

# Board of Directors Charter

Effective from 23 May 2024

## **(Purpose)**

- The purpose of the Charter is to continuously improve the effectiveness of the Board of Directors by specifying among others, the basic stance and expectations of the Board of Directors in fulfilling its roles and duties as described in Article 10 of NSG Group Corporate Governance Guidelines which are necessary to address the current situation of the Group, thereby enabling Directors to perform their supervisory function based on the shared understanding of such stance and expectations.

## **(Basic stance)**

- Oversight by the Board of Directors of the Group is not limited to checking the progress of management targets prepared by the management team ("monitoring"), but also involves proactively identifying material management issues on the basis of mutual trust with the management team, setting direction for resolving such issues in full cooperation with the management team, and providing appropriate support while being mindful of the separation of execution from supervision ("proactive oversight").

## **(Expectations of Board of Directors)**

- Identify issues that have a critical impact on the Group's medium-to long-term corporate value and sustainable growth and set direction for resolving such issues.
- Quantitatively monitor the status of initiatives to address the issues identified as material management issues on a regular basis.
- Support or control the Executive team's decisive decision-making for creating value for the future, by taking into account the overall picture of management risks and opportunities as well as changes in their conditions in a timely and appropriate manner.

## **(Expectations of Directors)**

- In order to fulfil the purpose of the Charter, each Director is expected to exercise his/her oversight function in accordance with the basic stance and expectations of the Board of Directors described above, and to perform his/her duties with full awareness of the following points:
  - Actively and interactively engage in discussions by providing constructive opinions with respect, while making the most of his/her expertise and experience and taking a bird's-eye view of the Group's material issues and other management issues.
  - Always strive to improve their ability to appropriately assess management risks and opportunities as well as changes in society, and encourage risk-taking by the Executive team when appropriate while being fully mindful of the balance between support and control functions of supervision.
  - Make efforts to foster an appropriate relationship of trust with the management team based on the spirit of mutual respect while maintaining tension in accordance with the separation of execution from supervision, by taking advantage of communication opportunities both inside and outside the meetings of the Board of Directors.

## **(Ideal Board Culture)**

- Create a forum for making decisions to resolve management issues that will lead to medium-to long-term improvements in the Group's corporate value, and carrying out discussions from a broad perspective with a view to contributing to the expansion of the shared value of the stakeholders, in accordance with the Group's guiding principles ("Our Vision").
- Based upon the understanding that sound corporate governance is built on mutual trust between the supervisory and executive functions, maintain a milieu in which uninhibited, open and constructive discussions take place by actively utilizing communication opportunities both inside and outside the meetings of the Board of Directors.
- Continue to disseminate the above expectations and ideal culture of the Board of Directors by taking advantage of such opportunities as the annual Board effectiveness evaluation.