



Our fundamental view

1. The NOF Group comprehensively identifies various management risks surrounding its business, and conducts risk assessment based on the impact and frequency of each factor in order to identify risks that need to be addressed as a priority.
2. We work to minimize the impact on management by taking appropriate measures to reduce the impact of risks that have materialized, as well as measures to reduce the probability of occurrence.
3. We work to objectively verify the effectiveness of risk countermeasures by periodically conducting risk assessments, while working to recognize and evaluate new risks.
4. We promote the risk management of the NOF Group by implementing the above risk management cycle.

Organizational setup

The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Control Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Board of Directors conducts integrated assessment of various business risks, including those related to compliance, information management, and environment and safety, as well as confirmation and evaluation of the comprehensiveness of risks. The risks are

deliberated at the Board of Directors as necessary.

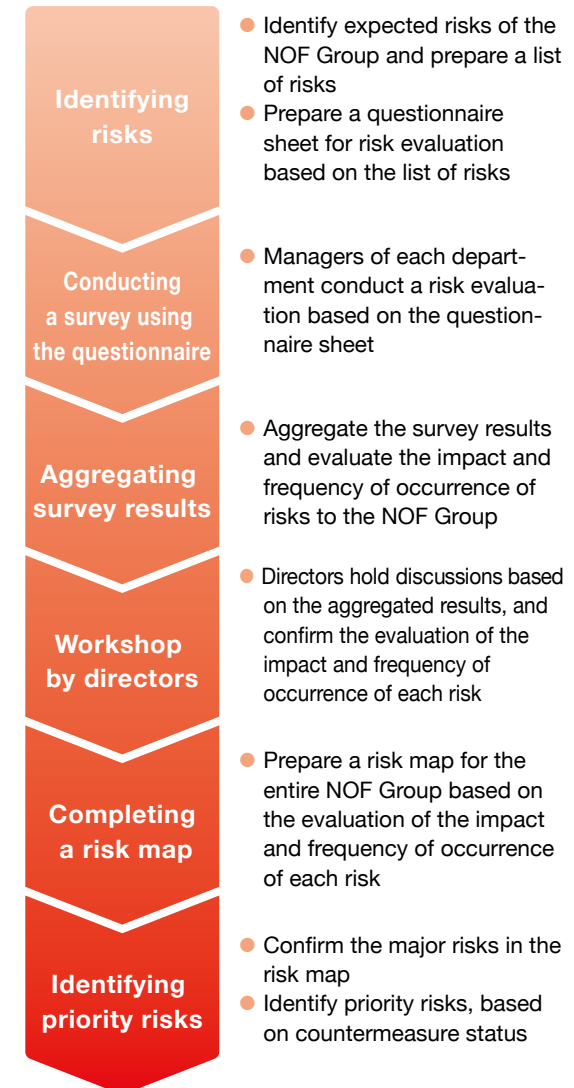
We manage and monitor Group companies in accordance with the rules on the management of Group companies, and offer advice, as necessary; while any important matters that are deemed to materially impact our subsidiaries' assets or profit and loss are approved by the NOF Board of Directors or the Executive Committee.

Confirming "major risks" and identifying "priority risks"

The NOF Group works to comprehensively identify management risks surrounding the Group, considering the characteristics of each business as well as external environments, including political, economic and social changes. In addition, we evaluate the impact and the frequency of occurrence of each identified risk on Group management, confirming major risks and taking appropriate measures against risks identified as "priority risks," which necessitate enhanced resilience.

Moreover, for other risks, each committee evaluates the current response, sorts it into categories such as "retained" and "reduced," and considers additional countermeasures as necessary.

Flow of risk assessment



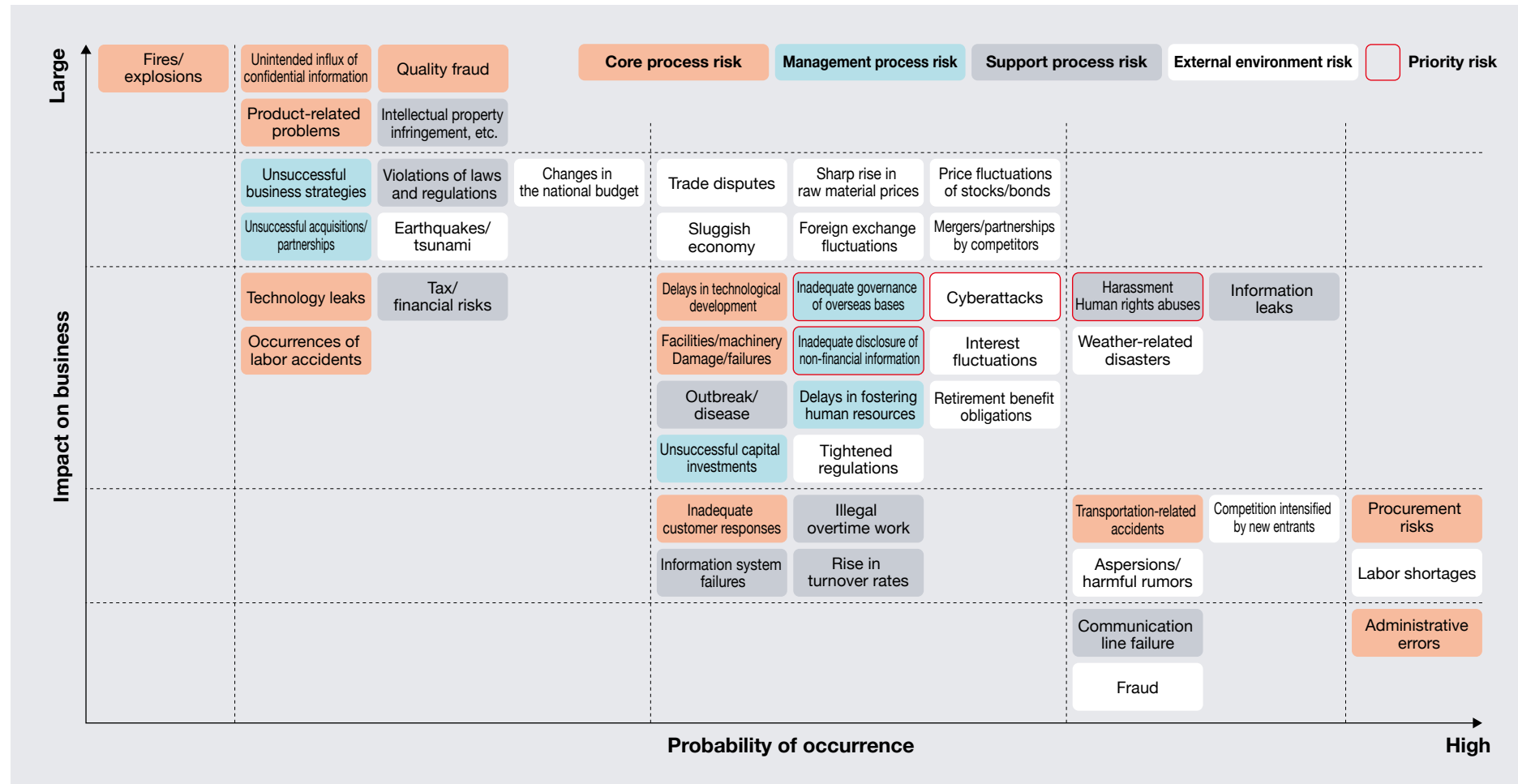


Corrective process against negative impacts | Risk management

GRI 2-12,16,25/403-2

Risk Map (excerpt)

The risk map is prepared based on the results of the risk evaluation at the directors' workshop. The risk map is revised and priority risks are identified on a yearly basis in order to implement activities aimed at enhancing the NOF Group's resilience.





Corrective process against negative impacts | Risk management

GRI 2-12,16,25/403-2

Overview of major risks and status of countermeasures (excerpt)

Major risk	Risk description	Ongoing countermeasures (excerpt)
Earthquakes/tsunami	Possible interruption of production activities or business activities, including sales and distribution, due to earthquakes, tsunami, or other natural disasters	<ul style="list-style-type: none"> Formulate a business continuity plan (BCP) Implement internal audits and training regarding the BCP
Violations of laws and regulations	Possible suspension of business activities and possible payments of surcharge, etc. following administrative dispositions taken in response to violations of laws and regulations, such as the Unfair Competition Prevention Act, Antimonopoly Act, Subcontract Act, Foreign Exchange and Foreign Trade Act, Chemical Substances Control Act, and Pharmaceutical and Medical Device Act	<ul style="list-style-type: none"> Prepare a Global Compliance Manual and country-specific compliance manuals based on the legal systems of each country Establish compliance training and contact points for whistle-blowing/consultation
Inadequate governance of overseas bases	Possible decline in trust in the Company due to fraud, such as violations of laws and regulations, as a result of inadequate governance at overseas bases	<ul style="list-style-type: none"> Develop a system for ensuring the appropriateness of business operations Request a regular report on the state of business execution and financial condition, etc.; conduct business audits
Cyberattacks Information system failures	Possible information leaks and interruption of business activities, due to illicit access from outside such as cyberattacks and information system failures	<ul style="list-style-type: none"> Establish the information security management rules and appoint a person responsible for information security management, etc. Develop a defense system against illicit access and implement safety measures at rational levels
Fires/explosions	Possible casualties among employees and neighborhood residents, possible suspension of business activities, and possible compensation for damages as a result of large-scale fires and explosion accidents at plants	<ul style="list-style-type: none"> Formulate emergency response manuals and implement trainings Implement joint disaster prevention drills and dialogue activities with local municipalities
Intellectual property infringement, etc.	Possible compensation for damages and possible orders to suspend manufacturing and shipment, due to infringements of intellectual property rights	<ul style="list-style-type: none"> Develop a check system for intellectual property management and patent infringement Educate employees on intellectual property including patents and trademarks
Technology leaks	Possible decline in the NOF Group's competitiveness, due to leakages of technical information, and similar products/technologies provided by competitors	<ul style="list-style-type: none"> Establish rules for trade secrets Develop a management system for trade secrets
Quality fraud	Possible decline in trust in the Company due to quality fraud, falsification of quality inspection results, and other situations	<ul style="list-style-type: none"> Ensure strict management of data related to quality control Raise awareness and train employees
Harassment / human rights abuses	Possible decline in trust in the Company due to human rights abuse, such as abuse of authority and sexual harassment at workplaces	<ul style="list-style-type: none"> Establish the Code of Ethical Conduct and the Compliance Manual Establish a consultation service with male and female employees as well as an external contact point with attorneys
Delays in fostering human resources	Possible stall in development of human resources who will be responsible for the growth of the NOF Group, due to a failure of medium- and long-term human resource development plans	<ul style="list-style-type: none"> Promote rank-specific trainings for next-generation human resources for specific issues Promote/foster international human resources and human resource rotation
Inadequate disclosure of non-financial information	Possible loss of trust from stakeholders due to uncertainty about economic and environmental impact as well as social reputation	<ul style="list-style-type: none"> Analyze the current situation and identify targets Establish management indicators and targets and develop specific measures



Promotion of the Business Continuity Plan (BCP*)

NOF has formulated a BCP, to enable its core business to be continued or, if damaged, to be restored quickly while minimizing the loss of business assets in the event of a natural disaster such as an earthquake or tsunami, or an emergency situation such as the COVID-19 pandemic. The activities of the BCP Task Force to promote the BCP primarily focus on the formulation of the BCP manual which sets forth the responses to be implemented in normal times and in emergencies, in addition to the preparation and yearly renewal of information on the estimated damages to the plant and various government-, infrastructure- and supply chain-related information, which will be required when resuming operations. Additionally, the BCP Task Force performs annual internal audits and training in an effort to firmly establish the BCP and to enhance its effectiveness.

Information security management

(1) Management of trade secrets and protection of personal information

Recognizing the importance of information as one of our vital management resources to business

activities and the indispensability of active strengthening of corporate competitiveness by active utilization of information and firm establishment of information security to steady business management, NOF has set forth the Information Security Policy as a basic principle for promoting effective utilization and protection of information. At the same time, recognizing protection of personal information as its obvious social responsibility, NOF has formulated and announced the Privacy Policy.

Under such policies, NOF has set forth specific measures for enhancing the levels of confidentiality, completeness, and utility of information and specific ways of handling personal information in its internal rules, including information security management rules, personal information protection rules, and information system-related sets of provisions, a confidential information handling manual, and an information equipment handling manual, and is ensuring their thorough understanding by the staff.

(2) Management setup

In the organizational aspect, the Information Security Management Subcommittee is set up,

and under its chairperson, who has overall supervising responsibility for information security management, persons responsible for document information security management, electronic information and information system security management, and addressing complaints regarding personal information, as well as a person responsible for management at each level of organizational unit, are appointed to administer the implementation of specific measures. Against illicit access from outside and other risk factors including loss, destruction, and alteration, safety measures are taken at appropriate and rational levels. In addition, NOF continually reviews through internal auditing setups and measures pertaining to information security management and protection of personal information to improve them wherever necessary.

* The BCP (acronym for Business Continuity Plan) illustrates policies, systems, and procedures designed to prevent important operations from being interrupted even in the face of unforeseen events, such as a major earthquake or other natural disaster, the spread of infectious disease, a terrorist incident, a major accident, a disrupted supply chain (supply network), or a sudden change in our business environment, and, if business is interrupted, that it is restored within the shortest possible timeframe.



Corrective process against negative impacts | Compliance

GRI 2-12,25,27

Our fundamental view

NOF and its subsidiaries have developed an internal control system for ensuring adherence to laws and regulations, the Articles of Incorporation, and various internal rules of the Company and appropriateness of business operations. Regarding observance of social norms and laws and regulations, the Company's code of conduct is formally spelled out as the NOF Code of Ethical Conduct, based on the NOF Basic CSR Policy, and the Compliance Committee is established to ensure thorough adherence to the code.

Basic CSR Policy

We will fulfill our corporate social responsibility and conduct sustainable business activities.

1. We will, each and all, act in accordance with the highest standards of corporate ethics.
2. We will respect human rights, and enable a diversity of personnel to demonstrate their abilities.
3. We will promote responsible care activities, based on the five kinds of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.

Overview

The NOF Group instituted the Code of Ethical Conduct in April 2002 to ensure that each member-company and each employee always conforms to social ethics and wins society's trust. In this connection, the Group set up the Ethics Committee (changed the name to Compliance Committee in April 2020) in an effort to strengthen its responsibility to society and ensure the transparency of its business activities. In addition, consultation desks for whistle-blowing and consultations from employees have been set up in the Compliance Committee Secretariat, the Audit and Supervisory Committee's Office, and external third-party institutions.



Organizational setup

Regular meetings of the Compliance Committee are held twice every year. The Committee also meets as required when a compliance issues arises, identifies issues, and analyzes countermeasures. The results are reported to the Board of Directors and deliberated as necessary.

Compliance Manual

In order to instill a sense of compliance in its executives and employees, the NOF Group has prepared a Compliance Manual, which explains the Code of Ethical Conduct in detail and in easily understood terms. The universal Global Compliance Manual has been published in eleven different languages.



- Japanese
- English
- German
- French
- Dutch
- Italian
- Portuguese
- Chinese (simplified)
- Indonesian
- Vietnamese
- Korean

Country-specific compliance manuals

The NOF Group is preparing country-specific compliance manuals based on the legal systems of each country. Following the publication of versions for the U.S.A., China, Indonesia, France, Germany, Belgium, Italy, South Korea, and Brazil where the Group has a large number of employees, the manuals are being utilized in Group companies.



Corrective process against negative impacts | Compliance

GRI 2-12,25,27/205-2,3/206-1

Compliance-related training

The NOF Group regularly holds compliance-related training sessions for employees.

In fiscal 2022, we continued compliance training for new employees and mid-career hires, as well as ensuring awareness of precautions related to the Act against Delay in Payment of Subcontract Proceeds, Etc. for Subcontractors. In addition, we implemented training on the subcontract act for materials-related personnel of affiliates.

Obtaining information on the enactment and revision of laws and regulations

We have obtained information on the enactment and revision of laws and regulations by utilizing various sources on a continual basis while taking appropriate actions. In order to reduce risk of overlooking information on the enactment and revision of laws and regulations, the whole Group has introduced a system that enables us to automatically receive information on the enactment and revision of laws and regulations by email.

Raising awareness by internal magazine

NOF uses its quarterly internal magazine to help raise employees' awareness of compliance. NOF continues activities to raise awareness through relatable articles using cartoon characters.



Basic Anti-Bribery Policy

In today's society, preventing corruption related to business activities is recognized as one of the major issues for companies. NOF set forth the NOF Group's basic Anti-Bribery Policy and announced it in the name of the President. We have also promoted its adoption at the Group companies in each country. We will ensure adherence to anti-bribery and corruption regulations in each country and region that have become increasingly strict in recent years.

As a result of these activities, there have been no cases of bribery offenses in the past five years.

Prevention of unfair competition

NOF prohibits acts of unfair competition such as improper acquisition of trade secrets, actions that could lead to factual errors, and infringement of intellectual property rights, and ensures compliance with the Unfair Competition Prevention Act by providing detailed information in the Compliance Manual and making it thoroughly known.

As a result of these activities, there have been no cases of violations of the Unfair Competition Prevention Act during the past five years.



NOF Group's Basic Anti-Bribery Policy

Overview

We, the NOF Group, declare that we will, each and all, act in accordance with the highest standards of corporate ethics as our Basic CSR Policy. The Code of Ethical Conduct has been adopted in all NOF Group companies, and we are working to practice and improve compliance. In order to further promote the abovementioned initiatives, we have established the NOF Group's Basic Anti-Bribery Policy ("the Basic Policy"). The Basic Policy applies to all executives and employees working for the NOF Group.

Declaration

We, the NOF Group, will not make profits by illegal means in any situation, and adhere to anti-bribery laws and regulations in all countries and regions where the NOF Group operates.

May 28, 2021

President and Chief Executive Officer of NOF Corporation **Takeo Miyaji**

Matters to be adhered to

1. Adherence to laws and regulations

Executives and employees of the NOF Group will adhere to the Basic Policy and anti-bribery laws and regulations in the countries and regions where the NOF Group operates.

2. Development of internal rules and organizational setup

The NOF Group will develop and operate organizational setups to prevent bribery, including operation of each company's Ethics and Compliance Committee and contact points for whistle-blowing in an equitable manner, and preparation of various internal rules and guidelines.

3. Conduct educational activities

The NOF Group will conduct appropriate educational

activities to further raise awareness of NOF Group executives and employees about compliance.

4. Conduct audits

The NOF Group will conduct audits on a regular or irregular basis to confirm that its anti-bribery system is functioning properly.

5. Regular reviews and improvement

The NOF Group will assess and review its anti-bribery system regularly on the basis of the audit results.

6. Recording and management

The NOF Group will, in developing an anti-bribery system, create and manage accurate and proper records of all transactions under an appropriate internal control process.

7. Responses to emergencies

In the event that an executive or employee of the NOF Group violates or is suspected of violating the Basic Policy, the NOF Group will promptly take measures to ensure adherence to laws and regulations and to minimize the spread of violations, and cooperate with investigations by the relevant authorities.

8. Disciplinary action

In the event that an executive or employee of the NOF Group commits bribery or is involved in bribery in violation of the Basic Policy, the NOF Group will take strict disciplinary action in accordance with the rules of employment of the NOF Group companies.

Definition

(1) "Anti-bribery laws and regulations" refer to the Unfair Competition Prevention Act and National Public Service Ethics Act of Japan, the Foreign Corrupt

Practices Act of the U.S., and the Bribery Act 2010 of the U.K., among others.

(2) "Bribery" refers to (1) giving, or offering or promising to give, any money or other benefits to a civil servant, etc., either directly or indirectly, for the purpose of having the civil servant, etc. act or refrain from acting in a particular way in relation to his or her duties, or having the civil servant, etc. use his or her position to influence another civil servant, etc. to act or refrain from acting in a particular way in relation to that civil servant's duties, in order to obtain illicit gains in business, and (2) receiving, or demanding or promising to receive, any money or other benefits in relation to one's own duties for the purpose of obtaining illicit gains for oneself or a third party.

(3) "Civil servant, etc." refers to any and all of the following:

- (1) A person engaged in public duties for the national or local governments of Japan or a foreign country;
- (2) A person engaged in the affairs of government-related organizations of Japan or a foreign country;
- (3) A person engaged in the affairs of public bodies of Japan or a foreign country;
- (4) A person engaged in public duties of international organizations established to carry out specific affairs related to the public interest;
- (5) A person to whom authority is delegated by a Japanese or foreign national government;
- (6) A political party or a staff member thereof; and
- (7) A candidate for public office.

(4) "Executive(s) and (or) employee(s)" refer to all executives and employees of the NOF Group, as well as all other persons who have employment contracts with the NOF Group companies including part-time and temporary employees.



Code of Ethical Conduct

In order that we can maintain NOF CORPORATION's position as a good corporate citizen, earn and keep the trust of the community and continue to develop as a company, each and every one of us-employees and executives alike shall abide by this code faithfully.

1. Compliance

We shall act in an ethical manner becoming of members of a company and society, and we shall obey the law and other regulations, and respect others' human rights.

2. Community

We shall give priority in all processes of our business activities to human safety and health, as well as protection of the natural environment, and we shall work proactively to maintain a harmonious existence in all our local communities worldwide.

3. Respect for Individuals

We shall not engage in any act that goes beyond the Company's justifiable interests or that damages the Company's credit or honor, and we shall respect the personality and individuality of all people.

4. Business Partners, Government Officers

We shall always treat our trading partners and business partners fairly and equally and in good faith, and we shall not provide any civil servant with any benefits or favors.

5. Shareholders, Investors

We are an open company, and we shall disclose the details of our management and business status and other corporate information in a timely fashion as required by relevant laws.

6. Company Assets and Information

We shall not use the Company's assets for any purpose other than the Company's official business objectives. We shall record and report accurately our business performance, protect intellectual property rights and hold confidential information and other companies' business secrets in strict confidence.

7. Fair Trade

We shall comply with antimonopoly laws and international trade laws, and we shall observe the Financial Instruments and Exchange Law and not engage in insider trading.

8. Prohibition of Antisocial Behavior

We shall eliminate the influence of antisocial groups, and shall not provide undue benefits to specific shareholders.