

Corporate Governance

Interview with Chairman of the Board

"The Board of Directors should always keep an eye on such signs of changes in the business environment and their effects on the essential business structure of the Group. By discussing them comprehensively, it can supervise towards the right direction."



Yasuyuki Kimoto
Independent External Officer

Q1 : As the newly appointed Chairman of the Board of Directors, which welcomed three new External Directors in July this year, what are your aspirations for how you will operate the Board of Directors going forward.

A1 : It has been four years since I became a Director of the Company, which has adopted the committee-based governance structure. The Board of Directors consists of nine members, six of which are External Directors and the chairman of which is an Independent External Director. I feel that the Directors have had very frank and open discussions over the past four years, led by the External Directors and we should not change the good practice significantly.

While we tend to think that only our company has problems, actually it is often not the case. There are many problems and issues that are common to other companies and industries. The Board of Directors is in a good position to recognize the issues of the Company from a broader and more comprehensive perspective and discuss them openly.

The members of the Board have diverse backgrounds, including those with corporate management experiences, academic experts, and two non-Japanese. Being able to have proper discussions among these diverse members bolster its supervision of global businesses. I believe such operation of the Board should remain unchanged.

Q2 : You mentioned common problems in the world and the current issue of Covid-19 pandemic should be exactly one of them. The Group is being significantly affected by it and uncertainties in the business environment are expected to persist for some time to come. How does the Board of Directors view the current situation and challenges the Group is facing now?

A2 : Of course, the impact of the pandemic on our business cannot be ignored, and it is imperative for us to take countermeasures to address the current situation, such as ensuring the safety and health of our people by putting infection prevention measures in place and quick recovery of business performance.

However, paying attention only to short-term responses is not sufficient. In the construction and automobile industries, the main business areas of the Group, demand had been showing downward trends even before the pandemic. The Board of Directors should always keep an eye on such signs of changes in the business environment and their effects on the essential business structure of the Group. By discussing them comprehensively, it can supervise the executives to recognize issues and take appropriate steps to reform the Group towards the right direction.

Q3 : Please tell us how the Board of Directors intends to improve the effectiveness of the Group's corporate governance.

A3 : I think there are two important pillars of corporate governance. The first pillar is internal control of the executive branch led by the CEO. We are a global company with operations all over the world. It is important for us to unite people with diverse cultures, languages, ways of thinking and ways of working through communication. In other words, whether opinions and information from employees in the frontline

of the business are being communicated well to the top; whether the ideas of the top are being properly cascaded down and permeated to the employees; and whether necessary discussions are being held between them. I believe it is essential that the Group maintain functioning organizations and systems to ensure vigorous communications.

Complementing this is the second pillar, where the Board as well as the Nomination, Audit and Compensation Committees, led by Independent External Directors, manage and supervise whether the internal control system is properly operated and functioning.

When it comes to corporate governance, people tend to focus on creating a "formal structure" like the second pillar, but without a robust first pillar of internal control, the effectiveness of the Board would not improve.

At our Group, I think that the first and the second pillars are well-balanced. The organization of the Board of Directors and each Committee is solid, and there are no factors that hinder free exchange of opinions and discussions. Therefore, I think the supervisory system is well established. More than 10 years have passed since the acquisition of Pilkington, and the internal control system for execution has improved not only in structure but also in effectiveness. However, I believe there is still room for improvement and efforts are needed. On a day-to-day business, it is necessary for the Group to make efforts to shorten the distance between the top management and employees in the frontline of the business. It should be the role of the Board of Directors to keep bringing up the areas for improvement and monitoring them.

Q4 : Medium-term Plan (MTP) Phase 2 ended in the fiscal year ending March 2020. In the final year, the financial targets were not achieved due to the deterioration of the market environment, as well as the spread of the new coronavirus infection. How does the Board of Directors evaluate and summarize MTP Phase 2?

A4 : In an era of such drastic changes in the environment, I think it is difficult for a company to accurately forecast the business environment for three years and make a plan with set numerical targets. It is very disappointing and regrettable that our MTP Phase 2 failed to reach the financial targets, but we must not evaluate that what we did was wrong or that everything went wrong.

The most important factor in evaluating MTP Phase 2 is how much structural reform actions were taken over the three years. From that point of view, it should be evaluated that the efforts to achieve the plan should be recognized, but the level of achievements did not reach what had been expected by the Board and further improvement efforts are required.

Because of its business structure, the Group is easily affected by changes in the demands in the construction and automobile industries. We are still addressing the issue of reforming the business structure, including how to approach it. In implementing structural reforms, while it is important to work on growth areas, including the development of new businesses, it is the most critical for the Group to keep making patient efforts in order to produce positive results in the existing main business areas. I think we should incorporate a reform plan to solve such issues as the basis of the next medium-term management plan.



Q5 : Lastly, please tell us your thoughts on the direction the Group should aim for in the future.

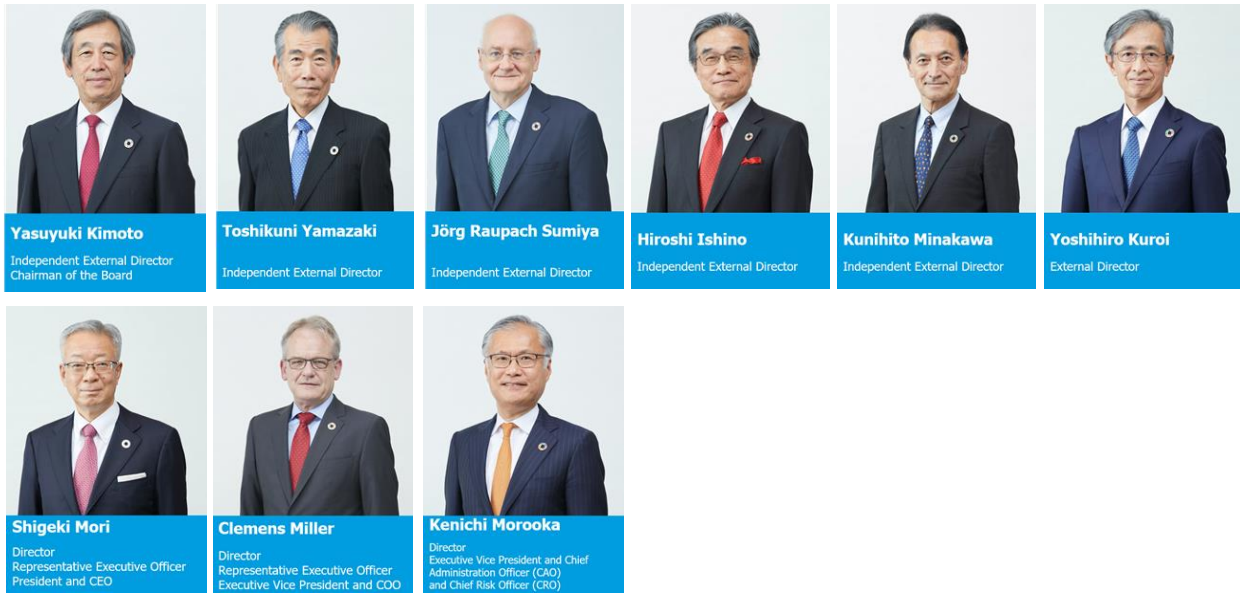
A5 : Glass will continue to be needed in the world and therefore, its markets will not suddenly disappear. With sensible corporate strategy, there should be ways to sustain the business.

However, we should not only be just seeking to survive as a conventional material supplier but also develop new applications and markets for the material. The inorganic material has diverse functionality such as controlling light and heat, conductive with coating and recyclable and has potential applications in information technology, medical, environmental and other fields.

As I said earlier, against the backdrop of pandemic, the first priority is to take counteractions immediately and improve business performance but the new medium-term management plan should incorporate

essential structural reforms, particularly in the main business fields as well as a new growth strategy based on the technologies related to the wonderful material, glass. The Board of Directors will also actively work to achieve sustainable growth and increase corporate value of the Group through discussions with the executives.

Board of Directors (As of 16 July 2020)



Nomination Committee	Audit Committee	Compensation Committee
Yasuyuki Kimoto (Chairman of Nomination Committee)	Toshikuni Yamazaki (Chairman of Audit Committee)	Jörg Raupach Sumiya (Chairman of Compensation Committee)
Toshikuni Yamazaki	Yasuyuki Kimoto	Toshikuni Yamazaki
Jörg Raupach Sumiya	Jörg Raupach Sumiya	Yasuyuki Kimoto
Hiroshi Ishino	Hiroshi Ishino	Hiroshi Ishino
Kunihito Minakawa	Kunihito Minakawa	Kunihito Minakawa
Shigeki Mori		Shigeki Mori

Biographies of Directors

Shigeki Mori

Shigeki Mori was appointed Representative Executive Officer, President and CEO in April 2015 and joined the Board of Directors in June 2015.

Shigeki joined NSG in 1981 and worked in functions of HR and corporate planning. In 1997 he was appointed the President of NSG Spacia Co., Ltd. He held a succession of posts in Architectural Glass Division, including General Manager of Functional Glass Production & Technology and President of NSG Kanto Co., Ltd., then Head of Functional Glass Dept. in Building Products Division and the President of NSG Building Products Co., Ltd.

For two years from July 2010 he was based in UK as the Head of Production, Fabrication and Marketing, UK and South Europe, Architectural Glass.

In May 2012 he was appointed Senior Corporate Officer, Head of Architectural Glass Japan and in June 2012 appointed Senior Corporate Officer, Head of Technical Glass SBU (current position).

He graduated with a BA in Laws from Kobe University in 1981. Shigeki Mori is married, with two children.



Clemens Miller

Clemens Miller was appointed Representative Executive Officer, Executive Vice President and COO in April 2012.

Clemens joined the Engineering Department of the German subsidiary of Pilkington plc in 1992 after having worked six years in the steel industry. He had a number of operational, functional and general management roles in the Pilkington Building Products business line, working in Germany, the UK, Poland and Italy. In 2007 he was appointed Managing Director Building Products Europe and in 2010 Vice President Commercial & Solar Energy Products. He was appointed President, Building Products Worldwide and joined the Board of Directors in June 2011.

Clemens Miller was appointed Head of the Architectural Glass and Technical Glass Strategic Business Units in February 2012 and retains those responsibilities in addition to those of COO.

Clemens studied Mechanical Engineering in Aachen (Germany) and Lyon (France) and graduated with a Dr.-Ing. in Metallurgy at RWTH Aachen in 1986. He subsequently attended the Advanced Management Program at INSEAD. A German citizen, Clemens Miller is married with four children.



Kenichi Morooka

Kenichi Morooka was appointed Representative Executive Officer, Executive Vice President and CFO in April 2016.

Kenichi joined The Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation) in 1979 and was appointed Senior Assistant General Manager, International Affairs (Tokyo) in April 1993. Kenichi was appointed President, SMBC Securities, Inc. (NY), and Vice President, SMBC Capital Markets, Inc. (NY) in June 2002.

Kenichi joined NSG in December 2006. After having worked on acquisition projects in London, he was appointed a Corporate Officer, Head of Financial Planning in June 2008. In June 2011, he became a Senior Corporate Officer, CFO Technical Glass, General Manager of Technical Glass Administration, and the Head of Corporation Planning and Communication.

Kenichi has also held a number of managerial positions in the finance and treasury functions in the UK and Japan.

Kenichi was appointed Senior Corporate Officer, Deputy CFO of the NSG Group in May 2012, became an Executive Officer, Deputy CFO in April 2013, and an Executive Officer, Executive Vice President in June 2013.

Kenichi graduated with a BA in Economics from Kyoto University in 1979 and subsequently obtained a MA in Economics from Churchill College, University of Cambridge in 1988. A Japanese citizen, Kenichi Morooka is married.



Yasuyuki Kimoto

Yasuyuki Kimoto

Mr. Yasuyuki Kimoto has been elected as an External Director of the Company since June 2016. In addition to his experience of having led an independent-majority board of a major international manufacturing company in his role as chair of the board, in relation to a certain UK subsidiary of a major Japanese financial institution he also had the career and experiences of having led its board in his capacity as then president and chair, comprising a plural number of non-Japanese independent directors as its members. It is expected that he should continue to contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant international experiences and broad knowledge and perspectives with regard to business management.



April 1971	Joined the Sumitomo Bank, Limited (Currently Sumitomo Mitsui Banking Corporation)
June 1998	Director, The Sumitomo Bank, Limited
June 1999	Director, Executive Officer, The Sumitomo Bank, Limited
June 2002	Director, Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April 2004	Managing Director and Managing Executive Officer, Sumitomo Mitsui Banking Corporation
June 2005	Senior Managing Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation (Retired in April 2006)
May 2006	President and CEO, The Japan Research Institute, Limited
April 2012	Special Adviser, The Japan Research Institute, Limited (Retired in February 2019) Chairman of the Board of Director, Olympus Corporation (Retired in June 2015)

June 2015	Corporate Auditor, DMG Mori Co., Ltd. (Retired in March 2019)
June 2016	Director, NSG Group (Incumbent)

Toshikuni Yamazaki

Mr. Toshikuni Yamazaki's career and experience include serving as Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) and full-time corporate auditor of a major international manufacturing company, and a member of the Investment Advisory Committee of the Government Pension Investment Fund, Japan (GPIF). He has vast experience as well as a broad understanding of business management and finance and accounting.



April 1968	Joined Nippon Kokan K.K. (Currently JFE Holdings, Inc.)
June 1999	Director, Nippon Kokan K.K.
April 2000	Vice President (Corporate Officer), Nippon Kokan K.K.
April 2001	Senior Vice President (Corporate Officer), Nippon Kokan K. K
April 2005	Corporate Officer, Executive Vice President, JFE Holdings, Inc. (Retired in March 2009)
June 2005	Representative Director, JFE Holdings, Inc
April 2009	Director, JFE Holdings, Inc
June 2009	Corporate Auditor (Full-time), JFE Holdings, Inc. (Retired in June 2013) Corporate Auditor, Universal Shipbuilding Corporation (Retired in December 2012)
April 2010	Corporate Auditor, JFE Engineering Corporation (Retired in April 2013) A member of Investment Advisory Committee, Government Pension Investment Fund, Japan (GPIF) (Retired in March 2013)
March 2015	Representative Director and President, Ryugasaki Country Club (Incumbent)
June 2015	Director, NSG Group (Incumbent)

Jörg Raupach Sumiya

Dr. Jörg Raupach Sumiya has been elected as an External Director of the Company since June 2019. He 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 Japan's famous private university. It is expected that he should continue contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to an academic expert and business management.

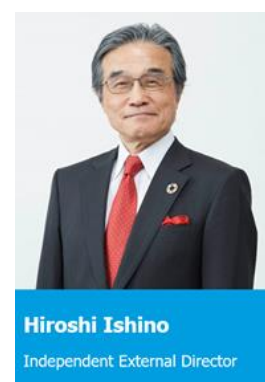
* Note: Dr. Jörg Raupach Sumiya was newly appointed as Director at the 153rd Ordinary General Meeting of Shareholders held on 27 June 2019 therefore it shows the total number of the Board of Directors meetings held and attended after his assumption.



June 1990	Senior Consultant, Roland Berger Strategy Consultants
Oct 1995	Senior Executive Managing Director, Trumpf Corporation
July 1999	Research Fellow, German Institute for Japanese Studies
June 2001	General Manager, Administration, NEC Schott Components Corporation (Currently Schott Japan Corporation)
Dec 2002	President, Representative Director, NEC Schott Components Corporation (Currently Schott Japan Corporation)
June 2011	Manager, Innovation, Schott Electronic Packaging GmbH
Sept 2011	Professor, FOM University (Germany)
April 2012	Professor, College of Business Administration Ritsumeikan University (Incumbent)
June 2019	Director, NSG Group (Incumbent)

Hiroshi Ishino

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 including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management.



April 1975	Joined Mitsubishi Corporation
March 2003	Joined Kansai paint Co., Ltd.
June 2006	Director, Deputy General Manager, International Affairs, Kansai paint Co., Ltd.
June 2008	Managing Director, Sales, Coatings Business, Kansai paint Co., Ltd.
April 2010	Senior Managing Director, Sales, Kansai paint Co., Ltd.

June 2011	Director, Senior Managing Executive Officer, Sales, International Affairs and Procurement, Kansai paint Co., Ltd.
June 2012	Representative Director, Senior Managing Executive Office, Sales, International Affairs and Procurement, Kansai paint Co., Ltd.
April 2013	Representative Director and President, Kansai paint Co., Ltd.
June 2019	Senior Corporate Advisor, Kansai paint Co., Ltd. (Incumbent)

Kunihito Minakawa

Mr. Kunihito Minakawa has been a Managing Executive Officer and an Audit & Supervisory Board Member at a major international manufacturer, and has global experience, a wide range of insights and practical experience in finance and auditing. It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management and finance and accounting.



April 1978	Joined RICOH CO., LTD.
October 1997	JSVP and CFO, Ricoh Americas Corporation
June 2008	Business Planning Manager and Business Management Manager, Business Management Centre, Overseas Division, RICOH CO., LTD.
April 2010	Corporate Vice President and General Manager, Finance and Accounting, RICOH CO., LTD.
April 2012	Corporate Senior Vice President and General Manager, Finance and Accounting, RICOH CO., LTD.
June 2013	Corporate Auditor (Full-time), RICOH CO., LTD.
June 2017	External Director, Sony Corporation (Scheduled to retire in June 2020)
June 2018	External Director, Santen Pharmaceutical Co., Ltd. (Incumbent)

Yoshihiro Kuroi

Mr. Yoshihiro Kuroi has been a president of an overseas subsidiary at a major trading company, and has a wealth of practical experience in overseas business, IR departments, etc. as an executive officer at a major automobile manufacturer and major automobile parts manufacturer. It is expected that he will contribute to the supervisory function of the Board including in overseeing performance of Executive Officers from an independent and objective standpoint as well as based upon his abundant experiences and broad knowledge and perspectives with regard to business management.



April 1977	Joined Mitsubishi Corporation
April 1994	Managing Director, MCF Financial Services Limited
June 2004	Seconded to Mitsubishi Motors Corporation CSR Promotion Office to rescue the Company
January 2007	General Manager, Investor Relations, Mitsubishi Corporation
April 2010	Senior Vice President, Mitsubishi Corporation
July 2010	Executive Officer, Corporate Planning Office, Mitsubishi Motors Corporation
June 2016	Senior Vice President, Mitsubishi Motors Corporation
April 2018	Senior Managing Executive Officer, Kasai Kogyo Co., Ltd
May 2020	Advisor, Japan Industrial Solutions Co., Ltd. (Incumbent)

Corporate Governance

Approach

Nippon Sheet Glass Group (the "NSG Group" and the "Group") believes that achieving and maintaining an advanced level of corporate governance is a key management agenda. We have created and adopted "[NSG Group Corporate Governance Guidelines](#)", supporting and endorsing the spirits and principles of Corporate Governance Code provided by Tokyo Stock Exchanges.

These Guidelines are intended to define and embed the basic principles and framework of our corporate governance in the organization. To further secure such purposes the Group has also adopted a self-disciplinary approach for the Guidelines which, among others, requires it to give a reasonable account to our shareholders if the Group should proceed with any actions deviating from these Guidelines.

The Group considers achievement of an advanced level of corporate governance a key management objective and will implement the following.

(1) Organizational structure

- a. The Group's ultimate parent company, Nippon Sheet Glass Company, Limited will adopt a Company with Three-Committee structure and the Company hence will establish and maintain the Board of Directors (the "Board"), the Nomination Committee, the Audit Committee, the Compensation Committee (individually referred to as the "Committee") and office of Executive Officers.
- b. The Board will authorize the Executive Officers to make decisions on the execution of businesses for the Company within the scope as permitted by law, thereby facilitating separation between business execution and oversight, enhancing the transparency of the management processes and strengthening the Board supervisory function over the executive management.
- c. The Company will establish and maintain an internal control system operating on a Group-wide basis including in relation to financial reporting (J-SOX).

(2) Stakeholders Communication

- a. The Group aims to be judged by 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.

Basic Approach

Corporate Governance Structure

NSG Group adopts "Company with Three Committees" governance structure, and has in place, as statutory corporate organizations, Board of Directors and —Nomination Audit and Compensation Committees, and an office of Executive Officer. Currently, the Chairman of the Board as well as chairpersons of all three Committee are all appointed from among the Independent External Directors.

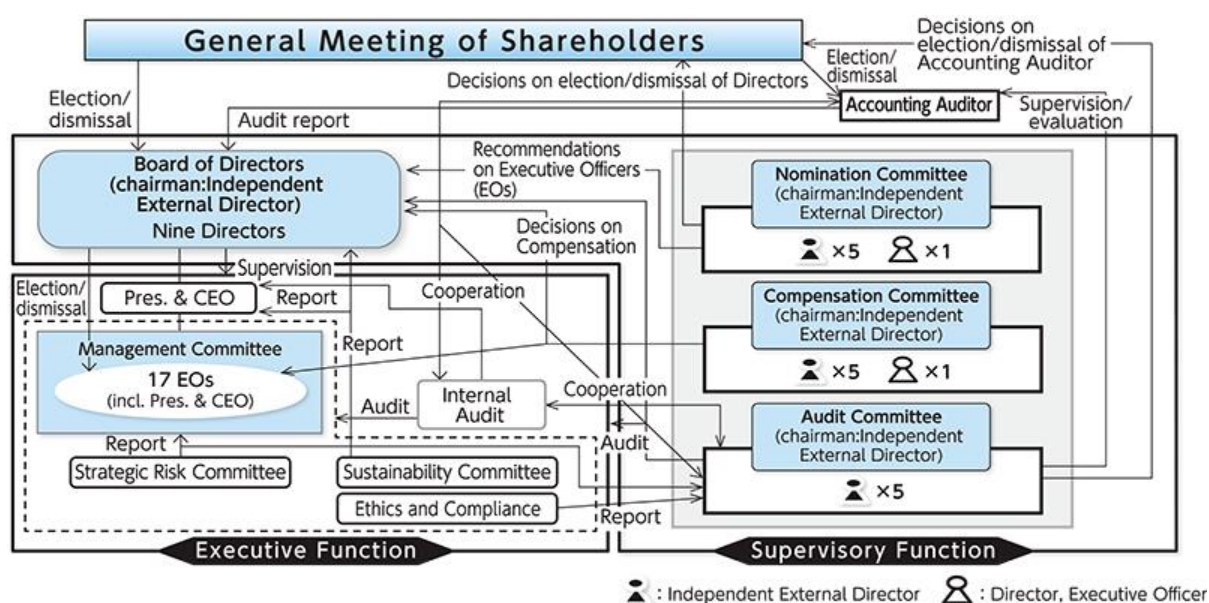
Various steps have been taken to date so that NSG Group has enhanced management transparency by further separation of functions between business execution and its supervision and strengthened role of independent external directors. For example, according to the NSG Group Corporate Governance Guidelines, the roles of Chairman of the Board and CEO are clearly distinguished. In the event that Chairman of the Board is not an Independent External Director, a Lead Director whose role is to advise Chairman of the Board on matters concerning corporate governance shall be appointed from among Independent External Directors. Independent External Directors meet on an as-needed basis, even without presence of executives, for discussion concerning matters such as corporate governance and businesses.

As regards executive function, the Group also has Management Committee, Sustainability Committee, and Strategic Risk Committee. Currently, seventeen (17) Executive Officers are responsible for the business execution. Three (3) of them are Representative Executive Officers performing the duties of CEO, COO and CAO respectively.

Overview of Corporate Governance Structure (As of 16 July 2020)

Key items		Description
Type of Governance structure		Company with Three Committees
Number of Directors / term of office		9(6) / 1 year
Number of Independent External Directors		5
Chair of the Board		Mr. Yasuyuki Kimoto (Independent External Director)
Chair of Three Committees		Nomination: Mr. Yasuyuki Kimoto (Independent External Director), Audit: Mr. Toshikuni Yamazaki (Independent External Director), Compensation: Dr. Jörg Raupach Sumiya (Independent External Director)
Number of Executive Officers (Representative Executive Officers) / term of office		17 (3) / 1 year
Compensation system	Executive Officer (including those who concurrently serve as Directors)	(1) Basic salary (2) Performance-related incentive scheme i. Management Incentive Plan (annual bonus) ii. Long Term Incentive Plan
	External Director	The level of compensation adequate for his/her duties
Accounting Auditor		Ernst & Young ShinNihon LLC

Corporate governance mechanism (As of 16 July 2020)



Supervisory Function

Diverse and highly independent in its structure, the Board of Directors is responsible for making decisions on the Group's material matters and supervising the execution of business.

[Board of Directors]

Role	Board of Directors is responsible for making decisions on the Group's material matters such as basic policies for business management, internal control system and duty allocation among Executive Officers, and supervision over business execution by executives.
Composition	<ul style="list-style-type: none"> 5 Independent External Directors, 1 External Director and 3 Directors who concurrently serve as Executive officers Chaired by Mr. Yasuyuki Kimoto, Independent External Director
Number of times met in FY2020	10
Secretariat	Legal & Administration Department

Composition of Nomination Committee, Audit Committee, and Compensation Committee as of 16 July 2020

Name	Position	Nomination Committee	Audit Committee	Compensation Committee
Yasuyuki Kimoto	Independent External Director	◎ (Chair)	○	○
Toshikuni Yamazaki	Independent External Director	○	◎ (Chair)	○
Jörg Raupach Sumiya	Independent External Director	○	○	◎ (Chair)

Hiroshi Ishino	Independent External Director	○	○	○
Kunihito Minakawa	Independent External Director	○	○	○
Shigeki Mori	Director Representative Executive Officer	○	-	○
		(6)	(5)	(6)

【Nomination Committee】

Role	Nomination Committee is responsible for making decisions on the General Meeting of Shareholders agenda items regarding the appointment and removal of Directors. It also oversees the succession plans for key executives, including President and CEO, and provides advice and recommendations for the Executive Officer candidates.
Composition	<ul style="list-style-type: none"> • 5 Independent External Directors and 1 Internal Director • Chaired by Mr. Yasuyuki Kimoto, Independent External Director
Number of times met in FY2020	6
Secretariat	Human Resources Department
Legal adviser	Legal & Administration Department

【Audit Committee】

Role	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.
Composition	<ul style="list-style-type: none"> • 5 Independent External Directors • Chaired by Mr. Toshikuni Yamazaki, Independent External Director • Having served as Representative Director and Executive Vice President for finance, investor relations and accounting of JFE Holdings, Inc., Mr. Toshikuni Yamazaki has considerable management experience and broad knowledge of finance and accounting. Having served as Corporate Senior Vice President and General Manager, Finance and Accounting, Corporate Auditor of RICOH CO., LTD., Mr. Minakawa has considerable management experience and broad knowledge of finance and accounting.
Number of times met in FY2020	11
Secretariat and how to ensure its independence	<ul style="list-style-type: none"> • Audit Committee Office • Any personnel affairs relating to staff of Audit Committee Office require a prior notice to Audit Committee and its consent. • The head of Audit Committee Office shall not concurrently hold any position that may be involved in the execution of businesses and affairs of the Group, and shall report only to Audit Committee.
Audit methodology and cooperation with others	<ul style="list-style-type: none"> • Audit by Audit Committee is such that it interviews executives, attends material executive meetings such as Management Committee, and inspects business operations and financial

status of the company and major subsidiaries, being assisted by Audit Committee Office, in accordance with its audit policy and plans, as well as periodically monitors and reviews status of development and operation of the Group's internal control system.

- Audit Committee meets with Accounting Auditor and internal audit function on a regular and as needed basis to receive reports on such as progress of audits, exchange views and gather information.

[Compensation Committee]

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.
Composition	<ul style="list-style-type: none"> • 5 Independent External Directors and 1 Internal Director • Chaired by Dr. Jörg Raupach Sumiya, Independent External Director
Number of times met in FY2020	4
Secretariat	Human Resources Department
Legal adviser	Legal & Administration Department

Board Effectiveness Evaluation

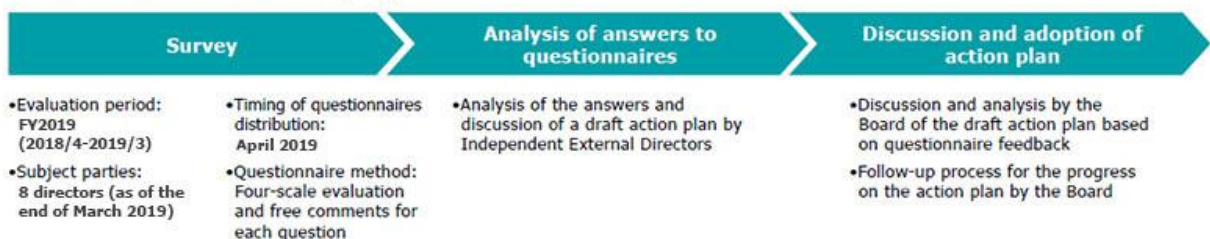
NSG Group started an annual evaluation process for the Board effectiveness since FY2016, in order to further and constantly improve performance and effectiveness of the Board of Directors and Nomination, Audit and Compensation Committees.

For FY2019

• Evaluation process

The effectiveness review of the Board and the Committees was conducted with reference to feedbacks and views taken from each Director in terms of composition, status of management, agenda setting and direction in the role of such organization, led and supervised by the Independent Directors (the leader is Chairman of the Board) to ensure its adequacy and independence.

■ Overview of evaluation and analysis process



• Summary results of evaluation, and Action plan

The effectiveness review endorsed that the Board and the Committees were all properly and soundly operated to ensure their effectiveness. Specific recommendations and inputs were given through the process, however, regarding the following points, based on which the Board developed the action plan:

- Extensive and focused discussion on significant management agendas (e.g. growth strategy, financial strategy, HR strategy and ESG strategy) in the course of development and preparation for the next medium-to-long term management plan.

- Consequently, presentation of the roadmap to attain sustainability across the Group as well as enhancement of the corporate value in the medium- to long- term in the next medium-to-long term management plan.
- Deeper understanding of the Executive team by the Board in light of its resources, composition, expertise and capability and reinforcement of the oversight and leadership by the Board to further enhance their performance (increased opportunities of exposure of the Executive Officers and next generation candidates for senior management lined up in the pipeline to the Board and the number and enhanced level of their communications with Directors).
- Initiatives to ensure diversity and their support (pursuit of further international experiences and gender diversity, especially election of a female director).
- Creation of more robust plan on succession for CEO and other senior managing officers including by reference to diversification aspects.
- Persistent and secured follow-up by the Executive teams to implement/deliver key resolutions and challenges.

For details, please see [the following](#).

However, the effectiveness review has been suspended concerning the discussion on the New Mid-term Plan to be commenced in FY2021 due to the repercussions of the worldwide pandemic of COVID-19. The Board plans to have thorough discussion on the next MTP when we can figure out a more clear-cut business outlook.

Executive Function

Seventeen Executive Officers (as of 16 July 2020), a professional group furnished with diverse backgrounds, are responsible for the business execution of NSG Group

【Executive Officer】

Role	Business execution of NSG Group
Composition	3 Representative Executive Officers (Chief Executive Officer (CEO), Chief Operation Officer (COO) and Chief Administration Officer (CAO), respectively) and 14 Executive Officers

【Management Committee】

Role	Management Committee leads the Group's business operation and oversees the implementation status of businesses in order to realize the policies and targets set forth by the Board of Directors efficiently and appropriately.
Composition	Management Committee mainly consists of the Executive Officers.
Number of times met in FY2020	11

【Sustainability Committee】

Role	Sustainability Committee builds the sustainability strategies, presides over all of the Group's sustainability related activities, and ensures effective communication with various stakeholders.
Composition	Group Sustainability Committee is chaired by CEO or a person who is nominated by CEO and composed of CEO, COO, CAO, CFO, Group Sustainability Director, the Heads of each Strategic Business Unit, Chief Development Officer (CDO), Chief Human Resources Officer (CHRO), Chief Legal Officer (CLO), Chief Corporate Planning Officer (CCPO), Chief Communication Officer (CCO) and the Heads of relevant Group Functions.
Number of times met in FY2020	2

【Strategic Risk Committee】

Role	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.
Composition	Strategic Risk Committee is chaired by CEO or a person who is nominated by CEO and composed of CEO, COO, CAO and Chief Risk Officer (CRO), CFO, the Heads of each Group Function, and the Heads of each Strategic Business Unit.
Number of times met in FY2020	3

External Director

Criteria of Independency for External Director at NSG

An External Director is a director who has never been a director, executive officer nor employee of the company nor its subsidiary.

To enhance the transparency of business management, the Company has appointed six External Directors out of the nine Directors, five of whom are designated as Independent Directors under the TSE.

In addition to the criteria for independency defined by the TSE, the Company has established its own criteria of independency for External Directors, taking into consideration their relationship with the Group including such with its officers and major shareholders. All of the five External Directors satisfy the criteria of independency., its officers, major shareholders, etc. These all five External Directors meet the relevant criteria of independency.

Please refer to [the Group's Criteria of independency for External Ddirectors](#).

Background, concurrent offices and activities of External Directors

Mr. Yasuyuki Kimoto * Independent External Director	<p>Background</p> <p>Mr. Kimoto has a career and experience leading in his capacity as then president, director and chairman of the Board of a UK subsidiary of Sumitomo Mitsui Banking Corporation along with his experience serving as chairman and director and thus leading the Board of Olympus Corporation whose majority consisted of independent external directors. He has abundant international experience and broad knowledge and perspectives with regard to business management.</p> <p>Activities</p> <p>Mr. Kimoto attended all of the ten (10) meetings of Board of Directors held in the fiscal year ended March 2020, all of the six (6) meetings of the Nomination Committee, all of the eleven (11) meetings of the Audit Committee and all of the four (4) meetings of the Compensation Committee, and made remarks mainly from the perspective of experienced business management, as necessary.</p>
Mr. Toshikuni Yamazaki * Independent External Director	<p>Background</p> <p>Mr. Yamazaki has a career and experience serving as Representative Director, Executive Vice President (in charge of finance, investor relations and accounting) of JFE Holdings, Inc., and as a member of the Investment Advisory Committee of the Government Pension Investment Fund, Japan (GPIF). He has abundant experience, broad knowledge and perspectives regarding business management, in addition to a substantial degree of insight relating to finance and accounting.</p> <p>Concurrent offices</p>

	<p>Representative Director and President, Ryugasaki Country Club</p> <p>Activities Mr. Yamazaki attended all of the ten (10) meetings of Board of Directors held in the fiscal year ended March 2020, all of the six (6) meetings of the Nomination Committee, all of the eleven (11) meetings of the Audit Committee and all of the four (4) meetings of the Compensation Committee, and made remarks mainly from the perspective of experienced business management, as necessary.</p>
<p>Dr. Jörg Raupach Sumiya ※Independent External Director</p>	<p>Background 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 Japan's famous private university. He has abundant experience and broad knowledge and perspectives with regard to an academic expert and business management.</p> <p>Concurrent offices Professor at the college of business administration, Ritsumeikan University.</p> <p>Activities Attended all 8 Board of Directors meetings, all 3 Compensation Committee meetings held after his assumption of the office of Director on 27 June 2019 during the fiscal year ended March 2020, and all three Audit Committee meetings held after his assumption of the member of the Audit Committee on 1 January 2020 during the fiscal year ended March 2020 under review, and made necessary contribution to the deliberation mainly from a specialized viewpoint of an experienced academic expert and business manager.</p>
<p>Mr. Hiroshi Ishino * Independent External Director</p>	<p>Background Mr. Hiroshi Ishino was in charge of overseas operations at Mitsubishi Corporation, and since then has been promoting the Group's global strategy as president and CEO of Kansai paint Co., Ltd. He has abundant experience and broad knowledge and perspectives with regard to business management.</p> <p>Concurrent offices Senior Corporate Advisor, Kansai paint Co., Ltd.</p> <p>Activities It was newly appointed at the Ordinary General Meeting of Shareholders held on July 16, 2020.</p>
<p>Mr. Kunihito Minakawa * Independent External Director</p>	<p>Background Mr. Kunihito Minakawa has been a Managing Executive Officer and an Audit & Supervisory Board Member at RICOH CO., LTD., and has global experience, a wide range of insights and practical experience in finance and auditing. He has abundant experience and broad knowledge and perspectives with regard to business management and finance and accounting.</p> <p>Concurrent offices External Director, Santen Pharmaceutical Co., Ltd.</p> <p>Activities It was newly appointed at the Ordinary General Meeting of Shareholders held on July 16, 2020.</p>
<p>Mr. Yoshihiro Kuroi</p>	<p>Background Mr. Yoshihiro Kuroi has been a president of an overseas subsidiary at Mitsubishi Corporation, and has a wealth of practical experience in overseas business, IR departments, etc. as an</p>

executive officer at Mitsubishi Motors Corporation and Kasai Kogyo Co., Ltd. He has abundant experience and broad knowledge and perspectives with regard to business management.

Concurrent offices

Advisor, Japan Industrial Solutions Co., Ltd.

Activities

It was newly appointed at the Ordinary General Meeting of Shareholders held on July 16, 2020.

Our actions to date aiming for an advanced level of corporate governance

2008	<ul style="list-style-type: none"> • Changed the company's fundamental governance structure from the traditional Statutory Auditor system to the current three-Committee structure • Four Independent External Directors were elected accordingly
2010	<ul style="list-style-type: none"> • Created and adopted our original and stringent criteria for the independency of External Director, taking into account not only the standard of Tokyo Stock Exchanges but also those similar rules in other major jurisdictions
2012	<ul style="list-style-type: none"> • All three (Nomination, Audit and Compensation) Committees became to be chaired by Independent External Directors respectively
2013	<ul style="list-style-type: none"> • Board of Directors became to be chaired by an Independent External Director
2014	<ul style="list-style-type: none"> • Made the independency criteria for External Directors more specific and publicly disclosed it • Incorporated the share purchase element into Long Term Incentive Plan • Set shareholding targets of Executive Officers
2015	<ul style="list-style-type: none"> • Established NSG Group Corporate Governance Guidelines
2016	<ul style="list-style-type: none"> • Started annual board effectiveness evaluation process
2018	<ul style="list-style-type: none"> • Revised the "NSG Group Corporate Governance Guidelines" (December 2018) in response to the June 2018 revision of the Corporate Governance Code.
2019	<ul style="list-style-type: none"> • Of the eight members of the Board of Directors, the majority of the Independent External Directors were five (5)

Corporate Governance Report

The Group has filed the Corporate Governance Report in accordance with the TSE Corporate Governance Code revised in June 2018.

Please refer to [the Group's Corporate Governance Report \(as of 19 August 2020\)](#).

Disclosure based on the principles of the Corporate Governance Code

- Principle 1.4 : [Cross-Shareholdings](#)
- Principle 1.7 : [Related Party Transactions](#)
- Principle 2.6 : Roles of Corporate Pension Funds as Asset Owners
- Principle 3.1 : Full Disclosure

(i) Business principles, business strategies and business plan

- [NSG Group management principles "Our Vision"](#)
 - [NSG Group Long-term Strategic Visions and Medium-term Plan](#)
- (ii) [Basic views and guidelines on corporate governance \(NSG Group Corporate Governance Guidelines\)](#)
- (iii) [Policies and procedures in determining the compensation for the senior management and Directors](#)
- (iv)(v) [Policies and procedures in appointment and dismissal of the senior management and the nomination of the Director candidates](#)
- Supplementary Principle 4.1.1 : [A brief summary of the scope of authority delegated to the management](#)
 - Supplementary Principle 4.1.3 : [Roles and Responsibilities of the Board\(1\) CEO's succession plan](#)
 - Supplementary Principle 4.2.1 : [Roles and Responsibilities of the Board\(2\) Determination of the executive remuneration system and the remuneration amounts](#)
 - Supplementary Principle 4.3.2 : [Roles and Responsibilities of the Board\(3\) Appointment of CEO](#)
 - Supplementary Principle 4.3.3 : [Roles and Responsibilities of the Board\(3\) Dismissal of CEO](#)
 - Principle 4.8 : [Effective Use of Independent Directors](#)
 - Principle 4.9 : [Independence Criteria and Qualification of Independent Directors](#)
 - Supplementary Principle 4.11 : Preconditions for Board and Kansayaku Board Effectiveness
 - Supplementary Principle 4.11.1 : [Views on the appropriate balance of knowledge, experiences and competence of the Board of Directors as a whole, its diversity and appropriate size, and the policy and the procedure for nominating Director candidates](#)
 - Supplementary Principle 4.11.2 : [Concurrent positions held by Directors](#)
 - Supplementary Principle 4.11.3 : [Analysis and evaluation of the Effectiveness of the Board of Directors as a whole, and an outline of the results](#)
 - Supplementary Principle 4.11.3 : [Results of Evaluation of the Effectiveness of the Board of Directors](#)
 - Supplementary Principle 4.14.2 : [The training policy for Directors and etc.](#)
 - Principle 5.1 : [The policy for constructive dialogue with shareholders](#)
 - Principle 5.2 : Establishing and Disclosing Business Strategies and Business Plan

Compensation for Directors and Executive Officers

The Company adopts a company with three committees structure and the Compensation Committee, which holds a majority of Independent External Directors, decides the following matters.

- The policy on compensation and perquisites to be offered to the Directors and Executive Officers of the Company
- Individual compensation and perquisites to be offered to the Directors and Executive Officers of the Company.

Compensation Policy for Executive Officers

NSG Group is a global business, operating in around 30 countries worldwide. The objectives of the compensation policy are to ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest world-class caliber in an international business.

The policy aims to ensure that each individual's 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 individuals concerned. While some elements of the packages of the Executive Officers may vary depending on the market conditions in the countries in which they are directly employed, annual bonus and long-term incentive plans follow a global policy and are structured, designed and coordinated at the Group level.

Compensation Policy for Independent External Directors

The role of Independent External Directors is to supervise all Group business from their independent and objective standpoint as well as to engage in the material decision-makings as members of the Board of Directors. In order for them to fulfill this role adequately and effectively, and for the Group to retain individuals with the capability and experience required, the appropriate compensation level of Independent External Director is set based on comparisons with other companies using benchmark data provided by external specialists.

Independent External Directors receive compensation for the performance of their duties. They are not eligible for performance-linked bonuses or awards under long-term incentive plans. For details, please see [the following](#).

Policies and procedures in determining the compensation for the senior management and Directors

1. Organization & Responsibilities for determining Compensation

The company has in place the statutory Compensation Committee (the "Committee") as adopting a "Company with Committees" structure. Its current membership consists of the five Independent External Directors of NSG Group and one Director who concurrently serves as Representative Executive Officer, President and CEO. The current chairman is Mr. Yasuyuki Kimoto, an External Director.

No member of the Committee is allowed to be present when matters relating to their specific compensation are being discussed. The Committee is supported by a secretariat from the Human Resources function and may use information from specialist external advisers when necessary. In addition, such member(s) of the Legal and Company Secretarial department based on the terms of reference of Committee acts as in-house legal adviser for any legal aspects or matters.

The Committee has formal authority to determine:

- The policy on individual compensation and other perquisites payable to the Directors and Executive Officers of the Company
- Individual compensation and other perquisites payable to the Directors and Executive Officers of the Company.

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.

2. Activities of the Committee in Compensation related Decision-Making Process

During FY2020, the Committee met on four occasions, and the Committee resolved the individual amount of basic salary, the number of stock options to be allotted, 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. Accordingly, it monitored the progress against the relevant indicators of the running incentives. Attendance rate was 100%, all members attended all Compensation Committee meetings.

3. Compensation Policy for Executive Officers

<A>Basic Policy

NSG Group is a global business, having principal operations in around 30 countries and sales in over 100 countries. The objectives of the compensation policy are to ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest calibre on a worldwide basis in an international business.

Reward Structure and Compensation Composition Ratio

(Reward Structure)

Compensation packages for the Executive Officers principally consist of basic salary, Management incentive Plan (annual bonus) and Long-term incentive plan.

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.

Category of compensation	Summary of compensation system
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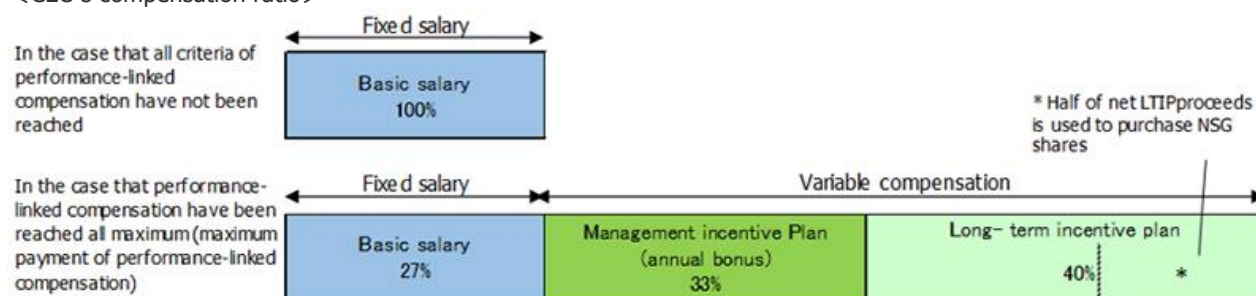
Fixed salary	Basic salary	<ul style="list-style-type: none"> Set a market competitive levels compared to local markets in which the executive is employed.
Performance-related compensation	Management Incentive Plan (annual bonus)	<ul style="list-style-type: none"> Assessed against the achievement of annual performance indicators which are mainly financial. Aligned to NSG Group's Medium-Term Plan Payment levels: Ranging between 0% and 125% against each individual's basic salary dependent upon the management grade
	Long-term incentive plan	<ul style="list-style-type: none"> Assessed against the achievement of long-term performance indicators over a three-year period Issued annually Payment levels: Ranging between 0% and 150% against each individual's basic salary dependent upon the management grade Require the purchase of NSG Shares by using part of the cash award from the plan Shareholding targets set for Executives 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)

Note: In addition to the above-mentioned compensation, restricted shares are issued annually to some Executive Officers under Japanese employment terms as a retirement saving plan. Restricted shares have been introduced from the FY2021 in place of stock compensation-type Stock Options which was abolished in the FY2020.

(Compensation ratio)

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.

<C> Basic salary

The salaries of Executives are reviewed annually. The policy is to broadly align salaries with market medians for a global business. In determining what are the appropriate market rates, account is taken of turnover, market capitalization and the complexity and breadth of internationalization. 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.

<D> Management Incentive Plan (annual bonus)

Each Executive Officer participates in an annual performance-related incentive scheme. The Committee establishes the performance criteria and sets the appropriate bonus parameters. The incentive plans are based on challenging financial performance targets relating to the annual budget which is approved by the Board, and the Company ensures that such financial performance targets are clearly aligned to the overall Medium-Term strategy of the Group. The potential payment levels for Executive Officers range between 0 and 125% against each individual's basic salary according to the respective management grade.

In the financial year FY2021 due to the impact of COVID-19 on trading and markets the setting of realistic annual incentive plan targets will be extremely challenging. Like many other organisations NSG has reviewed their approach

for FY21 only, due to the availability of data around which to set stretching targets. For FY21 only the Company will apply an exceptional approach to the annual incentive plan.

At the end of FY2021 a review will be done of a number of key milestones and deliverables and a discretionary decision taken in relation to a payment level. Deliverables will be focused in three main areas, as a number one priority Health and Safety of employees, generation of and management of cash, transition and effectiveness of response to the pandemic and preparation of the business for the future.

This exceptional approach will be taken for one year only due to the unprecedented circumstances.

<E> Long-term incentive

Each Executive Officer may be invited to participate in a Long-Term Incentive Plan (LTIP). These plans are designed to reward the achievement of the Group's longer-term objectives over a three-year period whilst concurrently designed to align the interests of the Executive Officers with those of the shareholders by requiring them to use a part of the proceeds for purchase of NSG shares and thus owning the shares of the Company. An LTIP may be issued annually. Therefore, at any point in time there may be up to three overlapping plans in operation.

i) Performance measures and weight

Plan commencing in FY2018

Measure	Ratio
EPS	100%

Plans commencing in FY2019 and the FY2020

Measure	Ratio
EPS	50%
ROS	50%

ii) Reasons for selected the measures

Measure	Reasons
EPS	The Company commenced the use of two indicators for plans issued from FY2019 onwards. Two performance measures ensure clear link with the Medium-Term Plan, incentivising executives to further strengthen earning power and enhance shareholder value.
ROS	

iii) Determination of LTIP Payment Level

- Payment is calculated by multiplying basic salary for the year the plan started by the total achievement rate calculated, each measure has equal weighting within the plan. Maximum quantum levels are determined by management grade, in the case of the LTIP the range is between 0 and 150% against each individual's basic salary.
- No payment is made if the entry point is not met on the scale.
- "Entry" is set in such a way to ensure that the business is meeting the minimum required performance level and the "Maximum" point on the scale has appropriate stretch. The scales are set and approved by the Committee.
- In order to align Executive Officers with shareholders, the award earned from these plans are factored up or down according to the share price movement during each three-year plan period, and LTIP payment level 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.

iv) Nature of share-based compensation and Malus & Clawback

- The LTIPs require Executive Officers (including those residing in Japan) and other eligible participants to mandatorily invest 50% of any LTIP proceeds to purchase ordinary NSG shares, a mandatory with-holding operates in order to acquire NSG shares on behalf of the Executive. The mandatory investment leads to further alignment of the Executive Officers with shareholders, allowing Executive Officers to enjoy the benefits of share ownership and continue to be motivated to help build shareholder value.

- To drive share retention and alignment with shareholders, shareholding targets are set for each Executive Officer and are expressed as a percentage of basic salary. Assessment of progress towards the shareholding targets is reviewed annually. The target levels continue to be reviewed by the Compensation Committee in line with market practice, the shareholding targets for Executive Officers are currently between 25 and 100% of basic salary dependent upon the management grade.
- All LTIPs incorporate Malus (ability for the value of the award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participant to repay the value they receive after the award has vested). The Group can exercise these provisions if one of a list 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 illegal act, or a material breach of the Group Code of Ethics.

4. Compensation Policy for Independent External Directors

Objectives	<ul style="list-style-type: none"> • To ensure that independent external directors can adequately and effectively fulfill their supervisory roles • To ensure that they have the capability and experience required to fulfill this role
Compensation level	<ul style="list-style-type: none"> • 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"> • Only Basic salary • Not eligible for Management incentive plans (annual bonuses) and Long-term incentive plans • Independent External Directors receive additional payment if they act as Chair at either the Board or any of the Committees.

* 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.

Ethics and Compliance

Transparency In All That We Do

Working ethically and safely is essential for NSG Group to be sustainable.

The Group Ethics and Compliance function supports the Group in achieving its goals by assessing and analyzing ethics and compliance risks and establishing ethics and compliance programs that align with the Group's strategic goals to ensure the success of our business.

In line with these objectives, more specific key performance indicators (KPIs) have been developed to help measure the effectiveness of the ethics and compliance program as shown [here](#).

Code of Ethics and Education

[The NSG Group Code of Ethics](#) broadly covers the ethical behavior expected of our employees in the workplace, including compliance with all laws and all major Group policies, procedures and guidelines. The Code is available in all 19 Group languages.

The Group's new employee education is to cover not only Code of Ethics, but also conflict of interest, fraud, social media and Ethics and Compliance reporting. Key Roles for competition law compliance (CC) and anti-bribery and anti-corruption (ABAC) are also required to complete the relevant online education. The education modules will be assigned to the Group employees accordingly through the NSG Group Ethics and Compliance Education Center. We will continuously monitor its effectiveness as well as the completion rate of the trainings.

2148 (FY2020)

New starters completed the training packages at their onboarding

4040 (FY2020)

Key Roles completed the CC and/or ABAC trainings accordingly

Ethics Network

A Global Ethics Network is aimed to enhance the ethical culture and monitor compliance risks throughout the Group. The Ethics Network consists of senior managers who have been appointed Regional Ethics Ambassadors and Ethics Champions. Both roles will play a vital part in the communication and promotion of the Code of Ethics by leading and championing ethics and compliance in their local region or function which in turn will help embed ethics into the business.

46

Ethics Ambassadors across SBUs and Functions all over the world

Group E&C Function and Communication

Group Ethics and Compliance has a direct reporting line to NSG Group Audit Committee. Its responsibilities include the development, implementation and maintenance of an integrated internal ethics and compliance management and control system, as well as the creation and review of relevant Group policies and procedures.

Group E&C function has regional structure with E&C regional managers in Europe, North America, South America and Asia to embed E&C culture into the whole organization as well as cover risks in each region. In this regard, Group E&C puts importance on local communications including regional visits to reach out to local business/function people, liaising with the relevant Ethics Ambassadors and Champions.

Group E&C periodically issues Group Ethics and Compliance Briefings to employees. The Group's communications team translates the briefing into multiple languages and distributes to all NSG Group locations, which is also made available

on the Group's Intranet. In addition, each regional E&C manager issues regional E&C newsletter to the relevant local employees.

Group E&C shares with the heads of Strategic Business Units and HR the case details reported via the E&C Hotline system to help improve the workplace environment and even business performance while taking care of its confidentiality. Group E&C regularly reports to the Audit Committee.



Conflict of Interest Disclosure

Under our Code of Ethics, all employees are responsible for acting in the best interest of the Group. Employees are required to complete an educational module and at the end are asked to disclose any outside interest, activity or investment which actually or potentially could cause conflict against that of the Group, or otherwise certify they do not have any such conflict of interest. Group E&C reviews all reported disclosures and discusses certain matters with the relevant business or function head if necessary. Feedback is provided to all reporters and in some cases, possible plans to mitigate exposure are also provided.

Compliance System

To ensure transparency of employees' actions related to our core compliance programs, NSG Group requires the reporting of certain high-risk areas such as competition law compliance and ABAC. Group E&C centrally manages an online reporting system where employees are required to document or obtain prior permission from Group E&C whenever they contact our competitors, join a trade association, make charitable contributions, give or receive certain amount of gifts and entertainment, do businesses with third parties, and interact with public officials. The specific requests and notifications are reviewed and approved by the relevant E&C regional managers.

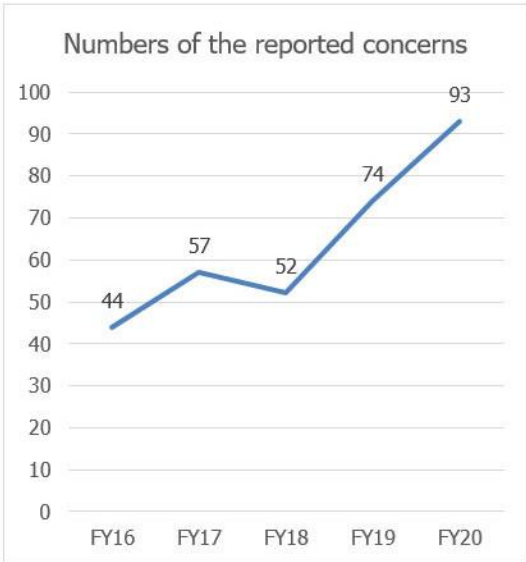
NSG Group is monitoring around 500 third parties such as agents, consultants and joint venture partners that meet certain risk criteria of ABAC. This process includes due diligence, assessment and reputational screening.

Reporting of Concerns – Ethics and Compliance Hotline

NSG Group is committed to maintaining an environment in which employees can report, without fear of retaliation, any conduct they know of or suspect to be in violation of law, Group Code of Ethics policies/procedures or guidelines.

For this purpose, [the Ethics and Compliance Hotline system](#) provides an easy and simple way to report concerns, while employees are encouraged to speak to HR or line management first.

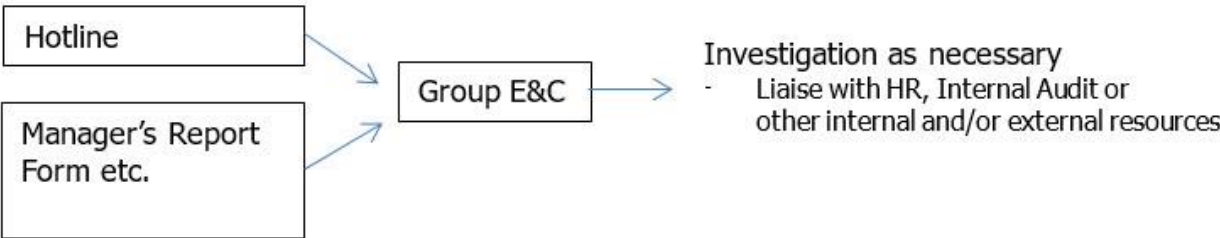
Categories of the reported concerns	%
Accounting and Financial Reporting	2%
Misuse, Misappropriation of Corp. Assets	4%
Environmental, Health & Safety	6%
HR, Diversity and Workplace Respect	52%
Business Integrity	25%
Inquiries	11%



Hotline	<ul style="list-style-type: none"> ■ Open to third parties ■ Anonymous report is acceptable unless prohibited by law. ■ 7/24/365/Multiple languages ■ Toll free ■ Anyone can ask questions. ■ Operated by a qualified third party with a data privacy module
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Managers who received the report from their colleagues must file the designated reporting form (Manager's Report Form) or report it directly to Group E&C if he/she believes that it has a potential adverse or negative legal, financial or reputational impact on NSG Group.

Any form of retaliation against an individual who has reported a concern or incident in good faith shall not be tolerated.



Since inception in FY2013 there have been 377 reported concerns managed via the Ethics and Compliance Hotline case management system. FY2020 experienced 93 allegations reported via the Ethics and Compliance Hotline and Manager's Report Form. The number of the cases is consistently increasing due to the communication and promotion of the system within the organization, which we believe contributes to realizing more transparent corporate culture throughout the NSG Group. NSG Group constantly measures the effectiveness of the system by using the metrics against the industry benchmark region by region.

Executive Officers and Corporate Officers (As of 16 July 2020)

Representative Executive Officers



Shigeki Mori
Director
Representative Executive Officer
President and CEO



Clemens Miller
Director
Representative Executive Officer
Executive Vice President and COO



Kenichi Morooka
Director
Executive Vice President and Chief
Administration Officer (CAO)
and Chief Risk Officer (CRO)

Senior Executive Officers



Tony Fradgley
Head of Automotive AGR SBU and
Head of Automotive OE SBU



Koichi Hiyoshi
Chief Legal Officer (CLO) and
Company Secretary



Satoshi Ishino
Chief Development Officer (CDO),
Head of Creative Technology SBU,
Head of Business Innovation Centre



Reiko Kusunose
Chief Financial Officer (CFO)



Hiroshi Nishikawa
Head of Technical Glass SBU

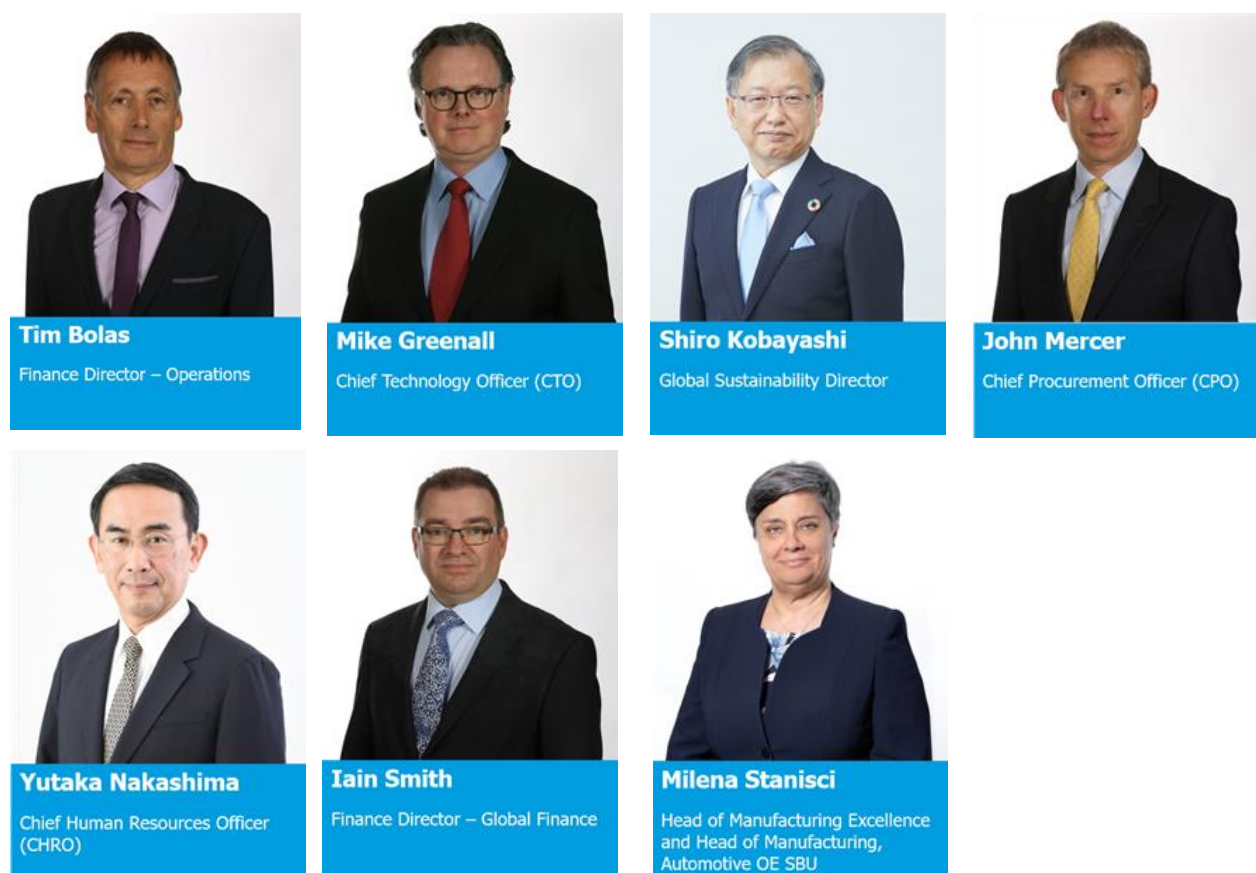


Jochen Settelmayer
Head of Architectural Glass SBU



Phil Wilkinson
Head of Automotive AGR SBU

Executive Officers



Senior Corporate Officers

Munehiro Hosonuma	Chief Corporate Planning Officer (CCPO)
Takashi Suzuki	Head of Architectural Glass SBU Asia
Katsunori Tatamoto	Head of Automotive OE SBU Asia

Corporate Officers

Hiroshi Aiura	Head of Treasury Japan
Kazumitsu Fujii	Corporate Strategy Officer
Akihiko Miki	Finance Director Asia and Japan
Shoji Miyanomoto	Managing Director Architectural Glass Japan
Paul Ravenscroft	Head of Mergers and Acquisitions
Yasuhiro Saito	R&D Director Japan