



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.