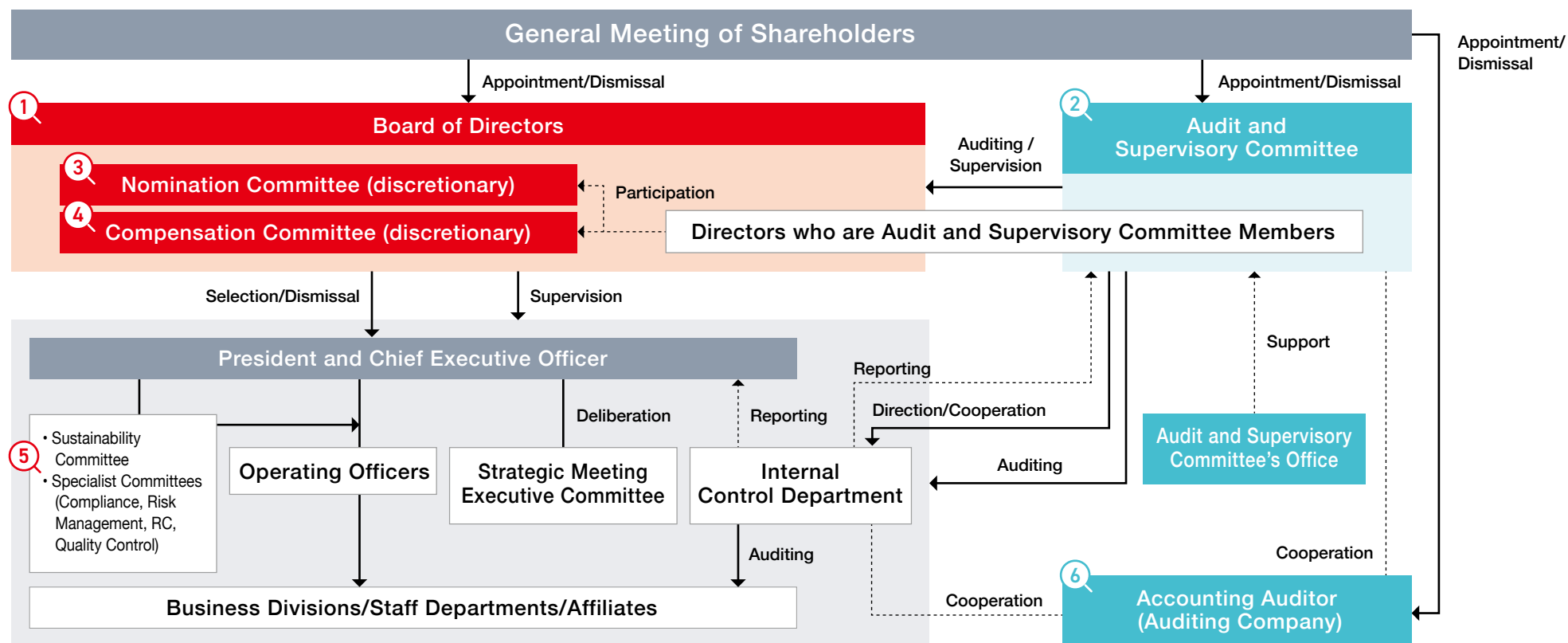


## Our fundamental view

In order to respond precisely to changes in the business environment and the intensifying competition between companies, NOF strives to speed up management decisions and, from the perspective of securing transparency and improving accountability, recognizes that the strengthening of corporate governance is an important issue, and endeavors to secure the effectiveness thereof.

### Corporate governance diagram



## Corporate Governance

1

### Board of Directors

The Board of Directors holds one regular meeting every month and extraordinary sessions are also convened as required. Besides deciding on important matters, such as basic management policies and internal control system, based on laws, regulations, the articles of incorporation, and the rules of the Board of Directors, the Board supervises the state of business execution. In addition, the Executive Committee deliberates as necessary on the company's overall business execution policies and the implementation of important operations, and the Strategic Meeting is held once a week as a general rule. Any important matter to be referred to the Board of Directors goes through prior deliberation at the meeting of the Executive Committee or at the Strategic Meeting, intended to ensure appropriate decision making. Of the ten members comprising the Board of Directors, five are independent Outside Directors (including Audit and Supervisory Committee Members).

2

### Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Directors, including three independent Outside Directors. In accordance with auditing policy and standards, the standing Audit and Supervisory Committee members play a leading role in attending important meetings including meetings of the Executive Committee, implementing audits through inspection of important documents, and supervising the business execution of Directors. In addition, with regard to internal control, the Committee receives reports on audit plans and audit results conducted by the Internal Control Office, our internal audit division, and confirms effective collaboration by giving instructions for investigations as necessary. In addition, the Committee maintains close cooperation with the Accounting Auditor by holding meetings regularly and as necessary to exchange relevant information, including receiving reports on audit plans and audit results.

3

### Nomination Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Nomination Committee, which is a voluntary advisory committee to the Board of Directors, has been established. In consultation with the Board of Directors, the Nomination Committee deliberates and reports to the Board of Directors on matters such as the election and dismissal of directors (excluding Audit Committee members), the selection and dismissal of representative directors, and succession planning for such directors. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors and two Internal Directors. This ensures the committee's independence and objectivity.

4

### Compensation Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Compensation Committee, which is a voluntary advisory committee to the Board of Directors, has been established. The Compensation Committee, in consultation with the Board of Directors, deliberates and reports to the Board of Directors on matters related to the compensation of Directors, excluding Audit and Supervisory Committee members. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors and two Internal Directors. This ensures the committee's independence and objectivity.

5

### Specialist committees

For management risks, the Risk Management Committee takes the lead in conducting company-wide risk assessments. The Risk Management Committee, Responsible Care Committee, Quality Control Committee, and other specialized committees analyze risks, consider countermeasures, analyze and evaluate matters under their jurisdiction, and report to the Board of Directors.

6

### Accounting Auditor

Ernst & Young ShinNihon LLC has been selected as the Accounting Auditor.

## Outside Director

Name	Audit and Supervisory Committee	Independent Director/Auditor	Reasons for Election
<b>Shingo Unami</b>		●	Mr. Shingo Unami has abundant experience and advanced insight in the financial industry as well as extensive knowledge of corporate management. He provides appropriate opinions on overall management from a fair and objective standpoint. He serves as chairman of the Compensation Committee and as a member of the Nomination Committee, and works on in deliberations in the Sustainability Committee. The Company expects that he can continue to play a role going forward in advising management and supervising business execution from a professional perspective, including HR and labor matters and financial accounting.
<b>Izumi Hayashi</b>		●	As an attorney, Ms. Izumi Hayashi is well versed in corporate legal affairs and has advanced knowledge of intellectual property and corporate compliance. She has served as an Outside Director. She is chairwoman of the Nomination Committee, is a member of the Compensation Committee, and engages in deliberations in the Sustainability Committee. The Company expects that she can continue to play a role going forward in advising management and appropriately supervising business execution from a global and professional perspective, including legal and risk management.
<b>Kunimitsu Ito</b>	●	●	Mr. Kunimitsu Ito is a certified public accountant and tax accountant with deep insight on accounting and taxation. He serves as a member of the Nomination Committee and the Compensation Committee, and also engages in deliberation in the Sustainability Committee. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company deems that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his specialized knowledge. Therefore, the Company has elected him.
<b>Yuriko Sagara</b>	●	●	Ms. Yuriko Sagara has a high level of expertise and global-based knowledge as an attorney. In addition, as a patent attorney, she has a deep level of insight on intellectual property. She is a member of the Nomination Committee and Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although she has never been involved in corporate management other than as an outside officer, the Company deems that she will continue to fulfill her duties as an appropriate auditor and supervisor of business execution.
<b>Keiichi Miura</b>	●	●	Mr. Keiichi Miura has been engaged in the management of TAIHEIYO CEMENT CORPORATION, and has abundant experience and advanced insight and capabilities regarding research planning, etc. He also has extensive experience, having served in positions such as outside director in the chemicals industry. He is a member of the Nomination Committee and Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. For the reasons above, the Company deemed that he can continue to perform his duties such as appropriate auditing and supervision of business execution. Therefore, the Company has elected him.

## Evaluation of the effectiveness of the Directors

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.

### 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.

## Overview of the policy on determining compensation

Under the policy to promote sustainable growth and medium- to long-term enhancement of corporate value based on the Company’s Corporate Philosophy and reward Directors for business results and other achievements through an appropriate level of compensation with decisions made through a fair and transparent process, compensation for Directors, excluding Audit and Supervisory Committee members, consists of monthly compensation, bonuses, and stock compensation. In order to maintain incentives, at least 40% of the compensation paid is set as performance-linked compensation (bonuses, ESG indicators-linked compensation, stock compensation). Compensation for Outside Directors is limited to fixed compensation. In addition, the compensation system, compensation levels, individual compensation, and other such matters are deliberated by the Compensation Committee.

### Compensation system

Type	Deliberation and resolution method
<b>Fixed compensation</b>	Calculation methods, etc. of fixed compensation for Directors are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. In addition, with regard to the determination of the specific details of the amount of fixed compensation for each individual director, excluding members of the Audit and Supervisory Committee, a resolution is passed by the Board of Directors after deliberation by the Compensation Committee.
<b>Performance-linked compensation</b>	<b>Bonuses</b> Calculation methods, etc. of bonuses for Directors (excluding Audit and Supervisory Committee members and Outside Directors) are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. The calculation method of the said bonuses is based on consolidated operating income, an important indicator related to the Group’s business performance evaluation. The base amount is multiplied by a designated coefficient determined for each Director position. The Compensation Committee verifies this calculation method and the amount paid in each term.
	<b>ESG indicators-linked compensation</b> At the Board of Directors meeting held on January 27, 2023, it was decided to use a calculation method utilizing the level of achievement of ESG indicators and other factors for a portion of the compensation for Directors (excluding Audit and Supervisory Committee members and Outside Directors) in the next term.
	<b>Stock compensation</b> Based on the resolution of the 96th Annual General Meeting of Shareholders held on June 27, 2019, a new performance-linked stock compensation plan (Board Benefit Trust) was introduced. At the 98th Annual General Meeting of Shareholders held on June 29, 2021, NOF transitioned to being a company with an Audit and Supervisory Committee. In conjunction with this transition, the plan applies to Directors who concurrently serve as Operating Officers and Operating Officers with a title (excluding Outside Directors and Audit and Supervisory Committee members, hereinafter collectively “Directors, etc.”). For each fiscal year, the Directors, etc. are awarded points, the number of which is to be decided taking into account their respective positions, achievement level of their performance, etc. based on the Officer Stock Distribution Rules. Each point awarded to the Directors, etc. is converted into one share of the Company’s common stock at the time of the distribution of the Company’s shares, etc. (In the event of a stock split, allotment of shares without contribution, or a consolidation of shares, the maximum number of points, the number of points already granted, and the conversion ratio will be reasonably adjusted in accordance with such ratio, etc.) The number of points held by a Director, etc., which will be used as the basis for the distribution of the Company’s shares, etc., is, in principle, the number of points awarded to the said Director, etc. by the time of his/her retirement. The Officer Stock Distribution Rules, which determine the calculation method, etc., which considers such matters as the respective positions and achievement level of performance targets of the Directors, etc., is deliberated by the Compensation Committee and then resolved by the Board of Directors.