any Antisocial Forces that threaten the order and safety of civil society, to cooperate with relevant organizations, and will not accept any unreasonable demands, irrespective of the reason.

### 2. Status of Maintenance

- The contents of Basic Views are included in the Code of Conduct, and all employees of the Group are trained in the Code of Conduct.
- In the event of unjustified demands by Antisocial Forces, the Corporate Strategy Center is the department in charge of responding to such demands in cooperation with the police and other related agencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

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## 2. Other Matters Concerning the Corporate Governance System

The status of the Company's internal systems for timely disclosure of corporate information is as follows.

### 1. Corporate Philosophy and Code of Conduct as the Basis for Timely Disclosure

Based on the Nisshinbo Group Corporate Philosophy, the Group has established a Code of Conduct, one of which is high quality communication. The content conforms to the Charter of Corporate Behavior of the Japan Business Federation (Keidanren), which stipulates as Basic Views on Timely Disclosure of Corporate Information that "Disclose corporate information actively, effectively and fairly and engage in constructive dialogue with a wide range of stakeholders, with a purpose of enhancing corporate value".

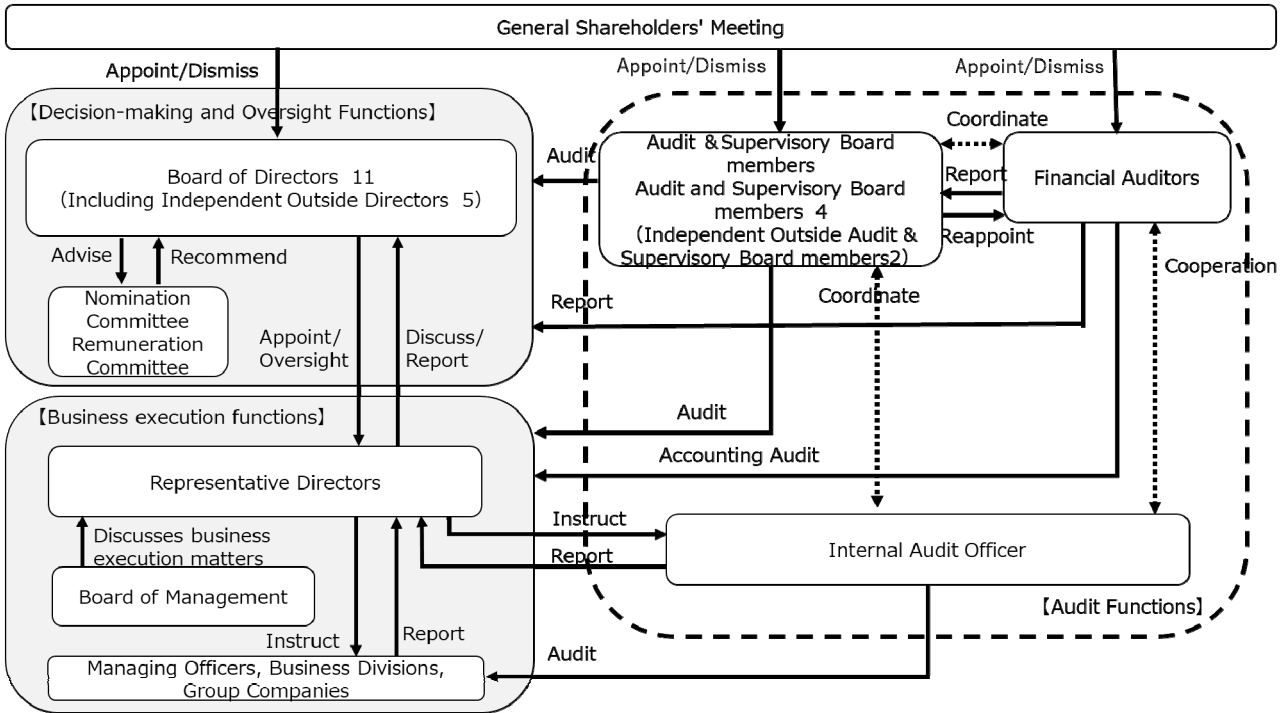
### 2. Management of Important Information

To manage important information and prevent insider trading, the Group has established regulations for the management of insider information and has appointed an information management officer and a person in charge of information management. The information manager, who is the person in charge of handling information registered with the stock exchange, oversees and manages important information. The information management officers are the heads of each major subsidiary and manage important information for the entire group.

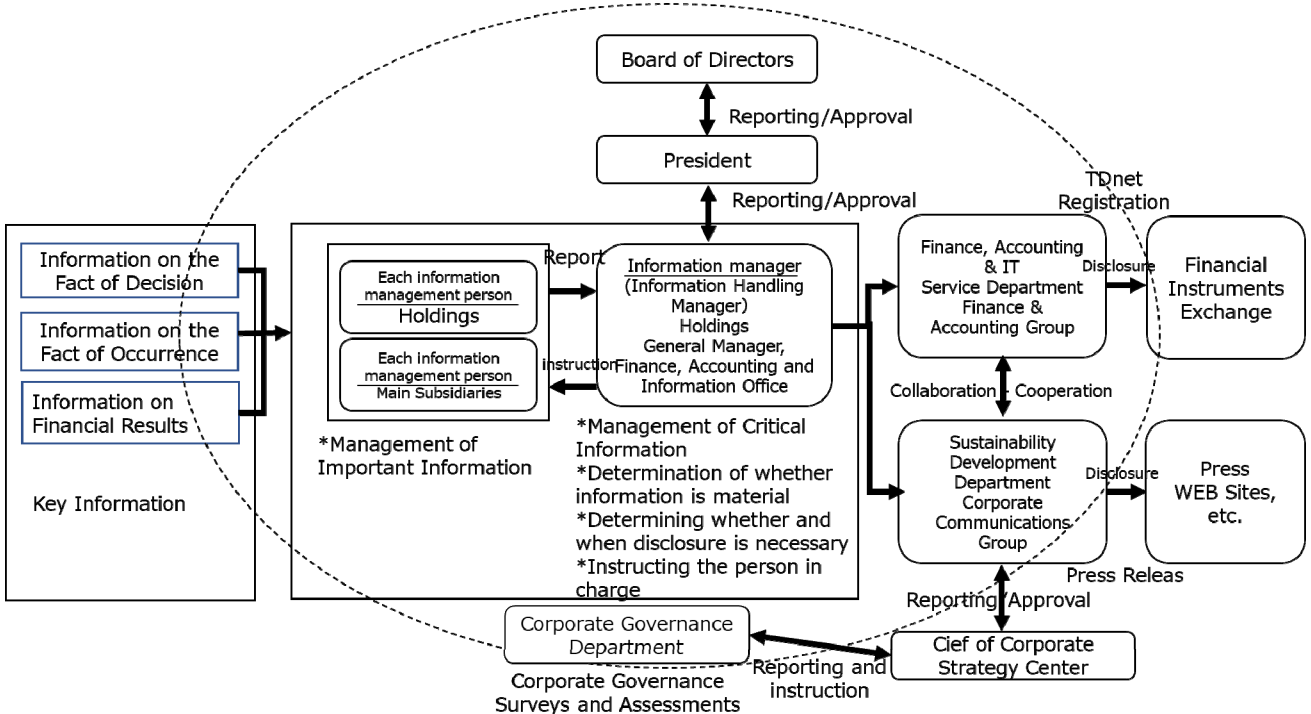
### 3. Disclosure of Material Information

After a resolution adopted by the Board of Directors, the Finance & Accounting Group of the Finance, Accounting & IT Service Department of the Corporate Strategy Center submits disclosure materials via the Timely Disclosure network (TDnet) under the direction of the information handling manager, and then the Corporate Communications Group of the Sustainability Development Department of the Corporate Strategy Center distributes the information to the media and posts it on the Company's website and intranet to ensure that the information is well known.

(Attachment 1) Corporate Governance Structure



(Attachment 2) Overview of Timely Disclosure System



(Attachment 3) Expertise and Experience Required as Directors of the Company(Skills Matrix)

Skill Name	Management Experience	International Experience/ Knowledge	Business/ Industry Knowledge	ESG	Technology/ Innovation	Legal/ Risk Management	Finance/ Accounting
Masahiro Murakami	○		○	○			○
Takeshi Koarai	○		○		○		
Satoru Taji	○		○		○		
Kazunori Baba	○		○	○		○	
Yasuji Ishii	○	○	○		○		
Shuji Tsukatani	○	○	○				○
Keiji Taga	○					○	○
Hiroaki Yagi				○		○	
Naoko Tani	○	○	○				
Richard Dyck	○	○	○		○		
Yuki Ikuno		○				○	○

\*The main skills of each director are shown up to a maximum of four. Not all skills are shown.

END