



With a view to architecting a management setup that can appropriately and promptly respond to changes in the business environment, NOF introduced the operating officer system. It was intended to strengthen the decision making function and the supervision function of the Board of Directors and at the same time to enhance the efficiency of the executive setup under authorization by the Representative Director by separating the decision making function and the business executing function of management.

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.

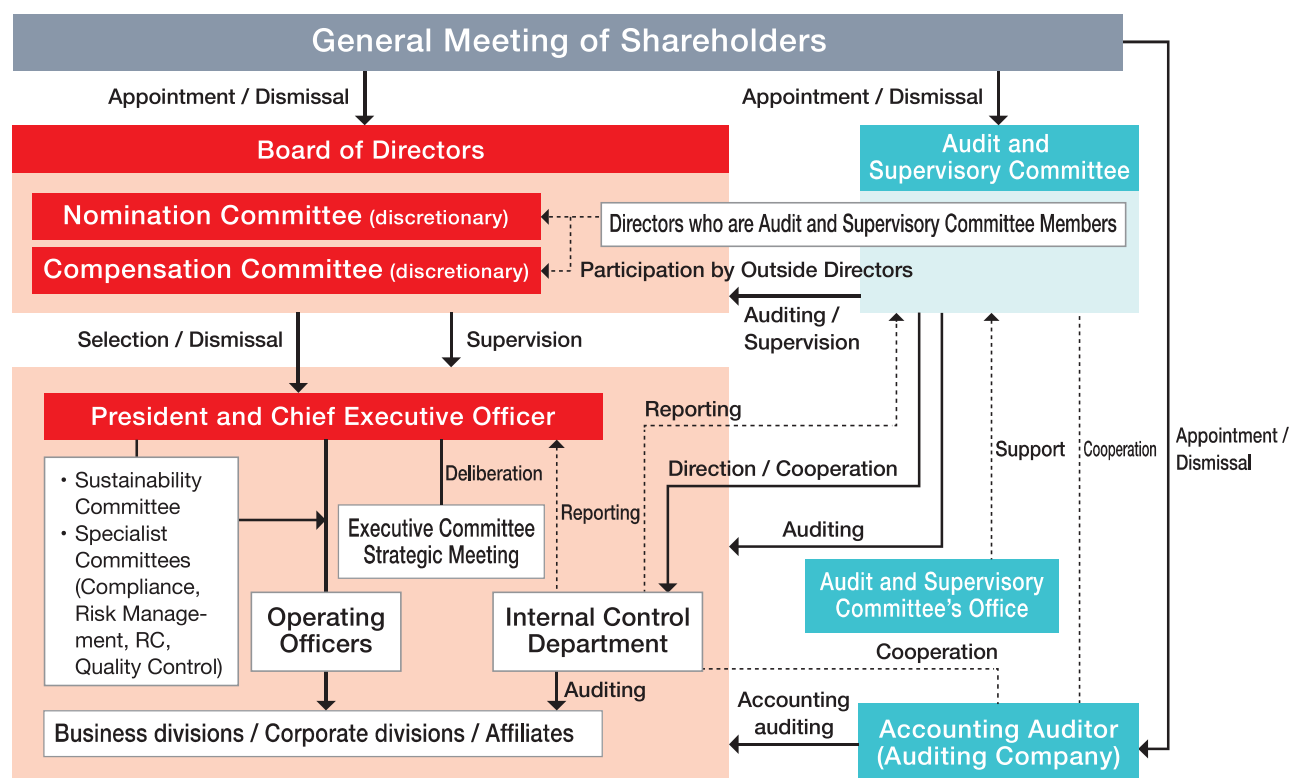
Audit and Supervisory Committee

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. Moreover, the Committee holds meetings regularly and as necessary with the Accounting Auditor and exchanges relevant information, including receiving reports on audit plans and audit results.

Corporate governance diagram





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 and Supervisory 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.

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.

Accounting auditing

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 appropriateness of business operations. Each specialist committee conducts audits and investigations to ensure thoroughness. 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 a Compliance Committee is established to ensure thorough adherence to the code. Further, in order to secure safety in production sectors in the Five Core Components, including the environment, products, plants, transportation, and labor, the Responsible Care (RC) rules are instituted, with the RC Committee checking conduct in actual scenes of production and performing internal auditing.

Internal audits

In addition to audits conducted by each risk-related committee, NOF has established the Internal

Audit Department to audit the execution of operations encompassing all management activities and report the results to the Representative Director and the Board of Directors. 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 Audit Department, Audit and Supervisory Committee, and Accounting Auditor strive to mutually cooperate by sharing information on their respective annual audit plans and audit results, and exchanging opinions at regular or ad-hoc meetings.



Specialist Committees

Each specialist committee analyzes risks, considers countermeasures, analyzes and evaluates matters under its jurisdiction, and reports to the Board of Directors.

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 specialist committees and related departments. The Committee also requests activity reports from and provides advice to affiliate companies through 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 affiliate 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 affiliate 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

We established the Quality Management Committee 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 affiliate companies.

Number of meetings of committees in the year (FY2023)

Sustainability Committee **3 meetings**

Compliance Committee **2 meetings**

Risk Management Committee **2 meetings**

RC Committee **2 meetings**

Quality Management Committee **3 meetings**

Meetings are held on a regular basis and on an as-needed basis