



Analysis and evaluation of effectiveness of the Board as a whole

NOF analyzes and evaluates the effectiveness of the Directors once a year, in principle.

Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2022, the Company employed a questionnaire form crafted by an external institution, and implemented the Directors effectiveness evaluation questionnaire by surveying all 10 Directors.

By combining a five-level rating scale and open-ended questions, the questionnaire aimed to understand current conditions and identify challenges from both aspects of quantitative and qualitative evaluation.

As the questionnaire was answered by sending responses directly to the external institution, anonymity was ensured. The tallying and analysis of the questionnaire forms was also delegated to an external institution, for the purpose of securing

objectivity and further increasing the effectiveness of the Board of Directors going forward.

Based on the tallying and analysis of the results of the external institution, the Board of Directors conducted a deliberation and evaluation in April and May of 2023. The results of the fiscal 2022 effectiveness evaluation and points of improvement for the future are as follows.

Summary of results for fiscal 2022 effectiveness evaluation

The NOF Board of Directors ensures a suitable diversity of knowledge, experience, and abilities necessary in light of management strategies and provides appropriate opportunities to utilize the experience and expertise of Outside Directors. Through this, it was confirmed that the Board of Directors is generally operating appropriately, with Outside Directors freely and openly expressing

their opinions based on their careers and expertise, open and active discussions taking place as a Board of Directors, and ensuring of sufficient time for deliberation on important matters.

Among the challenges identified in the fiscal 2021 effectiveness evaluation, improvements were seen in the top management succession plan, such as semi-annual checks and discussions on the progress of the training process by the Nomination Committee. With regard to initiatives for constructive dialogue with shareholders, the Board of Directors held in-depth discussions after receiving reports from the divisions with jurisdiction over the matter.

Points of improvement for the future

It was confirmed that we will continue to further enhance our overall governance structure, including the top management succession plan.

Question matters in the questionnaire (30 total questions)

- Roles and functions of the Board of Directors (5 questions)
- Scale and composition of the Board of Directors (4 questions)
- Operation of the Board of Directors (5 questions)
- Cooperation with auditing institutions, etc. (4 questions)
- Relationship with Outside Directors (3 questions)
- Relationship with shareholders and investors (3 questions)
- Future direction of the Board of Directors' function (1 question)
- Degree of Improvement (1 question)
- Open-ended section (4 questions)