



NOF introduced the Operating Officer system with a view to architecting a management system that can appropriately and promptly respond to changes in the business environment. It separated the decision-making and the business executing functions of management with the intention of strengthening the decision-making and supervision functions of the Board of Directors, while at the same time enhancing the efficiency of the business executing system under the authorization of the Representative Director.

Board of Directors

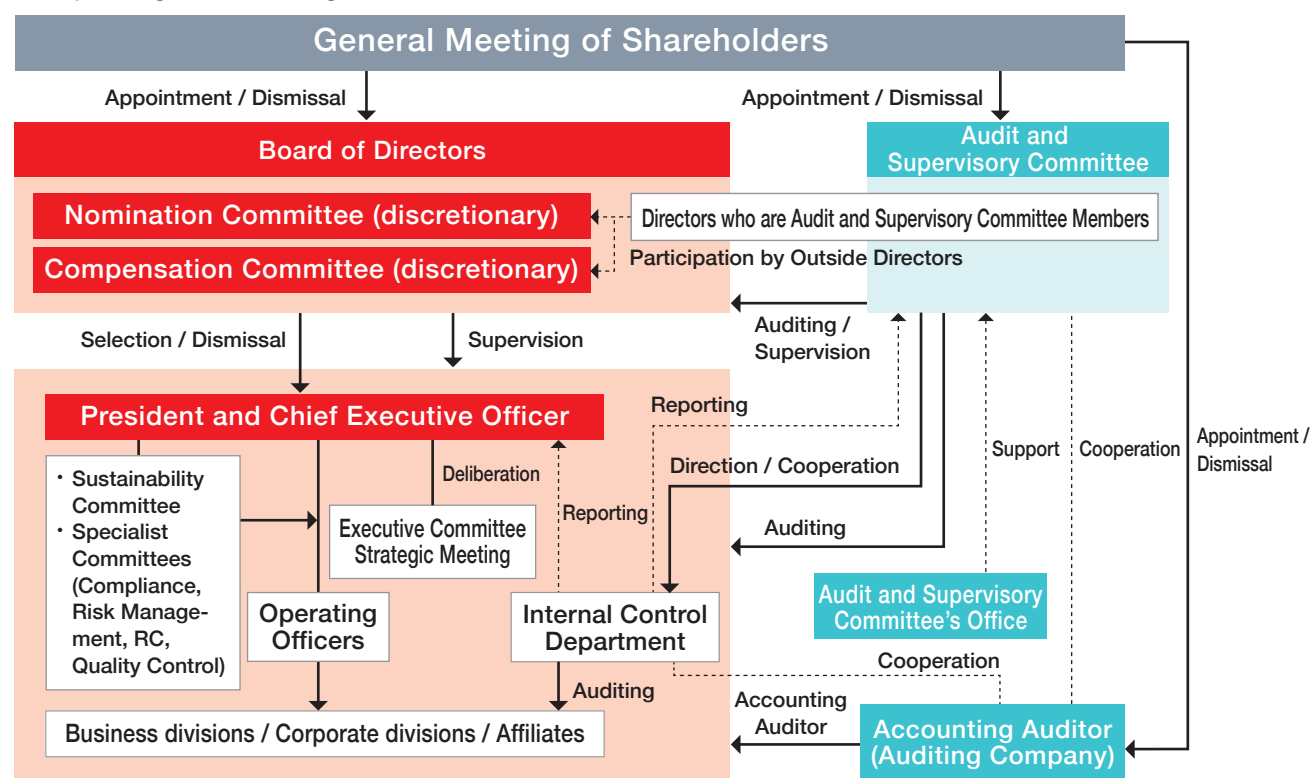
The Board of Directors, consisting of ten members including five independent Outside Directors, holds one regular meeting every month and extraordinary sessions are also convened as required. Besides deciding on important matters set forth by laws, regulations, the articles of incorporation, and the rules of the Board of Directors, the Board supervises the state of business execution. Any important matter to be referred to the Board of Directors goes through preliminary deliberation, intended to ensure more appropriate decision making, by the Executive Committee from time to time attended by Directors who concurrently serve as Operating Officers, Operating Officers with a title, standing Audit and Supervisory Committee members, and heads of the organizational unit or units concerned, or the weekly Strategic Meeting as a rule attended by the Directors who concurrently serve as Operating Officers and Operating Officers with a title.

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 Department, and confirms the situation to aim for effective collaboration, including giving instructions for investigations as necessary. In addition, the Committee holds regular or ad-hoc meetings with the Accounting Auditor to exchange relevant information, including receiving reports on audit plans and audit results.

Corporate governance diagram





Policies Related to All Aspects of Sustainability (Approach) and Initiatives (Highest Governance Body's Role)

① Governance

The NOF Group recognizes that matters concerning sustainability are our corporate social responsibility, and has established a system in which all Directors, including Directors who concurrently serve as Audit and Supervisory Committee members, participate in deliberations of the Sustainability Committee, which is chaired by the President. The Sustainability Committee meets regularly once a year, with ad-hoc meetings held when required. In addition to regular annual reports, the details of ad-hoc committee discussions are also reported to the Board of Directors. As the secretariat divisions of the Committee's deliberations are appropriately supervised and approved of by reconfirmation by the Board of Directors. As the secretariat of the Committee, the Corporate Planning & Strategy Department, Corporate Technical Division, Human Resources & General Affairs Department, Purchasing Department, and Corporate Communications Department promote the formulation and specific development of sustainability strategies for the entire Group.

② Strategy

The NOF Group identifies important risks and opportunities upon clarifying materiality (important

issues) that could impact long-term management direction and corporate value. We have broadly divided these into the three categories of "Provide new values to realize a prosperous and sustainable society" (business growth strategy from the perspective of sustainability), "Strengthen the business foundation" (human capital strategy, etc.), and "Promote responsible care activities" (climate change response strategy, etc.), and have established long-term management strategies, individual business strategies, and sustainability-related targets and KPIs based on the major risks and opportunities.

③ Risk Management

The Risk Management Committee conducts a comprehensive assessment of business risks, including those related to climate change and human capital. Business risks are assigned individually to specific committees for monitoring, analysis, evaluation, and establishing countermeasures. Climate change-related risks are handled by the Responsible Care (RC) Committee and the Risk Management Committee, while human capital-related risks are handled by the Risk Management Committee. In addition, opportunities are discussed by the Executive Management Committee and the Priority Business Review Committee, and important matters are deliberated by the Executive Committee. A system has been put in

place in which the deliberation results of these specialist committees and meetings are reported to the Board of Directors for supervision.

④ Metrics and Targets

The NOF Group has established sustainability-related KPIs and monitors the progress of specific measures to achieve its corporate vision set forth in NOF VISION 2030. We have set the reduction of CO₂ emissions as a target for addressing climate change, which is an important issue in our business activities, and various targets related to better performance of human resources to measure the promotion of human capital management.

In addition, we have established metrics for net sales of strategic products in the three prioritized business fields of the Group, as well as for R&D investment, as KPIs for measuring business growth from the perspective of sustainability, and are monitoring these metrics.



Promotion of Sustainability

We will increase the frequency of activities of the Sustainability Committee, an umbrella organization chaired by the President, as well as the various specialist committees to strengthen the risk management system.

Sustainability promotion system

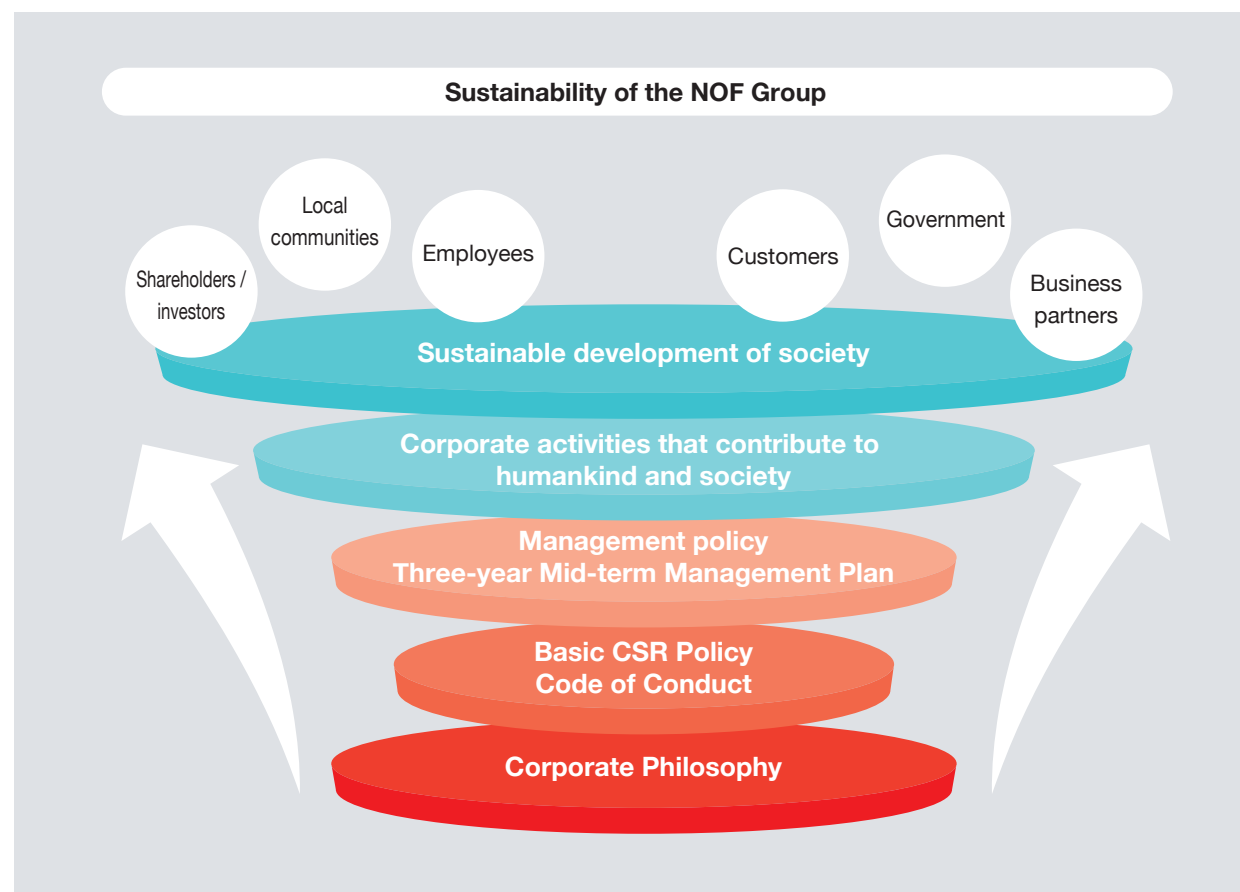
Promotion of Sustainability



Sustainability of the NOF Group

The NOF Group considers sustainability in our business activities to be encompassed by our Corporate Philosophy: "Contributing to humanity and society as a corporate group that creates new

value through the power of chemistry, from the biosphere to outer space." We will strive to maximize the values that we share with every stakeholder and with society.





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. In fiscal 2024, the Nomination Committee met four times, with all members attending each meeting.

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. In fiscal 2024, the Compensation Committee met four times, with all members attending each meeting.

Accounting Auditor

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

Internal control system

Each NOF Group company has developed an internal control system for ensuring adherence to laws and regulations, the articles of incorporation, and various internal rules of the company, and to ensure the appropriateness of operations. Specialist committees conduct audits and investigations to reinforce these efforts.

In addition to regular meetings, the committees convene extraordinary sessions as required to analyze risks, consider countermeasures, analyze and evaluate matters under their jurisdiction, and report to the Board of Directors.

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Internal audits

In addition to audits conducted by each risk-related committee, NOF has established the Internal Control Department as our Internal Audit Depart-

ment to audit the execution of operations encompassing all management activities and report the results to the Representative Director and the Board of Directors. Moreover, the results of operations audits by the Internal Audit Department are also reported to the Audit and Supervisory Committee as necessary for evaluation and receiving necessary instructions.

The Internal Control Department, Audit and Supervisory Committee, and Accounting Auditor strive to mutually cooperate by sharing information on their respective annual audit plans and audit results, in addition to exchanging opinions at regular or ad-hoc meetings.



Specialist committees

Sustainability Committee

The Sustainability Committee was established to promote and develop CSR activities. The Committee deliberates and approves CSR activity plans submitted by each department and oversees the activities of the specialist committees and related departments. The Committee also requests activity reports from and provides advice to affiliate companies through the specialist committees and related divisions.

Compliance Committee

The Compliance Committee was established to promote compliance and roll out corporate activities with high ethical standards. The Committee deliberates and plans matters related to compliance, reports to the Board of Directors, and rolls out the formulated content internally and at affiliated companies.

Risk Management Committee

The Risk Management Committee was established to promote risk management. The Committee deliberates and plans basic policies on risk management, reports to the Board of Directors, and rolls out the formulated policies internally and at affiliated companies.

RC Committee

The RC Committee was established to ensure implementation of responsible care policies and guidelines. The Committee discusses and deliberates support plans and improvement measures regarding important matters concerning responsible care activities, submits reports to the President, and rolls out the formulated content to related parties inside and outside the Company.

Quality Management Committee

The Quality Management Committee was established to ensure the implementation of our Quality Policy in order to “provide the highest quality products and services.” The Committee discusses and deliberates important matters concerning quality management, submits reports to the President, and rolls out the formulated content internally and at affiliated companies.

Number of meetings of each committee in FY2024

Sustainability Committee **1 meeting**

Compliance Committee **5 meeting**

Risk Management Committee **4 meeting**

RC Committee **2 meeting**

Quality Management Committee **2 meeting**

Meetings are held regularly,
with ad-hoc meetings held when required



Introduction of Officers





Corporate Governance | Officers

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1 Takeo Miyaji Representative Director, Executive Chairman

- 1980 Joined the Company
- 2010 Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2011 Director and Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2012 Director and Executive Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2012 Director and Executive Operating Officer of the Company
- 2018 Representative Director, President and CEO
- 2023 Representative Director, Executive Chairman (to present)

Reasons for election

Mr. Takeo Miyaji has been in charge of management of NOF for many years and has extensive knowledge and experience required for managerial decision-making and business execution. He is expected to enhance the oversight functions of the Board of Directors, as well as striving for management innovation through DX, etc. and the promotion of ESG initiatives.

4 Kazuyoshi Yamauchi General Manager of Corporate Technical Division, Director and Executive Operating Officer

- 1987 Joined the Company
- 2009 General Manager, Manufacturing Dept., Chidori Plant, Kawasaki Works of the Company
- 2014 General Manager, Technology Dept., Amagasaki Plant of the Company
- 2016 General Manager, Kinuura Plant of the Company
- 2019 General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company
- 2020 Operating Officer; General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company
- 2021 Director and Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company
- 2022 Director and Executive Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company
- 2023 Director and Executive Operating Officer; General Manager, Corporate Technical Div. of the Company (to present)

Reasons for election

Mr. Kazuyoshi Yamauchi is well versed in operations such as manufacturing, technology, and such at NOF. He also has extensive knowledge and experience required for managerial decision-making and business execution. He is expected to enhance the oversight functions of the Board of Directors, as well as striving for enhancement of production and quality control systems of NOF's Group companies in Japan and overseas, and the environmental investment plan that aims to achieve carbon neutrality.

2 Koji Sawamura Representative Director, President and CEO

- 1988 Joined the Company
- 2017 General Manager, Sales Dept., DDS Development Div. of the Company
- 2021 Operating Officer; General Manager, DDS Development Div. of the Company
- 2022 Executive Operating Officer; General Manager, DDS Development Div. of the Company
- 2023 Executive Operating Officer; General Manager, Life Science Div. of the Company
- 2023 Representative Director, President and CEO of the Company (to present)

Reasons for election

Mr. Koji Sawamura is well versed in operations such as research and development at NOF. He has also been engaged in the management of the overseas and Life Science businesses, and has extensive knowledge and experience required for managerial decision-making and business execution. He is expected to enhance the oversight functions of the Board of Directors, as well as striving for expansion of the overseas business, etc.

5 Takashi Kamada Outside Director

Independent Director/Auditor

- 1985 Joined The Yasuda Trust and Banking Company, Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
- 2011 General Manager, Human Resources Dept. of Mizuho Trust & Banking Co., Ltd.
- 2012 Executive Officer; General Manager, Corporate Banking Dept. of Mizuho Trust & Banking Co., Ltd.
- 2014 Senior Managing Executive Officer of Mizuho Financial Group, Inc. (Resigned from the position in April 2017)
- 2014 Managing Executive Officer of Mizuho Trust & Banking Co., Ltd. (Resigned from the position in April 2017)
- 2017 Deputy President of Mizuho Private Wealth Management Co., Ltd. (Resigned from the position in April 2019)
- 2019 President of Mizuho Trust Guarantee Co., Ltd. (Resigned from the position in April 2021)
- 2020 President of Mizuho Trust Retail Support Co., Ltd. (Resigned from the position in April 2021)
- 2022 President of Mizuho Realty Co., Ltd. (scheduled to resign from the position in June 2025)
- 2025 Director of the Company (to present)

Reasons for election

Mr. Takashi Kamada has abundant experience and advanced insight in the financial industry, a broad range of experience and knowledge as a multi-corporate manager. The Company expects him to fulfill the role of conducting appropriate oversight, etc. over business execution and providing advice to management on all aspects of the management from a fair and objective standpoint, based on his professional viewpoint, including his advanced knowledge on human resources, labor, finance and accounting, and corporate management.

3 Manabu Saito Director and Executive Operating Officer

- 1985 Joined the Company
- 2006 General Manager, Functional Foods Sales Dept., Functional Foods Div. of the Company
- 2010 General Manager, Operations Dept., Kawasaki Works of the Company
- 2011 General Manager, Secretariat Office of the Company
- 2012 General Manager, Human Resources & General Affairs Dept. of the Company
- 2015 Director; General Manager, Administration Dept. of NICHYU TRADING CO., LTD.
- 2017 Director; General Manager, General Affairs Dept. of NICHYU LOGISTICS CO., LTD.
- 2020 Operating Officer; General Manager, Functional Foods Div. of the Company
- 2021 Executive Operating Officer; General Manager, Functional Foods Div. of the Company
- 2023 Executive Operating Officer; General Manager, Functional Foods Div. of the Company
- 2023 Director and Executive Operating Officer of the Company (to present)

Reasons for election

Mr. Manabu Saito is well versed in operations such as personnel and labor affairs at NOF. He has also been engaged in the management mainly of the Functional Foods business, and has extensive knowledge and experience required for managerial decision-making and business execution. He is expected to enhance the oversight functions of the Board of Directors, as well as striving for ESG promotion, etc.

6 Izumi Hayashi Outside Director

Independent Director/Auditor

- 1986 Public Prosecutor at the Nagoya District Public Prosecutors Office
- 1987 Registered as Attorney (Tokyo Bar Association); Joined Logan, Takashima & Nemoto
- 1993 Partner of Eitai Sogo Law Offices
- 2013 Director of Cool Japan Fund Inc. (Resigned from the position in June 2017)
- 2015 Partner of Sakurazaka Law Offices (to present)
- 2015 Member of the Board of SEIKAGAKU CORPORATION (Resigned from the position in June 2019)
- 2019 Audit & Supervisory Board Member of Weathernews Inc. (Resigned from the position in August 2023)
- 2020 Corporate Auditor of the Company (Resigned from the position in June 2021)
- 2021 Director of the Company (to present)
- 2023 Director (Audit & Supervisory Committee Member) of Nifco Inc. (to present)
- 2023 Director of Weathernews Inc. (to present)

Reasons for election

As an attorney, Ms. Izumi Hayashi is well versed in corporate legal affairs and has advanced knowledge of intellectual property and corporate compliance. She fulfills her role as an Outside Director of NOF. She is also a member of the Nomination Committee and the 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, for the above reasons, the Company expects that she can continue to play a role going forward in advising management and appropriately supervising business execution from her professional perspective, including her global view of legal and risk management.



7 Masanobu Miyo Director and Audit and Supervisory Committee member

- 1985 Joined the Company
- 2014 Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company
- 2018 Executive Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company
- 2020 Director and Executive Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company
- 2021 Director and Executive Operating Officer of the Company
- 2023 Director (Standing Audit and Supervisory Committee Member) of the Company (to present)

Reasons for election

Mr. Masanobu Miyo has been engaged in the management of the Functional Chemicals and Life Science businesses and the promoting of risk management across the Company as the chairman of the Risk Management Committee at the Company, and thus possesses extensive experience and insight regarding NOF. Since 2023, as a Standing Audit and Supervisory Committee Member, he has been appropriately conducting audits of the compliance system and business operations of NOF and the NOF Group, such as by attending and deliberating at meetings of the Executive Committee and other important meetings, etc. He is expected to continue to strive for the enhancement of audit and supervision by drawing on his extensive experience and broad insight.

10 Keiichi Miura Outside Director and Audit and Supervisory Committee member Independent Director/Auditor

- 1980 Joined Onoda Cement Co., Ltd. (currently TAIHEIYO CEMENT CORPORATION)
- 2012 General Manager, Central Research Laboratory of TAIHEIYO CEMENT CORPORATION
- 2013 Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2016 Managing Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2016 Director and Executive Operating Officer of the Company
- 2019 Director and Senior Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2020 Director of TAIHEIYO CEMENT CORPORATION (Resigned from the position in June 2020)
- 2020 Director of Tosoh Corporation (Resigned from the position in June 2023)
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)

Reasons for election

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 and knowledge, having served in positions such as outside director in the chemicals industry. He is also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. For the reasons above, the Company expects that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his abundant experience and knowledge of advanced technology as a corporate manager.

8 Kunimitsu Ito Outside Director and Audit and Supervisory Committee member Independent Director/Auditor

- 1984 Joined Arthur & Young Certified Public Accountant Joint Office (merged with Asahi Shinwa & Co. (currently KPMG AZSA LLC) in 1986)
- 1989 Registered as Certified Public Accountant
- 2009 Partner of KPMG AZSA LLC (Resigned in June 2017)
- 2017 Registered as Certified Tax Accountant
- 2017 Joined ITAKO Accounting Office (Resigned in November 2018)
- 2018 Representative of ITO ACCOUNTING FIRM (to present)
- 2020 Director of the Company
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)
- 2023 Director of nattoku Housing Co., Ltd. (Resigned from the position in March 2025)

Reasons for election

Mr. Kunimitsu Ito is a certified public accountant and tax accountant with deep insight on accounting and taxation. He is also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects 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.

9 Yuriko Sagara Outside Director and Audit and Supervisory Committee member Independent Director/Auditor

- 2001 Registered as Attorney (Daini Tokyo Bar Association); Joined Nakamura & Partners
- 2005 Registered as Patent Attorney
- 2010 Registered as U.S. New York State Attorney
- 2013 Partner of Nakamura & Partners (to present)
- 2019 Director (Audit and Supervisory Committee Member) of TOKYO SEIMITSU CO., LTD. (to present)
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)

Reasons for election

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 also a member of the Nomination Committee and the 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 except as an outside officer, for the reasons above, the Company expects that she will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on her specialized knowledge.



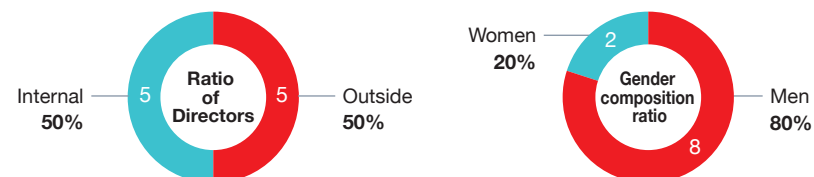
Skills Table

	Name	Gender	Position	Years in current position	Attendance in FY2024	Expected Skills						
						Business management, business administration, DX	R&D, quality and production technologies	Sales and marketing, SCM	Overseas business, global	Legal and ESG, environment and safety	HR and labor	Finance and accounting
	1 Takeo Miyaji	Men	Representative Director, Executive Chairman	14 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●	●
	2 Koji Sawamura	Men	Representative Director, President and CEO	2 years	Board of Directors: 17/17 meetings (100%)	●	●	●	●			
	3 Manabu Saito	Men	Director and Executive Operating Officer	2 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●	●
	4 Kazuyoshi Yamauchi	Men	General Manager of Corporate Technical Division, Director and Executive Operating Officer	4 years	Board of Directors: 17/17 meetings (100%)	●	●		●	●		
Outside	5 Takashi Kamada	Men	Outside Director	newly appointed	–	●					●	●
	6 Izumi Hayashi	Women	Outside Director	4 years	Board of Directors: 17/17 meetings (100%)				●	●		
	7 Masanobu Miyo	Men	Director and Audit and Supervisory Committee member	5 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●		●	●			
Outside	8 Kunimitsu Ito	Men	Outside Director and Audit and Supervisory Committee member	5 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)				●			●
	9 Yuriko Sagara	Women	Outside Director and Audit and Supervisory Committee member	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)				●	●		
	10 Keiichi Miura	Men	Outside Director and Audit and Supervisory Committee member	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●	●			●		

*The ● symbols indicate skills possessed by each director.

*The above table does not indicate all professional skills possessed by each individual.

*The number of years in current position indicates the terms of Directors as of the close of the 102nd Annual General Meeting of Shareholders.





Conflicts of interest

Processes conducted by our highest governance body to prevent and mitigate conflicts of interest

Competitive and proprietary transactions between NOF and its Directors are subject to approval by the Board of Directors under the Rules of the Board of Directors.

Mutual appointment to the Board of directors

There are no cases of mutual appointments.

Cross-shareholdings with suppliers and other stakeholders

NOF holds shares for policy purposes only when it deems that they contribute to enhancing the Company's corporate value over the medium to long term through smooth business operations and the maintenance and strengthening of business relationships. Under the basic policy of reducing cross-shareholdings that are considered to be of unsubstantial significance, the Board of Directors examines the risks and capital costs, etc. involved in holding each issue and reviews the propriety of holding it on an annual basis. As a result of selling some of our cross-shareholdings in fiscal 2024, we achieved our aim of reducing the ratio of cross-shareholdings to consolidated net assets to 15% or less. In fiscal 2025 and beyond, we will continue to reduce our cross-shareholdings.

In the event that a shareholder that holds NOF

shares for policy purposes expresses the intention to sell NOF shares or another such action, NOF will not prevent the shareholder from doing so by, for example, suggesting that the transaction be curtailed. NOF will not engage in transactions with shareholders that hold NOF shares for policy purposes that are detrimental to the Company or the common interests of shareholders, such as continuing a transaction without fully verifying the economic rationality for the transaction.

Existence of controlling shareholder(s)

There is(are) no controlling shareholder(s).

Related parties, relationships with related parties, transactions, and outstanding balances

As NOF does not currently have a parent company or major shareholder holding 10% or more of its shares, no approval procedures have been established for transactions with these shareholders.



Analysis and evaluation of effectiveness of the Board as a whole

NOF analyzes and evaluates the effectiveness of the Board of Directors once a year, in principle. Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2024, the Company employed a questionnaire form crafted by an external institution, and implemented the Board of 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 2023.

Summary of results for fiscal 2024 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. It was confirmed that based on the Corporate Philosophy and values of the NOF Group, the Board of Directors is generally operating appropriately, with Directors freely and openly expressing their opinions while leveraging 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.

The Board of Directors earnestly discussed the

issues identified in the fiscal 2023 effectiveness evaluation, such as cost of capital-conscious management and non-financial information including sustainability, engaged in dialogue with the executive side, and focused on improving the situation.

Points of improvement for the future

It was confirmed that the Board will continue to focus on realizing cost of capital-conscious management, while also considering and discussing measures to further enhance corporate value.

Question matters in the questionnaire (28 total questions)

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|---|--|
| ● Roles and functions of the Board of Directors (5 questions) | ● Use of Outside Directors (3 questions) |
| ● Scale and composition of the Board of Directors (4 questions) | ● Relationship with shareholders and investors (3 questions) |
| ● Operation of the Board of Directors (6 questions) | ● Degree of improvement (1 question) |
| ● Improvement of internal control (3 questions) | ● Open-ended section (3 questions) |



Overview of the policy on determining compensation

Compensation of directors, excluding those who serve as Audit and Supervisory Committee members, is set to reward performance and other achievements through an appropriate level of compensation while promoting sustainable growth and medium- to long-term enhancement of corporate value based on our Corporate Philosophy. Decisions on such compensation are made through a fair and transparent process.

Compensation consists of monthly compensation, bonuses, and stock-based 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). Furthermore, 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.

Method of determining policy concerning details of compensation, etc. of individual Directors

Regarding the policy on compensation of Directors (excluding Audit and Supervisory Committee members), after undergoing deliberation by the Compensation Committee, an advisory body to the Board of Directors, a resolution on partial revision of the policy was reached at the Board of Directors meeting held on January 27, 2023.

Standard composition of Directors' compensation, excluding Audit and Supervisory Committee members and Outside Directors

Monthly compensation* 60%	Incentive compensation 40% (Bonuses, stock-based compensation, ESG indicators-linked compensation)
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* ESG indicator-linked compensation is included as part of incentive compensation.

Compensation system

Type	Deliberation and resolution method
Fixed compensation	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.
Performance-linked compensation	Bonuses 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.
	ESG indicators-linked compensation 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 (monthly compensation) for Directors (excluding Audit and Supervisory Committee members and Outside Directors). The method for calculating this compensation is based on ESG indicators related to the NOF Group's efforts to address sustainability challenges. It is determined by multiplying a standard amount, which is set for each Director position, by an evaluation coefficient that reflects the degree of achievement. The Compensation Committee verifies this calculation method and the amount paid in each term.
	Stock compensation 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 NOF's common stock at the time of the distribution of NOF'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 NOF'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., are deliberated by the Compensation Committee and then resolved by the Board of Directors. [Calculation methods of points awarded] The number of points awarded is calculated by multiplying the number of position-based points, decided for each position, by the performance evaluation coefficient, which is determined by the achievement level, etc. of consolidated operating income and ROE in the Mid-term Management Plan, important indices for the evaluation of the NOF Group's business performance. [(Formula) Number of position-based points × Performance evaluation coefficient] *Performance evaluation coefficient= (performance evaluation coefficient based on consolidated operating income × 50%) + (performance evaluation coefficient based on ROE × 50%) *Taking into account the achievement level of performance, the value of the performance evaluation coefficient varies between 0 and 1.5. [Distribution methods] Distribution takes place after the retirement of Directors, etc., and the Company's shares and cash, equivalent to the Defined Number of Points, are distributed (when distributed as survivor benefits, cash is distributed). [Achievement level of the targets for consolidated operating income and ROE during the fiscal year] The planned target for consolidated operating income in the 2025 Mid-term Management Plan is ¥46.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥45.3 billion, representing a 102.4% achievement level in the fiscal year, calculated according to the level of growth in the period of the 2025 Mid-term Management Plan. In addition, the ROE target for the final fiscal year of the 2025 Mid-term Management Plan was 12% or more, and the actual ROE for this fiscal year was 13.4%, representing a 111.9% achievement level of the target.



Reasons why the Board of Directors deemed that details of compensation, etc. of individual Directors concerning the fiscal year under review aligned with the determination policy

For matters regarding the compensation system and policy concerning Directors, matters regarding the calculation method in determining specific compensation amounts for Directors, and individual compensation amounts, etc., the Compensation Committee conducts deliberations from a multi-faceted perspective, including compliance with the policy on compensation of Directors. The Board of Directors respects the details of the deliberations and deems that they are aligned with the said policy. Furthermore, the Compensation Committee consists of five Outside Directors and two Internal Directors, and an independent Outside Director serves as the chairperson.

Total amount of compensation, etc. by officer category, total amount of compensation, etc. by type, and number of eligible officers

Officer category	Total amount of compensation, etc. (million yen)	Total amount of compensation, etc. by type (million yen)			Number of eligible officers (persons)
		Fixed compensation	Bonuses	Stock compensation	
Directors (excluding Audit and Supervisory Committee members and Outside Directors)	247	147	85	14	4
Audit and Supervisory Committee members (excluding Outside Directors)	24	24	–	–	1
Outside Officers	46	46	–	–	5

1. The maximum amount of compensation for Directors (excluding Audit and Supervisory Committee members) was resolved to be ¥360 million per year (including ¥40 million per year for Outside Directors, but excluding remuneration received as employees) at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were six Directors as of the conclusion of the aforementioned Annual General Meeting of Shareholders (including two Outside Directors).
2. Separate from the maximum amount of compensation for Directors mentioned in point 1 (excluding Audit and Supervisory Committee members), based on the resolution of the 98th Annual General Meeting of Shareholders held on June 29, 2021, the Company will contribute up to a maximum of 12,000 points to the performance-linked stock compensation plan (Board Benefit Trust) for Directors who concurrently serve as Operating Officers, per fiscal year (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.). There were four Directors who concurrently served as Operating Officers as of the conclusion of the aforementioned Annual General Meeting of Shareholders.
*NOF conducted a split of common stock at the ratio of one share to three shares effective April 1, 2024. Therefore, from that date onward, the maximum total number of points granted per fiscal year for Directors who concurrently serve as Operating Officers is set at 36,000 points.
3. The maximum amount of compensation for Directors who are Audit and Supervisory Committee members was resolved to be ¥80 million per year at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were four Directors who concurrently served as Audit and Supervisory Committee members as of the conclusion of the aforementioned Annual General Meeting of Shareholders.