

The background of the cover is a complex, abstract geometric design. It features numerous overlapping, semi-transparent polygons in shades of light blue and light red/pink. These shapes are arranged in a way that creates a sense of depth and movement, resembling a crystalline or faceted structure. The overall effect is modern and technical.

ESG DATA BOOK 2023

Nippon Electric Glass Co., Ltd.

For the year ended December 31, 2023

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On the Issuance of Our Databook

The Nippon Electric Glass Group ESG Databook 2023 contains information that will be of particular interest to our stakeholders who want to get more information on our environmental, social, and governance-related efforts beyond what appears in our Integrated Report 2023 and on the company website. With your feedback, we plan to continue improving such reports to make the information easier to understand.

Organizations Covered

The Nippon Electric Glass Group's 10 companies in Japan and 14 companies outside Japan are covered in this report. In cases where the coverage area of the data differs, we have indicated the appropriate coverage areas respectively. Note that Electric Glass Fiber NL, B.V. commenced bankruptcy proceedings on September 26, 2023 and has since been excluded from NEG's consolidated data.

Period of Reporting

Fiscal 2023 (January 2023 to December 2023). Some qualitative information regarding fiscal 2024 has also been included in this report.

Publication, Next Scheduled Publication

Issued in May 2024. Next scheduled issue in May 2025.

Disclosure Policy

The Group Code of Conduct stipulates that we will disclose necessary corporate information in a timely and appropriate manner to enhance communication with concerned parties. Following this policy, we will continue to disclose important information related to our activities to all stakeholders, including shareholders and investors, in a timely and appropriate manner.

Caution Concerning Forward-looking Statements

Statements in this Databook with respect to our plans, outlooks, strategies, and other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. Please be aware that actual results may differ significantly from these statements due to various factors.

Environment

ISO Environmental Management Activities

● ISO 14001 Certification Status

In August 2017, we renewed our certification of registration for the international environmental standard ISO 14001:2015 (revised in fiscal 2015) and we are scheduled for a periodic audit in fiscal 2024. To further improve our environmental performance, we are committed to implementing the PDCA (Plan, Do, Check, Act) cycle.

NEG Group ISO 14001 Certification Status

Company name	Date of certification
Nippon Electric Glass Co., Ltd. (multi-certification at four plants)	August 27, 1999
Group companies	Date of certification
Japan	
SGS Engineering Co., Ltd.	January 19, 2001
Nichiden Glass Processing Company, Limited	November 1, 2002
Shiga Nichiman Company, Limited	February 15, 2013
LTCC Materials Co., Ltd.	December 25, 2020
Overseas	
Techneglas LLC	January 31, 2000
Nippon Electric Glass (Malaysia) Sdn. Bhd.	January 12, 2002
Nippon Electric Glass Taiwan Co., Ltd.	September 18, 2006
Paju Electric Glass Co., Ltd.	August 28, 2007
Electric Glass (Shanghai) Co., Ltd.	December 21, 2009
Electric Glass (Guangzhou) Co., Ltd.	November 11, 2015
Electric Glass (Xiamen) Co., Ltd.	April 17, 2017
Electric Glass (Nanjing) Co., Ltd.	April 13, 2018
Electric Glass Fiber UK, Ltd.	May 10, 2023

● Implementing the Environmental Management Plan

We achieved 43 of the 46 targets that we set for our plants in Japan in fiscal 2023. For fiscal 2024, we are striving to boost environmental performance through 43 targets related to issues like reductions in CO₂ emissions and energy and resource consumption, and matters directly linked to our core operations.

● Environmental Education

All of our employees are regarded as important contributors to our environmental initiatives, so we provide them with various types of training in environmental management. We focus on upgrading the skills of our internal auditors and evaluators of environmental management, and train employees who have that responsibility.

In fiscal 2023 we held skill improvement training for internal auditors in charge of audits for that year. We also held training for 41 participants with the aim of them becoming new internal auditors.

● Environmental Management Logo

This logo was created in June 1993 and is used in our environmental management system activities and environmental charter. The design was selected from among internal suggestions. The green leaves represent new environmental technologies, nature, and the hands of our employees, while the blue circle depicts the sky and the Earth, environmental equipment made by our employees, and the community and society surrounding us.



■ Global Warming Countermeasures

Reducing greenhouse gas emissions from melting furnaces is a vital issue in the glass manufacturing industry, which uses a high volume of energy for melting, and it is a top priority for us.

In November 2021, we declared our support for the Task Force on Climate-related Financial Disclosures (TCFD) to analyze risks and opportunities that climate change brings to our business. Based on our carbon neutrality action plan*, we set indices and targets for the financial effects of climate change and how to deal with them, and we have disclosed the initiatives we are taking towards achieving the targets.

Through these initiatives, we aim to become the world's most efficient and environmentally friendly company in the glass-making industry.

*See pages 39–42 of the Integrated Report.



● Oxy-fuel Firing Glass Melting Furnaces

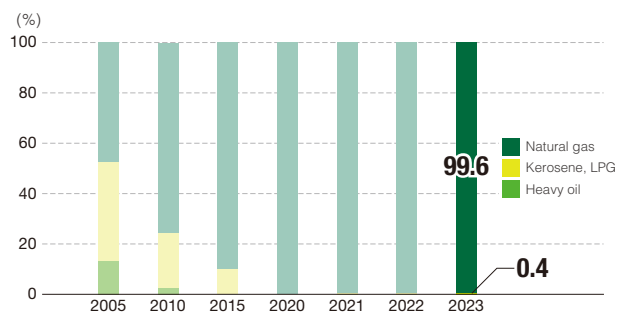
An oxy-fuel firing furnace differs from an air combustion furnace in that nitrogen is not taken into the furnace, which means that less exhaust gas (and consequently exhaust heat) is produced, thus reducing fuel consumption and CO₂ emissions. Furthermore, the generation of thermal nitrogen oxides (NO_x) in a furnace is reduced. In fiscal 1993, we installed Japan's first oxy-fuel firing glass melting furnace. This technology has now been adopted for almost all of our furnaces.

● Fuel Conversion in Glass Melting Furnaces

For more than 20 years, we have been shifting to fuels that produce lower carbon emissions, actively switching to the use of natural gas. In fiscal 2010 we completely stopped using heavy oil, and in fiscal 2023 we achieved a natural gas usage rate of 99.6%.

We are currently developing combustion technologies that do not emit CO₂. In fiscal 2022, we developed a hydrogen–oxygen combustion burner, which runs entirely on hydrogen fuel, and used it successfully in glass melting demonstration experiments. The combination of hydrogen fuel and oxygen combustion technology makes possible highly efficient glass melting.

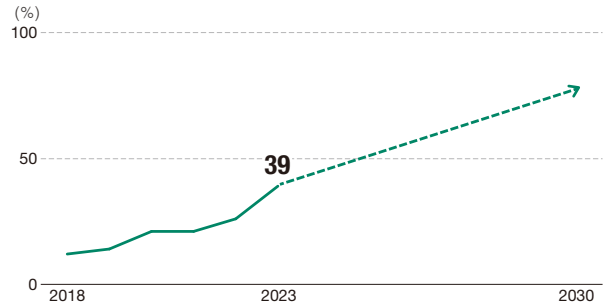
Fuel Conversion



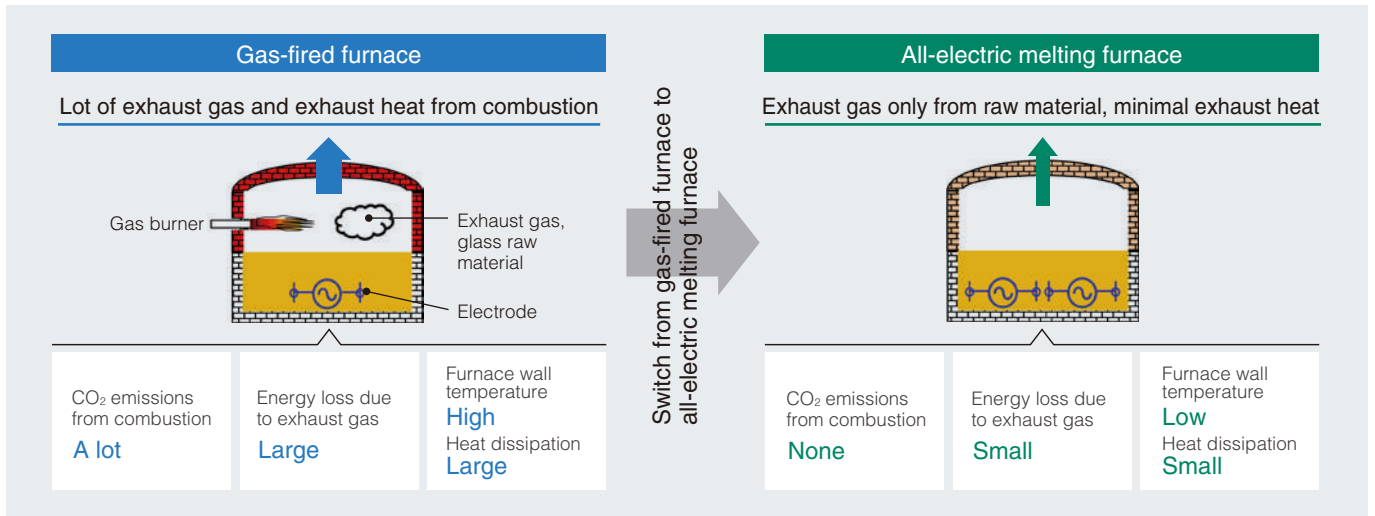
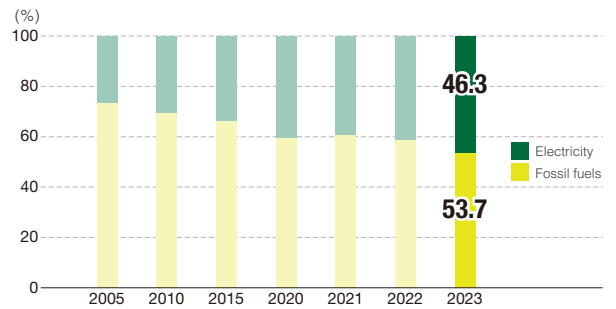
● Increasing Electricity Usage in the Glass Melting Process

In the current melting process, both gas and electricity are used. When using electricity, we insert electrodes into the molten glass, a method of heating that uses the direct passage of electric current. This method is highly energy efficient, and produces less exhaust heat than gas combustion. Carbon emissions can also be reduced going forward by introducing renewable energy sources. To achieve this, we are promoting a shift to hybrid melting furnaces that can be powered by electricity. A further shift to all-electric melting furnaces is the direction in which we are headed.

Percentage of All-electric Melting Furnaces among All Melting Furnaces



Electricity Usage



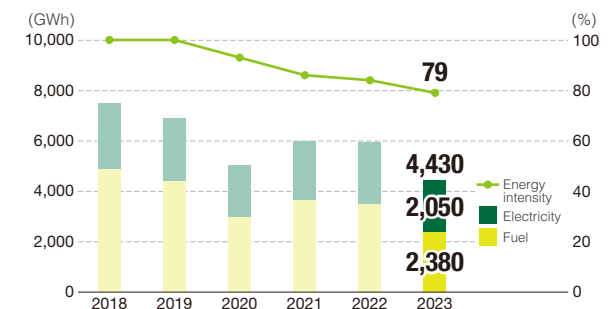
● Improving Energy Usage Efficiency

In fiscal 2021 we initiated an energy business plan that makes visible the amount of energy used in our product manufacturing processes (melting, forming, and processing) and utility facilities around the world and that promotes the efficient use of energy and the reduction of wasteful use.

We analyze the data obtained to boost productivity and develop effective measures, while continuing to reduce our energy intensity (production weight ratio) by setting targets and creating plans for improving energy efficiency. This is linked to the targets and improvement plans under our carbon neutrality action plan.

Our energy intensity in fiscal 2023 was down 21% over fiscal 2018.

Energy Intensity



Utilizing Renewable Energy

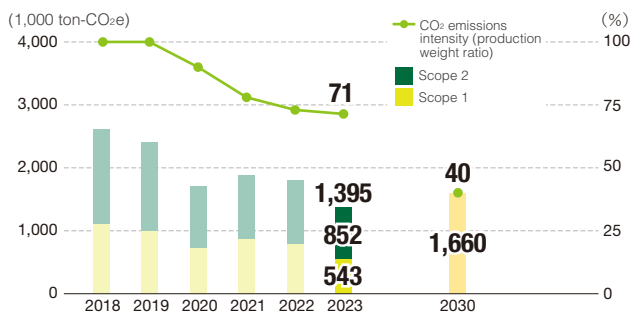
NEG employs renewable energy for part of the electricity it uses in order to reduce its CO₂ emissions.

The Shiga-Takatsuki Plant installed a solar power system (estimated annual output of approximately 3.7 GWh), which went into full-fledged operation in April 2023. Electric Glass (Guangzhou) Co., Ltd. installed a solar power system (estimated annual output of approximately 1.3 GWh) in January 2023 on the roof of its factory, which has begun providing electricity. In total, we used 68.5 GWh of renewable energy in fiscal 2023.



Shiga-Takatsuki Plant solar power system

Annual CO₂ Emissions and CO₂ Emissions Intensity*



Fiscal 2030 reduction targets (relative to fiscal 2018)

- CO₂ emissions: 36% reduction
- CO₂ emissions intensity: 60% reduction (production weight ratio)

*Calculations based on the GHG Protocol and ISO 14064-1.

News

Reporting on Green Loan

On November 22, 2022, NEG raised funds via green loan financing. Below are the projects (which satisfy the eligibility criteria for use of green loan financing) that the funds have been allocated to, and the resulting environmental improvement effects.

1. Allocation reporting (as of December 31, 2023)

Eligibility criteria	Amount procured (billion yen)	Amount allocated (billion yen)	Amount unallocated (billion yen)
Transition to all-electric melting furnaces and installation of solar power systems	10.0	9.5	0.5

Notes:

1. Of the amount allocated, 1.4 billion yen has been allocated to refinancing.
2. All of the amount unallocated is scheduled to be allocated by December 2025 to projects that satisfy the eligibility criteria.

2. Environmental improvement effects in fiscal 2023

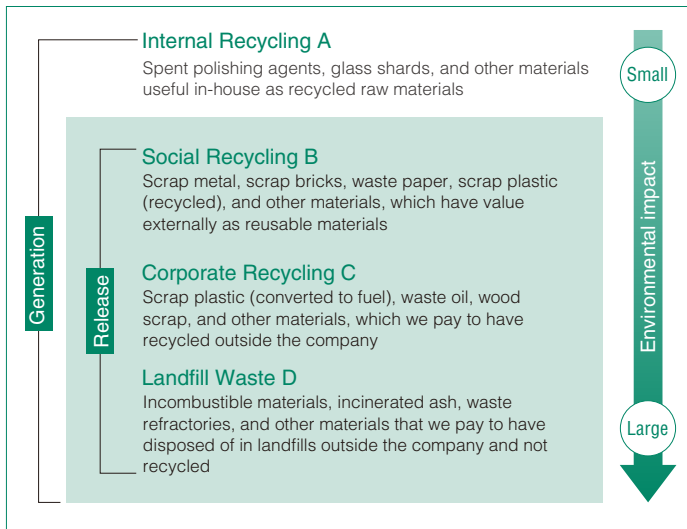
Business area	Eligibility criteria	Power generated (MWh)	CO ₂ emission reductions (tons)
Energy efficiency (energy-efficient equipment)	Switch to all-electric melting furnaces	–	22,332
Renewable energy	Solar power systems	3,267	1,016

Waste Reduction

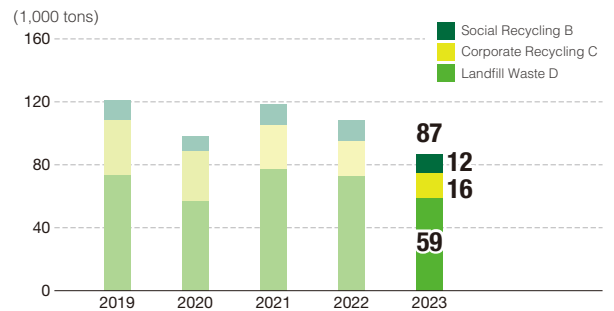
NEG focuses on recycling based on its fundamental policy of doing everything possible to conduct in-house recycling of all solid glass waste specific to its glass business. Under our environmental business plan, we began reducing waste in fiscal 2001.

As part of these waste reduction efforts, we separate waste into two categories: “normal waste,” which comprises waste generated by our normal production activities, and “bulky construction waste,” which is waste generated by such activities as periodic maintenance of glass melting furnaces.

These waste categories are further separated into the four subcategories shown in the accompanying table, with “Landfill Waste D” being our highest waste reduction priority due to its high environmental impact.



Total Emissions



With regard to normal waste requiring landfill disposal (Landfill Waste D), our ongoing efforts since fiscal 2009 to minimize and recycle what we generate on a daily basis have reduced the percentage of this waste per total weight of products sold to 0.1% or less. On the other hand, however, as a result of acquiring composites businesses in the U.K., the Netherlands, and the U.S. in fiscal 2016 and fiscal 2017, the amount of normal waste that the NEG Group produces has increased dramatically. Moving forward, we will continue to promote our efforts overseas to reduce the amount of normal waste we generate.

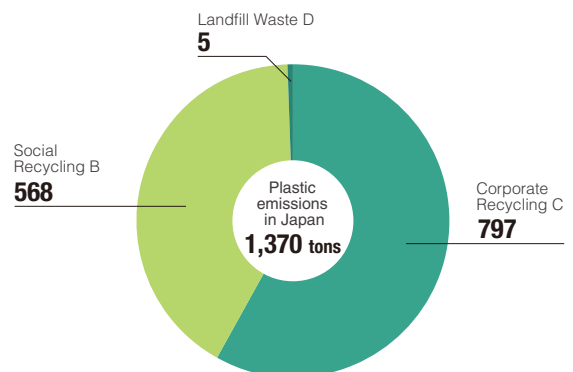
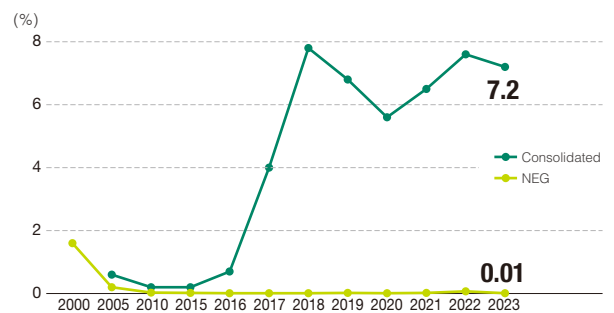
With regard to bulky construction waste requiring landfill disposal (Landfill Waste D), the majority of this waste is generated from glass melting furnace repairs and comprises unrecyclable waste brick.

In fiscal 2017, we put in place a mechanism for shifting this waste to Social Recycling B by having a refractory manufacturer use waste chromium (Cr) bricks and zirconium (Zr) bricks as raw materials. This has also contributed to a significant reduction in landfill waste disposal associated with Cr bricks, which are classified as specially controlled industrial waste.

For waste that is not landfilled, such as Social Recycling B and Corporate Recycling C, we strive to reduce the amounts of these emitted, select and separate their materials for reuse in products, or use them for thermal energy during incineration.

In fiscal 2023, emissions from our plants in Japan of plastic, seen as problematic in recent years, were 1,370 tons. Of this, 802 tons were Corporate Recycling C and Landfill Waste D, which are handled as waste. The amount of Social Recycling B, which is reused, was 568 tons. We will conduct the same waste reduction efforts at our overseas plants.

Normal Waste (Landfill Waste D) per Total Weight of Products Sold



In the category of Internal Recycling A, the polishing sludge, electrostatically collected dust, and the dust mainly composed of boric acid contained in the waste gas vaporized from molten glass, are reused as glass raw material thanks to a technology we developed.

Conventionally, glass fibers used to reinforce composites undergo surface treatment using organic material to bundle and protect the fibers and to achieve proper adhesive strength with the resin. However, the surface treatment agents are an impediment to recycling, and the scraps and other material lost during production are disposed of as waste by many glass fiber manufacturers. At NEG, we have eliminated the need for the surface treatment agents, and with our pulverization technology we are able to reuse this waste as glass raw material.



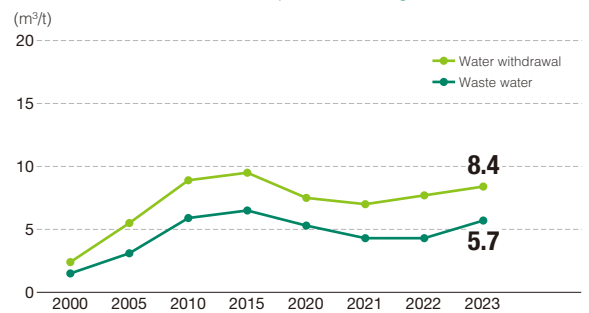
Water Reduction

Since launching our water business plan in fiscal 2003, we have striven to make effective and efficient use of water resources. We believe that our level of manufacturing refinement is represented in the way water is used. Consequently, by managing our water usage we are increasing our understanding of the entire glass manufacturing process, including melting, forming, and processing, while further improving our process technology and equipment.

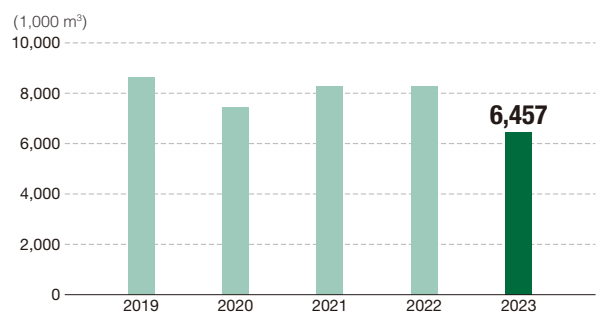
The graphs show the change overtime in water withdrawal and waste water per total weight of products sold. Although intensity increased after fiscal 2004 due to the rapid switchover from CRTs to LCDs, our intensity has declined as a result of management efforts to improve utilization efficiency within the displays business since fiscal 2014.

To reduce the withdrawal volume of valuable water resources, we are promoting the reuse of water used in high volumes for cooling in the melting and forming stages and for cleaning at the processing stage. We are also reducing water withdrawal and waste water even for other uses through cascading (downcycling), depending on the purpose of the water use or required grade, as well as recycling water through purification.

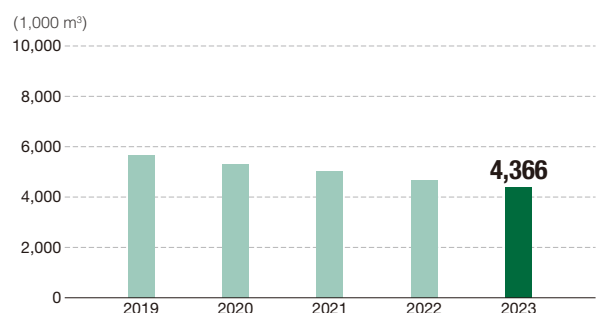
Water Withdrawal/Waste Water per Total Weight of Products Sold



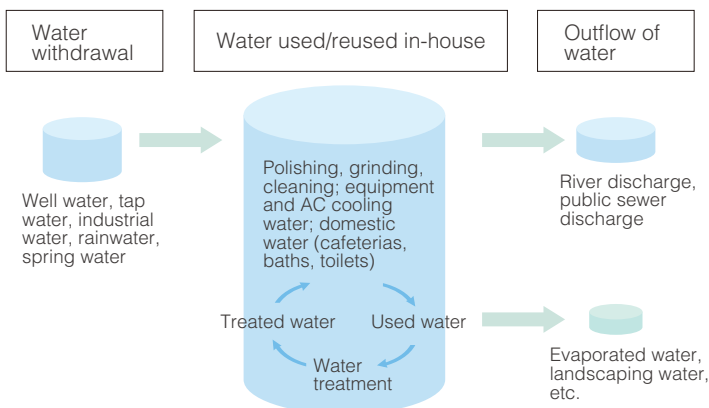
Water Withdrawal



Waste Water



Water Flow



Protecting Biodiversity

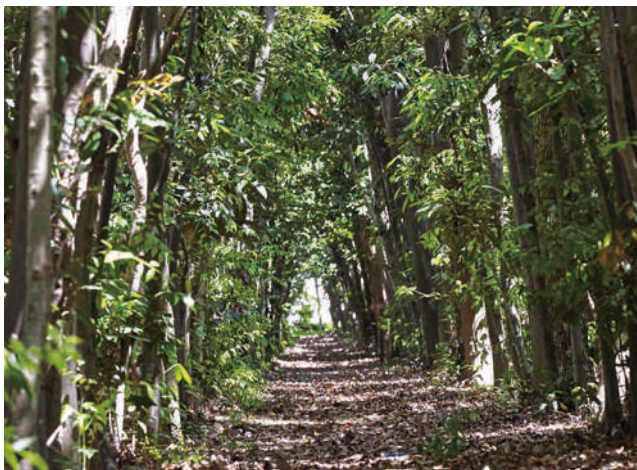
To fulfill our social responsibility as a corporation, we are required to make efforts to protect the global environment in our business operations. We have identified “consideration for the environment” as one of our key values, and we have been working to protect biodiversity.

Committed to the principle of leaving nature untouched, except for the locations required for our business operations, the Notogawa Plant maintains natural forests that make use of the native vegetation of the local Suzuka Mountain Range, and has even left local streams undisturbed since it was established. Flower seedlings are also grown in a greenhouse inside the plant and used to beautify the local area.

In fiscal 2021, in collaboration with the Shiga prefectural government, we signed the Lake Biwa Carbon Credit Partner Agreement with the Shiga Prefecture Afforestation Public Corporation, a general incorporated association whose director, Taizo Mikazuki, is the governor of Shiga Prefecture. By continuing to purchase J-Credits and volunteering in forest management activities conducted by a local forestry cooperative, we are supporting protection of the forests from which the water of Lake Biwa originates.

For close to half a century, employees at our plants have been taking part in a variety of community activities, such as protecting the ecosystem of Lake Biwa by joining events to preserve riverside forests and exterminate invasive fish species.

Thanks to these efforts, in fiscal 2022 we were able to renew our three-star rating certification, the highest possible, under the Shiga Biodiversity Initiative Certification System, administered by Shiga Prefecture. These are just some of the many ways we are working to conserve local biodiversity.



Pedestrian path through native natural vegetation



Certificate from Shiga Prefecture

Analysis of Environmental Impact (Fiscal 2023 Consolidated Basis)

Input

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Energy sources used	Total energy (GWh)	6,921	5,036	5,990	5,935	4,430
	Electricity (GWh)	2,486	2,038	2,337	2,433	2,050
	Fuel (GWh)	4,435	2,997	3,653	3,502	2,380
Water	Water withdrawal (1,000 m ³)	8,626	7,447	8,268	8,266	6,457

Output

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Atmosphere	CO ₂ (1,000 tons)	2,408	1,713	1,881	1,797	1,395
	Scope 1 (1,000 tons)	999	734	871	790	543
	Scope 2 (1,000 tons)	1,408	978	1,010	1,008	852
	SO _x (ton)	207	149	96	133	101
	NO _x (ton)	3,282	2,694	2,524	2,505	1,511
	Particulate matter (ton)	258	212	216	261	191
Water	Waste water (1,000 m ³)	5,670	5,315	5,034	4,651	4,366
Waste	Total amount generated (1,000 tons)	148	120	150	141	112
	Internal Recycling A (1,000 tons)	27	22	31	33	25
	Total emissions (1,000 tons)	121	98	118	109	87
	Social Recycling B (1,000 tons)	13	9	13	13	12
	Corporate Recycling C (1,000 tons)	35	32	28	22	16
	Landfill Waste D (1,000 tons)	74	57	77	73	59

Note: The values for SO_x, NO_x, and particulate matter have been adjusted for fiscal 2019 to fiscal 2022 after reflecting revised coefficients from local authorities.

Environmental Accounting (NEG)

(Million yen)

Category		Main activities		FY2022		FY2023	
				Investment	Expenses	Investment	Expenses
(1) Costs within operational area	Costs to reduce environmental footprint of production activities within operational area	Breakdown		1,917	3,250	5,921	3,159
			1. Anti-pollution maintenance and management costs	54	586	24	719
			2. Global environmental conservation costs	1,761	957	5,873	791
			3. Resource recycling costs	102	1,707	24	1,649
(2) Upstream and downstream costs	Costs to reduce environmental footprint of upstream and downstream production activities	Costs for green procurement, product recycling, container and packaging recycling, environmental conservation measures	—	193	—	479	
(3) Costs of management activities	Environmental conservation costs within management activities	Costs for environmental education, ISO 14001 system construction and maintenance, and measuring of environmental footprint; labor costs of environmental managers	—	751	31	707	
(4) Research and development costs	Environmental conservation costs of R&D activities	Expenses related to the development of environmentally friendly products, expenses related to production technology designed to reduce environmental impact	244	1,025	331	546	
(5) Costs for social initiatives	Environmental conservation costs of social initiatives	Beautification and tree-planting activities for harmonious coexistence with local communities, support for local communities, environment-related advertising costs, afforestation	—	95	—	93	
(6) Environmental remediation costs	Costs to deal with damage to the environment	Environmental restoration expenses	—	5	—	4	
(7) Other costs	Other costs relating to environmental conservation	Expenses for dismantling and removal of environment-related equipment and facilities	15	19	—	106	
Total				2,176	5,338	6,283	5,094

Note: Of investment and expenses, only those amounts clearly related to environmental concerns have been aggregated. In regard to production facilities and R&D, only sections related to the environment have been included. Fiscal 2022 figures have been revised as a result of changes in the coverage area of the data.

(Million yen)

Item	Description	FY2022	FY2023
Total investment	Scheduled repair of glass melting furnaces and production rationalization investment, investment to improve manufacturing productivity of major products	46,846	34,087
Total research and development costs	Development and improvement of process technology, and development of products, including glass for displays and glass for electronic devices	6,932	7,703
Proceeds from sales of valuable resources related to 3. of (1)	Sales of scrap metal, scrap bricks, etc.	52	127
Proceeds from sales of valuable resources related to (2)		0	0

Environmentally Friendly Products

We contribute to a sustainable society by providing products that help conserve the global environment. Sales of environmentally friendly products were 85 billion yen in fiscal 2023.



Saving Energy and Labor



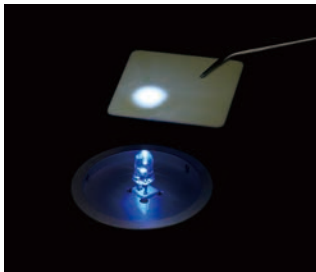
E Glass Fiber (chopped strands)

Used in plastic automobile parts, this material helps make cars lighter.



G-Leaf™ ultra-thin glass

Just micrometers thin, it helps make devices lighter and saves labor in manufacturing through its use in a roll-to-roll process. It also reduces environmental impact since it eliminates the need for glass slimming using chemicals.



Lumiphous™ phosphor-glass composite

This wavelength-converting material helps expand the range of applications for energy-saving LED lighting.



Glass powder for LTCC (low temperature co-fired ceramics)

Gold or silver with high electrical conductivity can be used for the inner layer conductor, resulting in circuit boards with superb electrical characteristics and contributing to energy savings.

Creating Energy



E Glass Fiber (roving)

This material is used as reinforcement for the plastic blades of wind turbines. It also holds promise as reinforcement in the hydrogen gas tanks of fuel-cell vehicles.



All-solid-state sodium-ion secondary battery

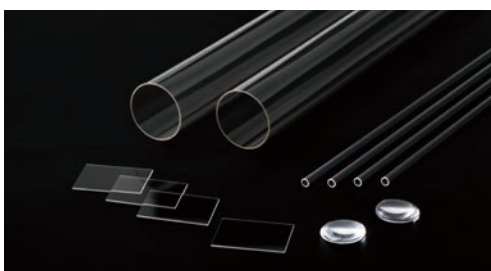
The anode, cathode, and solid electrolyte are all made up of stable oxides, and NEG's proprietary glass-ceramics technology gives a strong, integrated structure. The battery works in extreme environments (−40°C to 200°C) and there is no risk of fire or toxic gas being generated. This innovative all-solid-state battery also uses a readily available raw material (sodium), thus allaying procurement concerns.



Ultra-thin cover glass for artificial satellite solar panels

This cover glass reduces the deterioration of solar cells caused by ultraviolet light in outer space. It also makes solar cells lighter.

Reducing Environmental Impact



High-efficiency deep UV transmitting glass

Used for LED antiseptic lamps, this glass can contribute to the replacement of antiseptic lamps that use environmentally harmful mercury.

Third-party Assurance Statement (Scopes 1 and 2)



LRQA Independent Assurance Statement

Relating to Nippon Electris Glass Co., Ltd.'s GHG emissions Data within its Integrated Report 2023 and ESG Databook 2023 for the calendar year 2023

This Assurance Statement has been prepared for Nippon Electric Glass Co., Ltd. in accordance with our contract.

Terms of Engagement

LRQA was commissioned by Nippon Electric Glass Co., Ltd. ("the Company") to provide independent assurance on its greenhouse gas data within its Integrated Report 2023 and ESG Databook 2023 ("the report") for the calendar year 2023, that is, from 1 January to 31 December 2023, against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISO 14064 - Part 3 for greenhouse gas data".

Our assurance engagement covered the operations and activities of the Company and its subsidiaries in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies for the selected datasets:
- Evaluating the accuracy and reliability of data for only the selected indicators listed below:

Environmental¹

- Scope 1 GHG emissions (tonnes CO₂e)
- Scope 2 GHG emissions [Market-based] (tonnes CO₂e)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of the Company.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable performance data

The opinion expressed is formed on the basis of a limited level of assurance² and at the materiality of the professional judgement of the verifier.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

¹ GHG quantification is subject to inherent uncertainty.

² The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records for the calendar year 2023; and
- Visiting Head Office, Notogawa Plant and Shiga-Takatsuki Plant to confirm the data collection processes, record management practices, and to physically check emission sources.

Observations

Further observations and findings, made during the assurance engagement, are:

- Continuous review of the scope and method of disaggregation is expected, taking into account the entire supply chain and the perspective of materiality.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Dated:15 April 2024

A handwritten signature in black ink, appearing to read 'Kazuyori Yukinaka', is written over a light blue horizontal line.

Kazuyori Yukinaka

LRQA Lead Verifier

On behalf of LRQA Limited

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LRQA reference: YKA00001250

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Diversity and Inclusion

Hiring a Diverse Workforce

Recruitment, Workplace Improvement

In addition to our continued commitment to provide employment for people with disabilities, we also strive to cultivate a work environment in which the diverse values and backgrounds of employees, regardless of things like gender, age, nationality, and gender identity, are respected and in which employee welfare and happiness are prioritized.



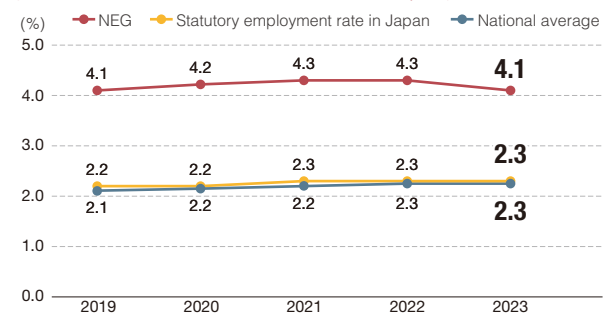
Workplace Improvement Examples

- Disabled: Expanding employees' scope of work; installing wheelchair ramps, elevators, and accessible washrooms.
- Women: Providing childcare support (received Platinum Kurumin accreditation), creating more in-house support systems, holding events for female employees to exchange opinions.
- Seniors: Initiating stepped system for raising pay of rehired workers, establishing compensation systems that match job duties.
- Foreign nationals: Following up to ensure they understand company systems, holding training and Japanese language classes, mentoring them.
- LGBTQ persons: Raising LGBTQ awareness during human rights education, making things less gender-based (gender-free uniforms, changing rooms, washrooms)

Employment of People with Disabilities

We have a special-purpose subsidiary aimed at employing people with disabilities. For its outstanding action in hiring and training young people, this subsidiary was in 2018 granted Youth Yell certification from Japan's Ministry of Health, Labour and Welfare, the second special-purpose company in Japan to be certified. Since then, we have sought to increase our employment rate for people with disabilities to 4.6%, far above the statutory requirement of 2.5% (from April 2024). As of the end of 2023, we had achieved a 4.1% employment rate for people with disabilities. This has dropped slightly due to some employees reaching mandatory retirement age. Moving forward, we will continue to employ people with disabilities.

Percentage of Employees with Disabilities (NEG and consolidated subsidiaries in Japan)

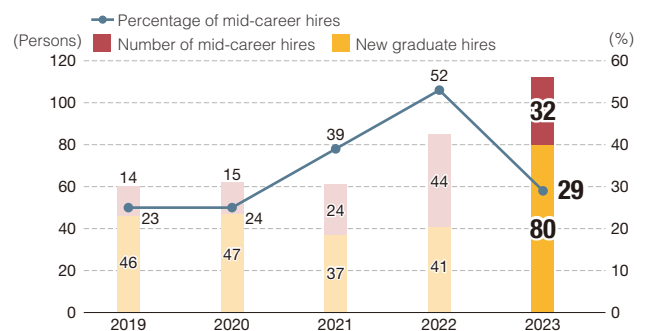


Hiring Mid-career Professionals

We constantly strengthen our human resource foundation by actively hiring mid-career professionals.

Besides hiring new graduates and other outstanding personnel who will carry us into the next generation, we secure those with expertise and professionalism by hiring mid-career workers, thus maximizing our company's strength through diversity. We will continue to secure a wide range of employees with diverse experiences and skills, focusing on those at the core of expanding our business.

Number of Hires



Human Resource Development

Education and Training Held (Fiscal 2023; NEG)

- Training hours (under head office education section): 61 hours/person
- Training cost: 392 million yen company-wide: 229,000 yen/person

Education and Training System

Level	By level			Career development	Language study	By job category	By skill/purpose	Self-development	Outside training
Top Management	Executive training								
Senior Manager	Senior manager training								
Manager	Management training	Secondary evaluator training		Life plan and career development training	Sales training	Compliance training Human rights training Electronic information security seminars Accounting seminars Intellectual property seminars DX/data science training Occupational health and safety seminars (mental health, other) "The Unlimited Possibilities of Glass" course ISO training Small-group activities on the manufacturing floor	Language: evening classes in English/Chinese Qualification acquisition system Distance learning: e-learning Academic society subsidies	Official qualifications system Outside seminars	
	New appointee manager training	Primary evaluator training							
		New appointee evaluator training							
Middle Intermediate	Managerial/technical course	General course	Skills/technical course	GCP* - practical business English training					
	Pre-management training	OJT	OJT						
	Transition training	General course employee training	3rd-year training						
Introductory	Managerial/technical course	General course	Skills/technical course						
	Review training after 1st year on the job	Review training after OJT	Review training after 1st year on the job						
	Technical practical training at assigned post, R&D training	OJT	OJT						
	Administrative practical training at assigned post and overseas								
	Practical training in shift work								
	Group training upon joining company								

*GCP: Global Communications Program

● Global Communications Program (GCP)

With our business globalizing and more of our sales coming from outside Japan, English has become a must for us to communicate around the world. We therefore hold small-group English classes so that our Japanese employees can acquire and improve practical English-language skills.

Besides new career-track employees, the classes are open to anyone who needs English for their job and is highly motivated, regardless of their recruitment category or how long they have been at NEG.

Level upon completion			
Can conduct business in English around the world		<ul style="list-style-type: none"> • Can communicate in any situation • Can express well-understood opinions 	
Class	TOEIC® Listening & Reading Test	% of participants	Target/year
A	600 or higher	57%	Scores required to complete course: TOEIC Listening & Reading: 730 TOEIC Speaking: 140 TOEIC Writing: 150
B	400 to 599	34%	100-point improvement in TOEIC Listening & Reading
C	Less than 400	9%	

Completion
Advancement
Advancement

Number of Participants

FY2020	FY2021	FY2022	FY2023
107	119	125	162

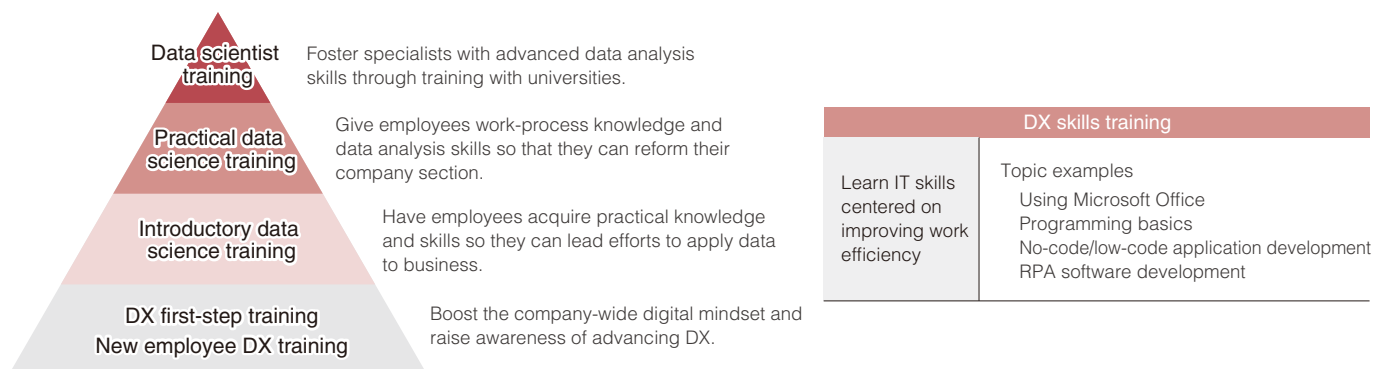
Total program hours: 45/person/year (held during working hours)

● DX/Data Science Training

To cultivate greater in-house awareness of DX (digital transformation) and foster employees capable of providing added value to our customers through work reform and improved efficiency, in fiscal 2019 we launched training suitable to the changing times.

In fiscal 2022, we held DX literacy training (currently DX first-step training) open to all employees aimed at cultivating a digital mindset. In fiscal 2023, we held higher-level training to give participants the practical knowledge and skills they need.

Moving forward, we will encourage participation by those who have not yet taken this training as we foster human resources with advanced, specialized knowledge capable of using data to improve and revolutionize work processes. We expect to have at least 70% of all employees complete DX first-step training by putting fiscal 2024 plans into action.



Number of Participants

FY2022	
DX literacy training*	1,184
New employee DX training	25
Programming basics	30

*Now called DX first-step training.

FY2023	
New employee DX training	51
DX data training	77
DX leader training	25
RPA software training	50
Data scientist training (Participants dispatched to graduate school master's course)	A few

FY2024 plans	
New employee DX training	34
DX first-step training	220
Introductory data science training	30
Practical data science training	30
Skills training (RPA, AI language tools, others)	300
Data scientist training (Participants dispatched to graduate school master's course)	A few

● “The Unlimited Possibilities of Glass” Course

All administrative employees can take a course in glass basics taught by NEG employees in basic research. The majority of eligible employees have already taken this course, which includes beginner and intermediate levels, and which has deepened participants’ knowledge of glass and created greater awareness of our corporate philosophy. In fiscal 2022, a video for this course was created that employees can view multiple times whenever they wish and thus solidify their basic knowledge of glass.

This course will continue to be taught so that employees can level up their glass knowledge.

Course Content, Number of Participants

Target	Level	Content	Cumulative no. of participants	Cumulative no. of video views
Advanced sales	Advanced	Product discussions Future product ideas	38	Advance 866 Standard 966
Sales	Intermediate	Introduction to products Direction of development	123	
Staff	Elementary	Qualities of glass Applications and characteristics of main products	184	
General employees	Basics	Glass in our lives Definition and characteristics of glass	97	
Total			442	1,832

■ Efforts to Retain and Empower Employees

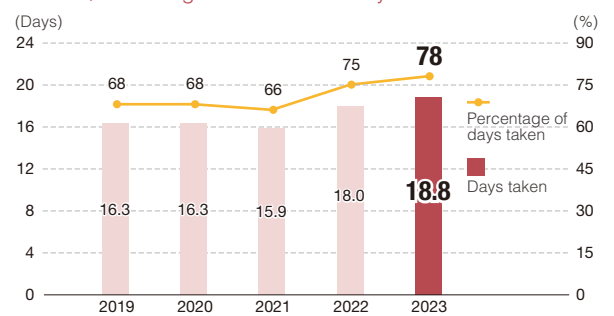
● Progress in Diverse Work Styles and Work Efficiency

We carry out a wide range of initiatives aimed at retaining employees and helping a diverse range of individuals reach their full potential. These include expanding work-style diversity to encompass telecommuting, flextime and the like, implementing five-day holidays and no-overtime days, supporting employees in balancing work with childcare and nursing care, and hosting work-style reform seminars.

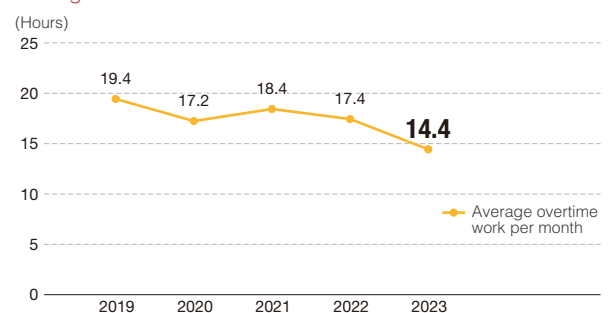
Main Initiatives

- Task inventory checks
- Expansion of conditions for the work-from-home system
- Conference reforms (shorter, etc.)
- Establishment of a new return-to-work system
- Active use of IT
- Expansion of workplaces eligible for flextime and shortening of core working hours
- 5 consecutive days of leave taken twice a year
- Provision of child-rearing and nursing care-related information
- Full implementation of no-overtime days
- Work-style reform seminars
- System revision to align with revision to the Child Care and Family Care Leave Act
- Employee awareness surveys

Number/Percentage of Paid Leave Days* Taken



Average Overtime Work



Support for Raising the Next Generation

In February 2019, we received Platinum Kurumin accreditation under the Act on Advancement of Measures to Support Raising Next-Generation Children in Japan and have continued providing such support. Under our 7th Action Plan begun in fiscal 2021, we have implemented measures encouraging male employees to take childcare leave and employees to take annual paid leave, and expanded our system to accommodate different working styles. Our aim is to build a pleasant working environment that enables all employees to achieve a healthy balance in their work and home life.

7th Action Plan (Outline and Implementation) (April 1, 2021 to December 31, 2023)

- Encouragement of male employees to participate in childcare
- Work-style reforms to create a workplace that encourages personnel diversity



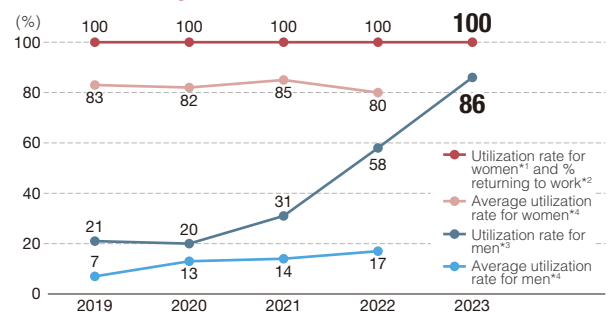
- Childcare leave utilization rate during the action plan years (April 1, 2021 to December 31, 2023)
 - Women: 100% (7/7)
 - Men: 63.6% (63/99)
- System to enable diverse working styles, reduction of overtime work, promotion of use of paid leave
 - Promotion of 5 consecutive days of leave taken twice a year (ongoing)
 - Expansion of workplaces eligible for flextime and shortening of core working hours
 - Improvement of work-from-home system allowing more freedom for childcare and nursing care

We will continue to implement measures to realize diverse work styles according to employees' needs by, for example, increasing the childcare leave utilization rate among men, reducing overtime work, increasing paid leave taken, and encouraging the use of other various programs.

Childcare Leave Utilization Rate

Since fiscal 2015, both men and women at NEG have taken childcare leave at a rate higher than the national average. With revisions to Japan's Child Care and Family Care Leave Act in fiscal 2022, we held explanatory meetings for the various employee groups eligible for leave. We have seen a particularly large rise in the childcare leave utilization rate for men, which hit 86% in fiscal 2023.

Childcare Leave Utilization Rate and Percentage of Women Returning to Work (% , NEG)



^{*1} Utilization rate for women: Number of people taking childcare leave ÷ Number of employees giving birth × 100

^{*2} Percentage returning to work: After giving birth, percentage of people working continuously when child has turned 1 year old

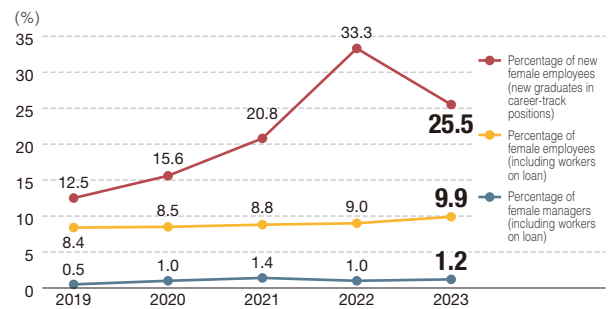
^{*3} Utilization rate for men: Number of men taking childcare leave ÷ Number whose spouses gave birth × 100

^{*4} Source: Statistics on national average childcare leave utilization rate for men and women, taken from Basic Survey of Gender Equality in Employment Management; Ministry of Health, Labour and Welfare

● Women's Empowerment

We are also working to foster more women in management and other leadership positions by hiring more of them for career-track jobs, and by holding gatherings where our female employees and a female outside director can share opinions on topics related to their empowerment. We strive to cultivate a corporate culture and workplace environment where women can work comfortably and where a diversity of opinions and ideas are accepted.

Indicators of Progress in Women's Empowerment



Note: In 2023, although the percentage of new female employees dropped from the previous year, the number of new female employees rose by 60%.

Indicators and Targets for Progress in Women's Empowerment

- Make 25% or higher* the indicator for percentage of new female employees (new graduates in career-track positions) at NEG.
*The figure was at least 25% in both fiscal 2022 and 2023.
- Target the percentage of female managers by fiscal 2028 to be at least double (2.0% or more) that of fiscal 2022 at NEG.
- Target the percentage of female managers at NEG and at consolidated subsidiaries in Japan and overseas to be at least 10%* by fiscal 2028.
*The figure was 9.2% in fiscal 2023.

● Number of Employees, Years of Continuous Service, Turnover Rate

		FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	Men	1,837	1,811	1,797	1,787	1,768
	Women	156	161	169	173	191
	Total	1,993	1,972	1,966	1,960	1,959
Years of continuous service	Men	25.0	25.0	25.1	24.9	24.2
	Women	22.5	21.5	20.7	19.5	18.2
	Total	24.8	24.7	24.7	24.4	23.6
Turnover rate (%)		1.6	1.6	1.2	1.3	1.9

Note: Includes workers on loan, as of December 31 each year

- Years of continuous service is on a downward trend because of the increase in male and female new hires.
- We strive for an environment conducive to a comfortable long-term workplace, and the result has been a low employee turnover rate of less than 2%.

● Salary

Employee category	Male-female wage gap (female wage as percentage of male wage)	Supplement: Male-female wage gap for regular employees for standard wages excluding allowances, etc.	
All employees	65.6%	Managers	89.2%
Regular employees	66.3%	Career-track (excluding managers)	92.2%
Part-time and fixed-term employees	27.1%	Regular employees other than the above	88.1%

Period: Fiscal 2023 (January 1 to December 31, 2023)

Wages: Includes compensation for overtime and bonuses, but excludes commuting allowance, etc.

Regular employees: Excludes employees on loan from NEG to other companies, or from other companies to NEG

Part-time and fixed-term employees: Employees who have an employment contract for a fixed period

Although we calculate wages for men and women based on the same standard, male-female wage gaps occur due to differences in things such as number of employees, employment categories, and years of continuous service. Other factors contributing to wage gaps include various allowances for shift work employees (of whom 98% are men) and the fact that there are relatively fewer women in senior management positions.

In the employee category of part-time and fixed-term employees, the difference in employment categories is a major reason for wage gaps.

Employee Awareness Surveys

As in fiscal 2022, this past year we conducted employee awareness surveys with the aim of creating a workplace where employees can succeed while enjoying rewarding work. The results were reported to the Management Committee and department heads, with feedback then given to all employees. Results of the surveys are used to analyze the strengths and weaknesses of the company as a whole and its individual workplace organizations, which is followed by improvement activities where necessary.

Cycle for strengthening engagement

Conduct main surveys

- ▼ Results analysis; feedback to management, department heads, and employees

Plan and implement measures company-wide and in each workplace based on survey results

- ▼ Activities implementation

Conduct focused surveys

- ▼ Use specific-issue-focused surveys to monitor whether measures are working effectively and, if not, revise those measures

Conduct main surveys

- ▼ Do main surveys the following year and confirm yearly changes

Fiscal 2023 Survey Results

Aim	Visualize state of organization, and improve it at the company-wide and workplace levels
Total number of respondents	1,955 (1,915 for FY2022)
Response rate	99.7% (97.8% for FY2022)
Results summary	<ul style="list-style-type: none"> • Improvements in support actions from bosses, improved sense of unity in workplaces • Company performance and the state of business at the time of the surveys caused uncertainty about the company and how it is run

Setting the fiscal 2022 score as 100, the fiscal 2023 score dropped slightly to 98. This total overall drop is the result of lower scores for the company due to recent lower performance, and higher scores for things like support from bosses thanks to successful improvement activities in individual workplaces, and a greater sense of unity in the workplace.

We will continue to conduct surveys as part of efforts to build vibrant workplaces.

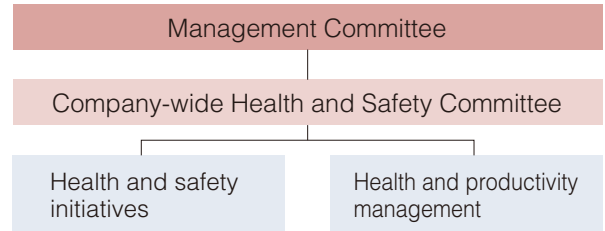
Freedom of Association and Labor-Management Relations

The NEG Group respects rights afforded to workers by the laws of the countries it operates in, including freedom of association and collective bargaining. Our employees are in the NEG labor union, which is a member of the Japanese Electrical Electronic & Information Union (JEIU). Based on the union shop agreement, membership in the labor union is open to all regular employees except those in management positions. As of December 2023, 77.9% of all NEG employees were in the union.

NEG confirms working conditions by signing agreements with its labor union. Besides monthly meetings at NEG sites between the NEG labor union and the company, the union's executive committee and company senior management meet to exchange opinions at least twice a year. We also strive to maintain amicable labor-management relations through a wide range of other cooperation in areas such as occupational safety and health, health and productivity management, and support for raising the next generation.

Occupational Safety and Health; Health and Productivity Management

Every year, a company-wide conference of the committee on occupational safety and health is convened and attended by the president and the labor union head. Action policies and targets are set regarding health, safety, and productivity management at NEG. These are then approved by the Management Committee and disseminated across the company.



Action Policies for Company-wide Safety and Health (Fiscal 2024)

1. All NEG employees put safety first in everything they do and strive to create a workplace conducive to working in safety and health.
2. Thoroughly understand and implement risk measures in all workplaces, and make continuous improvement through the PDCA cycle.
3. In line with our health and productivity management philosophy, maintain and improve the mental and physical health of each employee.

Occupational Safety and Health

In line with our Principles of Activities and action policies for company-wide safety and health, members of NEG committees such as those on occupational safety and health and accident prevention take the lead in a wide range of safety and health activities, including creating a workplace conducive to working in safety and health, thoroughly understanding and implementing risk measures in all workplaces, and making continuous improvement through the PDCA cycle.

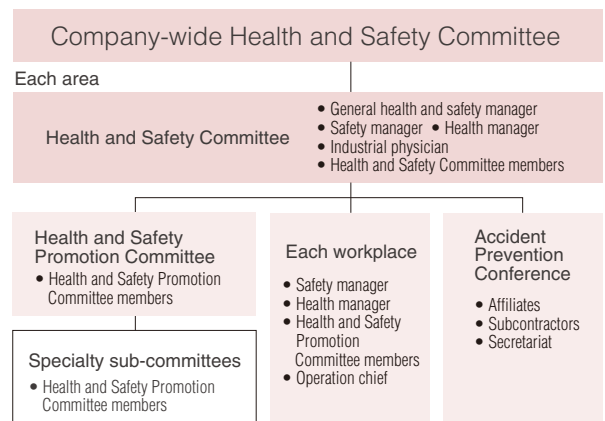
In addition to periodic workplace patrols, we also implement educational awareness campaigns, hazard prediction activities, and information sharing among all operational sites both in and outside Japan, so that we can increase awareness of health and safety issues and achieve our zero-accident benchmark. Furthermore, for all employees and their families we have an EAP (Employee Assistance Program) and conduct stress check follow-ups as part of measures related to mental health.

In fiscal 2023, there were two accidents at NEG. We still have issues to solve in areas such as non-regular work oversight and occupational health; for example, accidents during irregular work and back injuries incurred while on the job. These issues have prompted us to incorporate measures into health and safety initiatives from fiscal 2024 onward in order to eliminate accidents. The number of accidents at NEG has remained steady in recent years. We are therefore working to eliminate them with ongoing efforts such as conducting intrinsic safety measures through risk assessment, workplace patrols, and health and safety education.

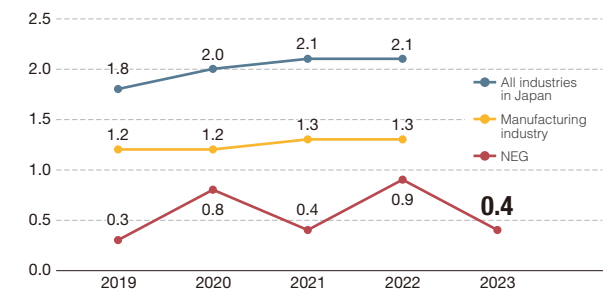
NEG has a low industrial accident frequency rate and severity rate compared to the manufacturing industry and industry overall in Japan.

With regard to third-party certification, in the displays business, the Shiga-Takatsuki Plant and overseas subsidiaries have been certified for ISO 45001, the ISO standard for occupational health and safety.

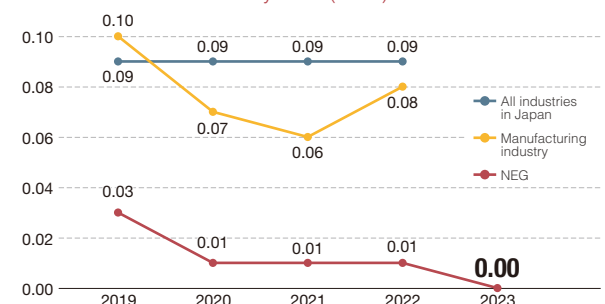
Organization Chart of Occupational Safety and Health



Industrial Accident Frequency Rate (NEG)



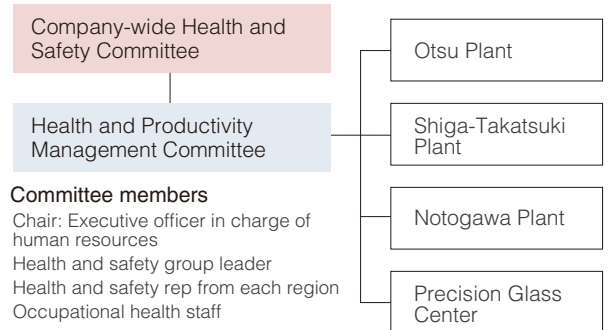
Industrial Accident Severity Rate (NEG)



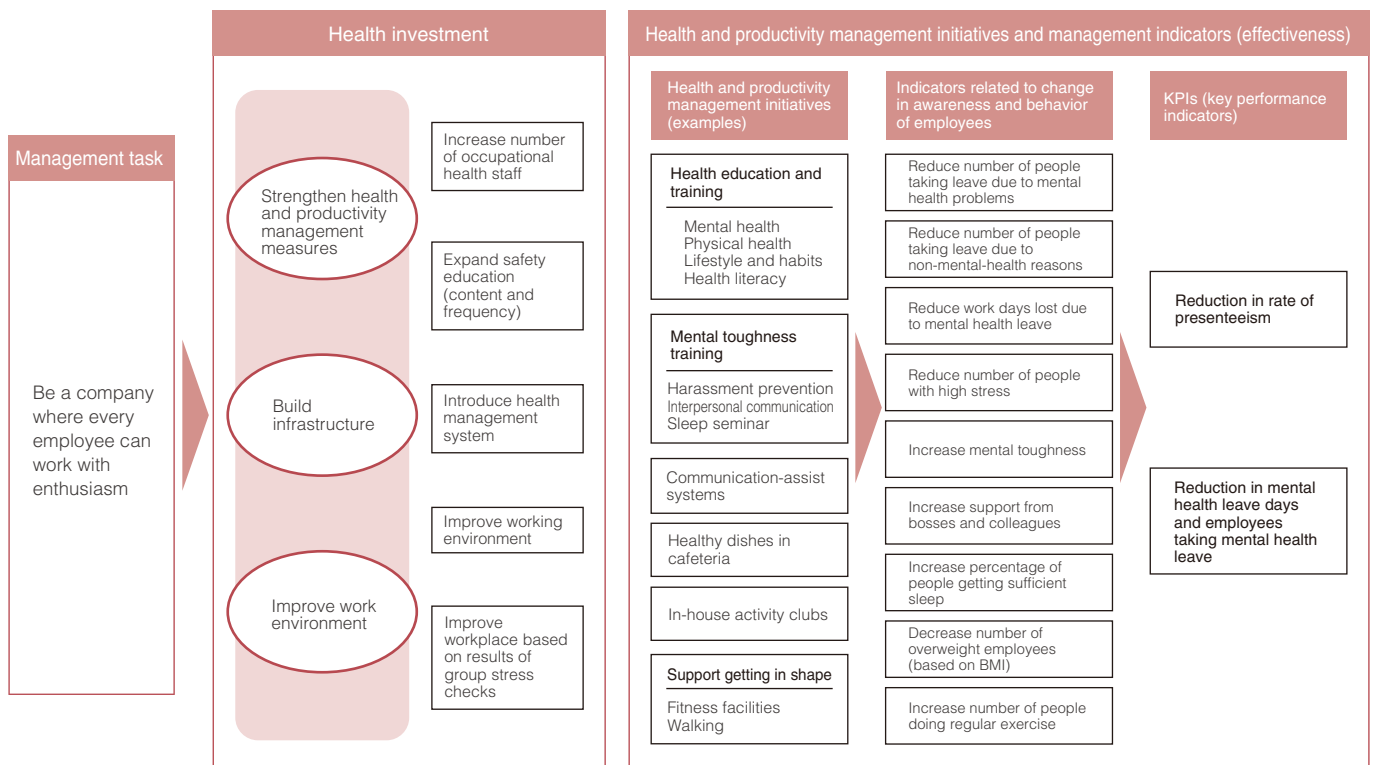
● Health and Productivity Management

We believe that improving the health of all employees leads to corporate growth. We have therefore been developing health and safety activities based on health and productivity management. To this end, we have created a strategy map and are conducting a variety of initiatives with the goal of becoming a company where every employee can work with enthusiasm. We have set KPIs for improving employees' mental and physical health, and we carry out a variety of health activities and education at our sites to achieve these indicators. In fiscal 2023, we launched the Health and Productivity Management Committee, which deliberates on health- and productivity-related initiatives and sets actions that all NEG regions should take to carry these out.

Organization Chart of the Health and Productivity Management Committee



Health and Productivity Management Strategy Map



Indicators and Targets for Health and Productivity Management (NEG)

KPIs	FY2023	FY2026 target
Rate of presenteeism*1	26.8%	Less than 23%
Rate of mental health leave*2	1.3%	Less than 1%

*1 Presenteeism: When employees go to work but are not fully productive due to some kind of health problem. A higher percentage is worse.

*2 Rate of mental health leave: Percentage of employees taking leave due to mental illness.

Health and Productivity Management Initiatives (Examples)

- Fiscal 2023 (all NEG regions): Self-care training (1,067 employees), line (supervisor-led) care (330 employees)
- Fiscal 2023: Increased number of occupational health staff (part-time industrial physicians specializing in mental health)
- Fiscal 2021: No-smoking rule enacted at all sales offices and plants in Japan

The company and our health insurance society were both certified in the 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program. The selections for certification are made jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. This certification system recognizes companies that engage in strategic health and productivity management for their employees. This marks our sixth consecutive certification.



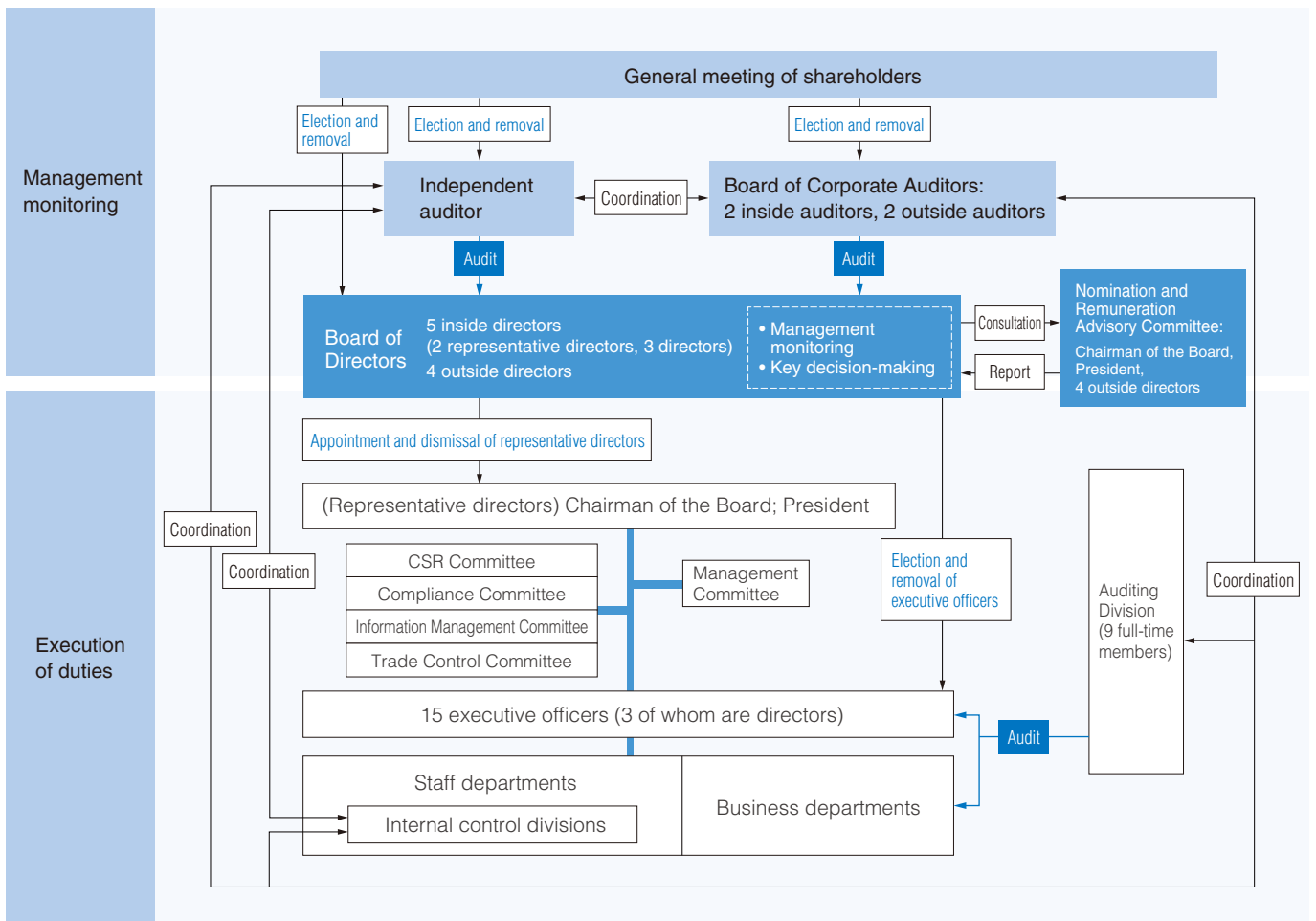
Corporate Governance

Our Corporate Governance Policy

We believe that to increase corporate value and achieve sustained growth, it is essential to continue to ensure managerial transparency and strengthen supervisory functions regarding the execution of business affairs. This is our basic policy on corporate governance and we will strive to improve our organization and business systems in accordance with this policy.

Corporate Governance System

Diagram of Corporate Governance System (as of March 28, 2024)



● Board of Directors

The Board of Directors makes decisions on important management affairs of the NEG Group and supervises the execution of business affairs. As of March 28, 2024, the Board of Directors consists of nine members (including two representative directors, three inside directors, and four outside directors). The Board of Directors is presided over by the Chairman of the Board. To achieve clarity of management responsibility and develop a flexible management system capable of responding to changes in the business environment, the term of directors is set at one year. Regular Board of Directors meetings are held monthly, and extraordinary Board of Directors meetings are held when necessary. In addition, at the budget meeting held once a year, the Board of Directors monitors management by hearing explanations directly from the respective executive officers about the business outcomes of the current fiscal year and the budget of the next fiscal year. The reasons for appointment for all directors are included in the Notice of the 105th Ordinary General Meeting of Shareholders (held on March 28, 2024) and can be found on the NEG website (<https://www.neg.co.jp/en/ir/meeting/>).

● Board of Corporate Auditors

We adopt a corporate auditor system. As of March 28, 2024, the Board of Corporate Auditors consists of four corporate auditors, two of whom are outside corporate auditors. Corporate auditors conduct audits of the directors' execution of their duties through assessing business affairs and corporate assets and setting important audit issues according to auditing policies, plans, and assignment of duties established by the Board of Corporate Auditors. They also participate in Board of Directors meetings.

Meetings of the Board of Corporate Auditors are held monthly in principle, and corporate auditors share information and exchange opinions at these meetings. Corporate auditors endeavor to improve the effectiveness of their audits by deepening their understanding about the company's business operations. For this purpose, the corporate auditors take various measures, such as attending the annual budget meeting and periodically questioning directors and executive officers about their duties and handling of business affairs.

● Nomination and Remuneration Advisory Committee

As part of our efforts to strengthen our corporate governance, the company established the Nomination and Remuneration Advisory Committee to ensure transparency and objectivity in the appointment and dismissal of representative directors and in the process of determining director remuneration. The Committee deliberates on the appropriateness of matters related to the appointment and dismissal of representative directors, remuneration policies and systems for directors, and the amount of remuneration determined for directors. It then reports its conclusions to the Board of Directors.

The Nomination and Remuneration Advisory Committee met four times during fiscal 2023 and reported to the Board of Directors regarding the total amount of directors' bonuses. Evaluation and allocation of the monthly remuneration (fixed) and bonus for each director (excluding outside directors) does not need to be reported to the Board of Directors, and decisions of the Committee are deemed to have the approval of the Board of Directors.

As of March 28, 2024, the Committee comprises two representative directors and four outside directors. Its membership is shown below.

Chair	Yoshio Ito (outside director)
Members	Motoharu Matsumoto (chairman of the board) Akira Kishimoto (president) Reiko Urade (outside director) Hiroyuki Ito (outside director) Nahomi Aoto (outside director)

● Management Committee

The Management Committee deliberates on the company's important managerial affairs and draws up detailed action plans regarding the decisions made at the Board of Directors meetings. Management Committee meetings are held twice a month and when deemed necessary. As of March 28, 2024, the Management Committee comprises five inside directors (two of whom are representative directors) and five senior vice presidents.

● Executive Officers

We adopt an executive officer system to promote faster decision making, ensure managerial transparency, and enhance the execution of business affairs. As of March 28, 2024, in addition to the president, there are 15 executive officers (three of whom are directors, one of whom is French). The president is responsible for execution of duties and the other executive officers execute the duties assigned to them by the president. Each executive officer serves for a term of one year.

Outside Directors and Corporate Auditors

As of March 28, 2024, there are four outside directors and two outside corporate auditors within the company. Outside directors make up over one-third of all directors, and there are two female outside directors.

In order to strengthen the management supervisory capabilities of the Board of Directors and other corporate administrative bodies by ensuring that they receive informed and objective advice, our outside director appointments include: a corporate management expert with many years of first-hand knowledge and experience in the world of corporate management; an economist with expertise and a robust background in corporate governance and organizational management; a science expert who is specialized and highly experienced in the field of agricultural sciences; and a technical expert with extensive experience and expertise in technology development and a proven track record in the technology development department of a global company and involvement in human resource development.

Outside corporate auditors consist of one certified accountant and tax accountant and one attorney at law, who are both independent from the company and are highly knowledgeable and experienced in their respective fields. They proactively perform their auditing duties and reinforce supervisory functions.

We base our determination of the independence of outside officers on the criteria established by the Tokyo Stock Exchange as well as on our own "Independence Standards for Outside Directors and Outside Corporate Auditors" described below. No personal, capital or business relationship, nor any other interest to which any of abovementioned criteria apply, exists between NEG's outside officers and NEG, and, in light of the fact that they fulfill all of the requisite criteria, we have registered all our outside officers as independent directors/auditors with the Tokyo Stock Exchange.

Independence Standards for Outside Directors and Outside Corporate Auditors

The Company has established the following independence standards for its outside officers (outside directors and outside corporate auditors), and any officer to which any of the following applies shall be deemed not to have independence from the Company.

1. Persons who are currently or in the past 10 years have been executives (Note 1) at either the Company or its subsidiaries
2. Persons who are main transaction partners (Note 2) or executives at main transaction partners of the Company or its subsidiaries (collectively, the "Company Group")
3. Persons who are principal shareholders (persons directly or indirectly owning 10% or more of the Company's total voting rights) or executives of principal shareholders in the Company
4. Persons or executives thereof in which the Company Group directly or indirectly owns 10% or more of the total voting rights
5. Consultants, accounting specialists, and legal specialists receiving large amounts of funds or other assets (Note 3) from the Company Group aside from officer compensation (where the party receiving such assets is a group such as a corporation or association, this shall refer to a person belonging to such group)
6. Persons belonging to the audit corporation that acts as the Company's accounting auditor
7. Persons receiving large donations (Note 4) from the Company Group (where the party receiving such donations is a group such as a corporation or association, this shall refer to a person belonging to such group)
8. Where an executive of the Company Group serves as an outside officer at another company, executives at that company
9. Any person to which the above 2. to 8. apply within the past three years
10. The spouse or second-degree relative of a person to which the above 2. through 9. apply (limited to persons in important positions [Note 5])

(Note 1) "Executives" refers to directors, executive officers, operating officers, employees and administrative officers who execute business, and other similar persons and employees who execute business of corporations or other groups.

(Note 2) The Company Group's main transaction partners refers to (i) parties for which the amount of the transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up 2% or more of the consolidated net sales of either party, (ii) parties for which borrowings from the party to the Company Group in the most recent fiscal year make up 2% or more of the Company Group's consolidated total assets. (Financial institutions from which the Company Group borrows are limited to those that are absolutely essential and irreplaceable in procuring funds for the Company Group.)

(Note 3) Large amounts of funds or other assets refers to profit in the form of funds or other assets exceeding JPY 10 million annually in the most recent fiscal year aside from director and officer compensation. (where the party receiving such assets is a group such as a corporation or association, this shall refer to profit in the form of funds or other assets making up 2% or more of the group in question's total income in the most recent fiscal year.)

(Note 4) Large donations refers to an amount exceeding an average of JPY 10 million annually in the past three fiscal years or 2% of the organization in question's total income in the most recent fiscal year, whichever is larger.

(Note 5) Persons in important positions refers to directors (excluding outside directors), executive officers, operating officers, employees in upper management positions at the general manager level or higher, certified public accountants belonging to audit corporations, attorneys belonging to law offices, and other persons objectively and rationally deemed to have a similar level of importance.

Where transactions and donations associated with independent officers satisfy the following insignificance standards, and are deemed not to risk affecting decision-making in the exercise of shareholder voting rights, such transactions do not need to be listed.

Insignificance Standards to Deem That Transactions Do Not Affect the Exercise of Shareholder Voting Rights

1. Transactions

- The amounts of transactions (funds associated with the provision of products and services and procurement) between the Company Group and the transaction partner in the most recent fiscal year make up less than 1% of the consolidated net sales of each party

2. Donations

- The amount of donations does not exceed JPY 5 million annually or 1% of total income of the organization in question in the most recent fiscal year, whichever is larger

Training for Directors and Auditors

During Compliance Awareness Month, which is held in October of every year, we invite outside instructors to come and give lectures on compliance to our inside directors, full-time corporate auditors, and other executives. We also hold director training seminars every year, which provide our directors with a deeper understanding of current business conditions, including those surrounding corporate governance.

Our corporate auditors participate in seminars and information exchanges with outside organizations, through which they deepen their auditing-related expertise. For our outside directors and outside corporate auditors, prior to assuming office, we provide them with explanations about our current corporate situation and systems. After they have assumed office, we provide them with opportunities to conduct interviews with directors and executive officers.

Policy on Deciding Directors' and Corporate Auditors' Remuneration

Our executive compensation for directors (excluding outside directors) comprises a monthly retainer, bonuses, and grants of restricted shares. For outside directors and corporate auditors, remuneration is limited to a monthly retainer.

The total monthly remuneration for directors is within the scope determined by the General Meeting of Shareholders, and the total amount of the bonus payment is determined at the General Meeting of Shareholders after deliberation by the Nomination and Remuneration Advisory Committee subject to the approval of the Board of Directors. The amounts of the monthly retainer and bonus for each individual director are commensurate with those of other companies and are aligned with our business performance (in the case of inside directors only), the economic environment, and objective market research data on remuneration provided by outside specialized agencies. The duties, responsibilities, and achievements of individual directors are also taken into account. The decision is made after comprehensive consideration of the above. The specifics are deliberated on and decided by the Nomination and Remuneration Advisory Committee, which is chaired by an outside director and the majority of whose members are outside directors. Unless an equal number of Committee members differ in opinion, the decisions of the Committee are deemed to have been adopted by the Board of Directors.

Grants of restricted shares are determined by the Board of Directors after consideration of individual duties and responsibilities as well as the share price after deliberation by the Nomination and Remuneration Advisory Committee and are within the scope of the total amount determined by the General Meeting of Shareholders. The ratio of the monthly retainer, which is a fixed amount of remuneration, to the bonus and grants of restricted shares, which are variable amounts of remuneration, is generally 6:4 (fixed: variable) on a periodic payment basis.

Remuneration for corporate auditors is determined after consultation with the auditors within the scope of the total amount determined by the General Meeting of Shareholders after reference to what is offered by other companies as determined by surveys conducted by external specialized agencies.

Total Amount of Directors' and Corporate Auditors' Remuneration in Fiscal 2023

Category	Total amount of remuneration (million yen)	Total amount for each type of remuneration (million yen)				Number of eligible board members
		Monthly (fixed) remuneration	Restricted stock-based remuneration	Bonuses	Retirement benefits	
Directors (outside directors excluded)	301	206	34	60	–	7
Corporate auditors (outside corporate auditors excluded)	44	44	–	–	–	2
Outside directors and corporate auditors	45	45	–	–	–	7

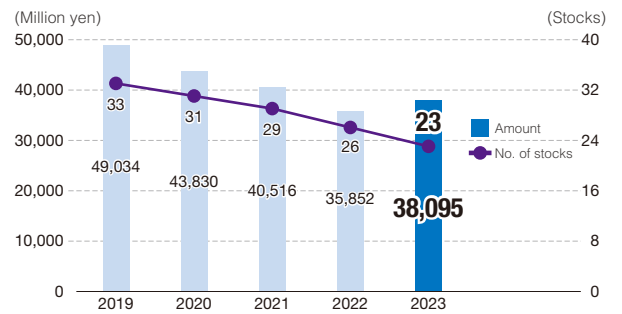
Cross-shareholdings Policy

NEG does not hold cross-shareholdings except in cases where it recognizes the rationale for cross-shareholdings, such as business alliances and maintaining/enhancing business partnerships.

In addition, after taking into account factors such as changes in the business environment, we will verify the appropriateness of holdings from a quantitative perspective based on cost of capital and from a qualitative perspective based on management strategy and other considerations before we proceed with further reductions.

NEG exercises the voting rights relating to the cross-shareholdings after comprehensively considering issues like whether or not the proposal effectively complies with the company's shareholding policy and whether or not it would be expected to increase the corporate value of the issuing company.

Balance Sheet Amount and Number of Stocks



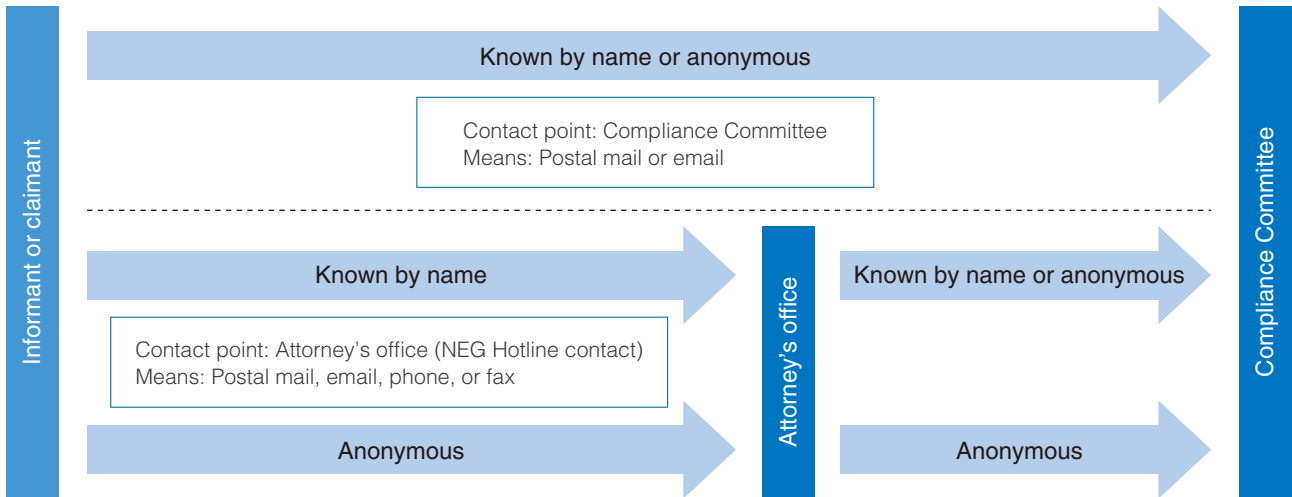
Internal Control

Our internal control system is based on Japan's Companies Act and utilizes basic policies decided upon by the Board of Directors in order to build a system that ensures proper business operations. In addition, we have in place an internal control reporting system, which is based on the Financial Instruments and Exchange Act and which facilitates the development and operation of a system for ensuring proper financial reporting. The condition of financial reporting-related internal controls is assessed by the internal control division (Auditing Division), which is under the direct control of the president.

In the Internal Control Report released in March 2024, our financial reporting-related internal controls for fiscal 2023 were assessed as "effective." A report by an outside auditing company also assessed the controls as being appropriate in all key aspects.

Compliance

NEG Hotline Whistleblowing System



Note: Flow diagram is for NEG and its group companies in Japan.

Number of Whistleblowing or Consultations within the NEG Group

FY2019	FY2020	FY2021	FY2022	FY2023
11	11	12	25	16

Measures to Prevent Corruption

With increasing globalization, the importance of preventing corrupt actions such as bribery in international transactions is being recognized worldwide.

Our Group Code of Conduct prohibits the bribery of public officials or others in positions of public service in Japan or any other country. The issue of preventing corruption is addressed in compliance training at our group companies both in Japan and abroad, held during Compliance Awareness Month.

Measures to Maintain Fair Business Dealings

We recognize the importance of adhering to antitrust laws in promoting fair international dealings.

Our Group Code of Conduct prohibits actions such as price-fixing or cartel agreements, and based on the internal rules at our group companies inside and outside Japan, any contact with a director and an employee of a competitor must be requested ahead of time and reported on afterwards. Adherence to the antitrust laws is covered in our annual group company compliance training, and we also hold seminars on the antitrust laws for employees who work in sales.

Import/Export Control Initiatives

We have established a Trade Control Committee as part of efforts to ensure thorough implementation of export controls and compliance with various export-related legal requirements, such as the Foreign Exchange and Foreign Trade Act. Among other things, the Trade Control Committee scrutinizes the implementation of export control procedures, facilitates Foreign Exchange and Foreign Trade Act-related training, and develops internal rules and regulations.

Also, in order to ensure appropriate compliance with import/export customs procedures and tax reporting, we have established the Specified Export Declaration Office and Special Import Declaration Office to facilitate the implementation of trade-related business according to the requirements of the Customs Act and other tariff-related laws. To ensure thorough compliance and greater awareness, we conduct regular Group-wide auditing and employee training in the execution of our operations. These and other initiatives have earned us certification as an Authorized Economic Operator (AEO) by Kobe Customs for both exports and imports. This is a status conferred on those economic operators that have well-developed cargo security controls and legal compliance structures in place. Thanks to this, not only the company but also its overseas subsidiaries are conferred AEO mutual recognition, thereby expediting smoother import/export customs procedures. In addition, we are the only Japanese glass manufacturer to be certified as an AEO for both imports and exports. (Current as of March 5, 2024.)

Electric Glass (Guangzhou) Co., Ltd. earned recognition as an Advanced Certified Enterprise, the highest status under the Chinese AEO classification system from the local customs.

Compliance Education, Workshops, and Lectures Held in Fiscal 2023

	Name	Intended persons	Times	Participants	Theme
Japan	Education for new employees (new graduates)	All new employees (new graduates)	2	80	<ul style="list-style-type: none"> • Corporate Philosophy, Code of Conduct, Principles of Activities • What is compliance? • Whistleblowing system • Case studies, etc.
	e-learning	Executives and employees at NEG and subsidiaries in Japan	—	2,457	<ul style="list-style-type: none"> • Compliance explained • Case studies • Whistleblowing system
	Lectures	Executives and general managers at NEG, representatives of subsidiaries in Japan, area branch managers	1	55	<ul style="list-style-type: none"> • Business and human rights
	Antitrust seminar for sales departments	NEG employees engaged in sales activities	1	63	<ul style="list-style-type: none"> • Cartel regulations • Obstructing competition in distribution • Elimination of competitors • Abuse of superior bargaining position
Overseas	Workshops	Managers at subsidiaries in the US, UK, Germany, and Malaysia	—	267	<ul style="list-style-type: none"> • Compliance explained • Corporate Philosophy, Code of Conduct, Principles of Activities • Case studies • Whistleblowing system

As a result of these efforts, no cases occurred in fiscal 2023 of bribery, anticompetitive acts, or any other infraction requiring legal action.

Preparing for Computer Security Incidents

Every year, ransomware and other types of cyberattacks are becoming more advanced and sophisticated. The number of companies being affected is also growing, presenting an increasing risk to business.

At NEG, we are working to strengthen our responsiveness to such risks in terms of our systems, as well as on an organizational and individual level. In addition to our existing training and education for employees, we established a Computer Security Incident Response Team (CSIRT) and have created a manual for how to respond to computer security incidents. Also, in preparation for a possible incident, we conducted a training exercise in fiscal 2023, which followed on from the previous year's training aimed at CSIRT. Moving forward, we will continue to work on strengthening our responsiveness, both in terms of systems and organizations/individuals.

Implementing BCP

To be prepared for disasters such as earthquakes, typhoons, floods, fires, and mass infections, we created a disaster management manual based on the company's disaster preparedness regulations, and we carry out emergency drills periodically. In the wake of the 2011 Great East Japan Earthquake, we reviewed our disaster management measures and implemented seismic reinforcement to our buildings, production facilities, and equipment.

In 2015, we began using business continuity planning (BCP), which replaced the previous disaster preparedness regulations. To facilitate the processes necessary for BCP, we created a manual providing information on detailed preparation procedures and actions that should be taken when an emergency or disaster strikes. In accordance with the implementation of BCP, we have also introduced a system that will efficiently confirm the whereabouts of all domestic employees and their families in case of an emergency. Moreover, in order to resume production and continue to supply our customers in the aftermath of a disaster, we are working to strengthen our procurement-related risk management system.

BCP Basic Policy

- 1 Protect each employee and their families and secure their safety
- 2 Protect production equipment, prevent the spread of damage as well as secondary disasters from occurring within the company and the adjacent communities, and help with rescue efforts
- 3 Resume providing customers with products and services as rapidly as possible

BCP Response Training

At our BCP response training carried out in November 2023, we conducted a drill focused on responding to the issuance of Nankai Trough Earthquake Extra Information and, from this, were able to identify response-related issues.



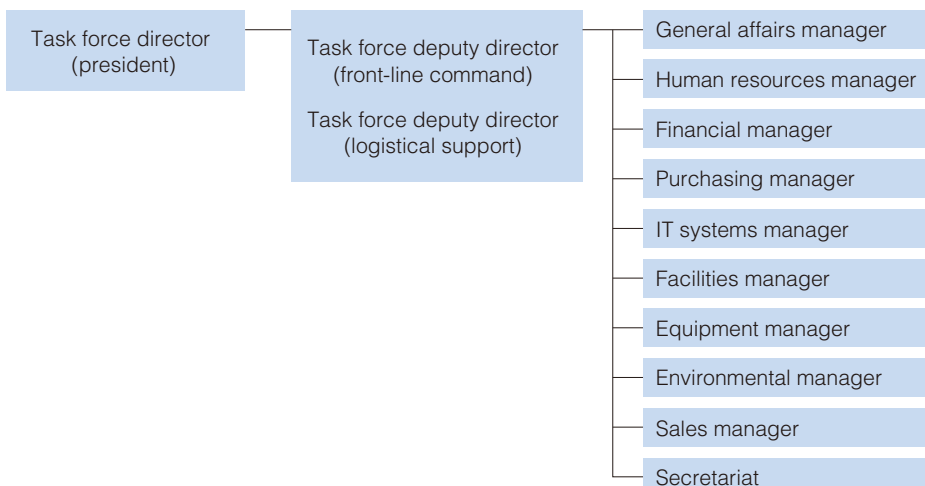
BCP response training

BCP Activation Structure

Head Office Disaster Response Task Force — Area Branch Disaster Response Task Force (for 6 bases in Japan)

Roles | Head office: Implement basic policy and decision-making for general disaster response
 | Area branches: Facilitate disaster response while coordinating closely with the Head Office

Structure of Head Office Disaster Response Task Force



Risk Management

Business Risks

Risk	Description	Possibility	Impact	Response
① Risks related to procurement of materials and other items	Limited supply or delays for raw materials and fuels, or rising prices of such materials or logistical costs	Medium	Large	Maintain good relations with suppliers, find new suppliers, increase the number of suppliers, and switch to general-purpose materials.
② Risks related to natural disasters, accidents, and outbreaks of communicable disease	Suspension of operations or delays in production and shipments caused by natural disasters such as earthquakes, typhoons, and heavy rains, or accidents such as fires and power outages, or outbreaks of infectious disease (including such occurrences in the supply chain); and costs to repair damage to facilities	Medium	Large	Implement a business continuity plan, provide seismic reinforcement of structures, implement disaster preparedness measures, arrange dispersed manufacturing sites, and prevent the introduction and spread of communicable diseases.
③ Risks related to information security	Claims for damages due to the leaking of confidential information that the NEG Group obtained in the course of business, or tarnished corporate reputation due to such problems; and the suspension of business activities or information systems operation due to a computer virus or cyberattack	Medium	Medium	Establish an Information Management Committee, establish a Computer Security Incident Response Team (CSIRT), carry out incident response drills, deploy security systems, and provide in-house training.
④ Drastic changes in demand and market structure	Contracted demand for existing products due to technological innovation, or fluctuation of price or supply of products due to intensified competition	Medium	Medium	Speed up R&D, respond to new needs through aggressive sales.
⑤ Capital expenditure risks	Significant change in demand forecast, shortage of plant capacity, sudden change in price of major equipment or materials	Medium	Medium	When and however necessary, build new production facilities and continuously upgrade them.
⑥ Environmental risks	A shift to stricter environmental regulations, or more corporate responsibilities related to the environment demanded by society	Medium	Medium	Develop environmentally friendly products, ensure that facilities and management systems exert minimal impact on the environment, raise production efficiency, practice the 3Rs (reduce, reuse, recycle), strengthen efforts to reduce carbon emissions, and promote disclosure based on TCFD recommendations.
⑦ Risks related to legal restrictions	Violation of the laws or regulations of the country or region where we operate	Medium	Small	Comply with laws and regulations, survey changes in legal revisions, and hold periodic in-house education and audits.
⑧ Risks related to fluctuations in currency exchange rates and interest rates	Fluctuations in currency exchange rates and interest rates	Medium	Small	Utilize forward exchange contracts, properly manage interest-bearing debt, and secure partial financing of fixed-interest-rate loans
⑨ Risks related to the sales of certain products	Change in investment or sales plan or material procurement policy of our major customers	Low	Large	Diversify our customer base.
⑩ Risks related to overseas business operations	Unanticipated changes in laws or regulations; international tax risk; particular trade practices; changes in political or social conditions; and social turmoil due to terrorism, war, outbreaks of infectious disease, or other factors	Low	Medium	Facilitate close communication between overseas subsidiaries and local authorities, and get advice from experts.
⑪ Risks related to labor and securing human resources	Difficulty in securing appropriate human resources for future business development and labor-related compliance violations	Low	Medium	Secure an optimal and effective workforce through active recruitment and training of diverse personnel, achieve labor saving through automation and other means, and institute labor management according to laws and regulations.
⑫ Risks related to intellectual property rights	A litigation related to intellectual property rights	Low	Medium	Obtain intellectual property rights useful for business, survey and monitor other companies' intellectual property rights, develop alternative technologies, and take over or license intellectual property from other companies.

Respecting Human Rights

● Basic Stance on Human Rights

In line with the spirit of our Corporate Philosophy Structure, the NEG Group advocates respect for human rights and ensuring workplace safety and health, among other policies, in our NEG Group Code of Conduct and NEG Group Principles of Activities. Further, in addition to compliance with laws, regulations, and company rules, we ensure that our corporate activities are conducted in a highly ethical manner, which comports with international standards, such as the United Nations' Universal Declaration of Human Rights and the International Labour Organization's (ILO) Fundamental Human Rights Conventions.

NEG Group Code of Conduct: 7. Respect for Human Rights

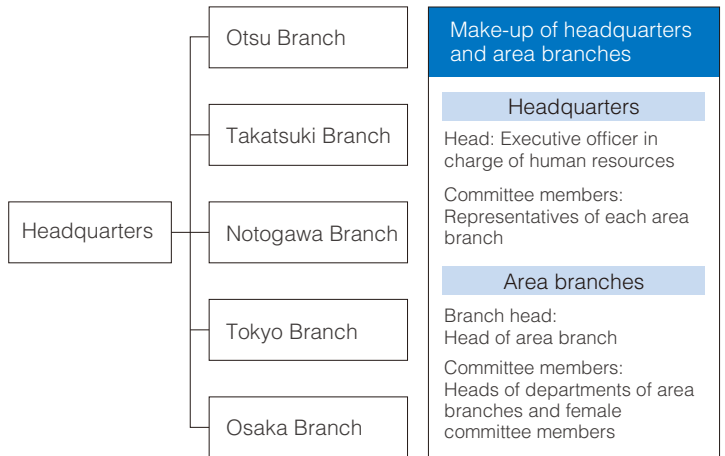
- NEG Group respects fundamental human rights of all people in all aspects of our corporate activities.
- NEG Group ensures a safe work labor environment under which diverse human resources can fully demonstrate their abilities, and strives to human resource development.

● Structure

We have established the Committee on Human Rights Issues to promote human rights-related activities. The committee comprises members from a wide range of departments and, in accordance with action plans established by headquarters and area branches, works tirelessly throughout the year to implement a variety of activities, including running human rights-related training for all new employees, organizing human rights-related training sessions given by outside instructors to all employees, and facilitating participation in, and dispatching NEG executives to, projects run by local governments and outside groups. We are also a board member of the Shiga Prefecture Human Rights Issues Liaison Committee. Based in Shiga Prefecture, where our main operations are located, this committee allows us to play a leading role in promoting human rights in the region.

If a human rights risk arises, the Compliance Committee will receive a report through the NEG Hotline whistleblowing system and then the NEG Group as a whole will undertake risk management.

Organization Chart of the Committee on Human Rights Issues



● Actions

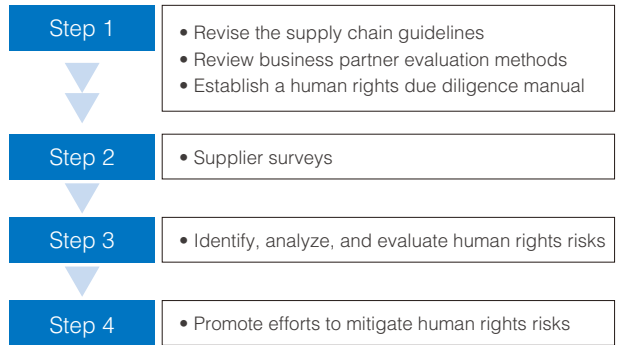
• Supply Chain

Preventing and mitigating human rights-related risks in the supply chains of our suppliers is a key priority. In order to address this issue within the entire supply chain, we revised our supply chain guidelines in 2023, reviewed our business partner evaluation methods, and established a human rights due diligence framework. We will continue taking action to identify human rights risks in the supply chain and work with our business partners to mitigate these risks.

• NEG Group

With the Committee on Human Rights Issues as our standard bearer, we are working to facilitate a better understanding of human rights issues among the members of the Committee and area branches and to promote employee-focused awareness-raising activities and local human rights activities. We are also actively implementing a policy of ensuring that 100% of new hires (recent graduates/mid-career hires) receive human rights-related education.

Action Steps



Main Activities (Fiscal 2023)

- Human rights training for new employees (topics related to life fulfillment)
- Human rights training for employees (topics related to ableism)
- Compliance training
- Participation in Shiga Prefecture Human Rights Issues Liaison Committee commemorative events, training sessions, etc.
- Participation in government-sponsored human rights training sessions, training sessions for human rights awareness-raising personnel, etc.

	FY2021	FY2022	FY2023
Cumulative number of employees participating in and dispatched to outside activities (government and external organizations)	225	270	126
Number of employees participating in in-house human rights activities	807	818	1,360

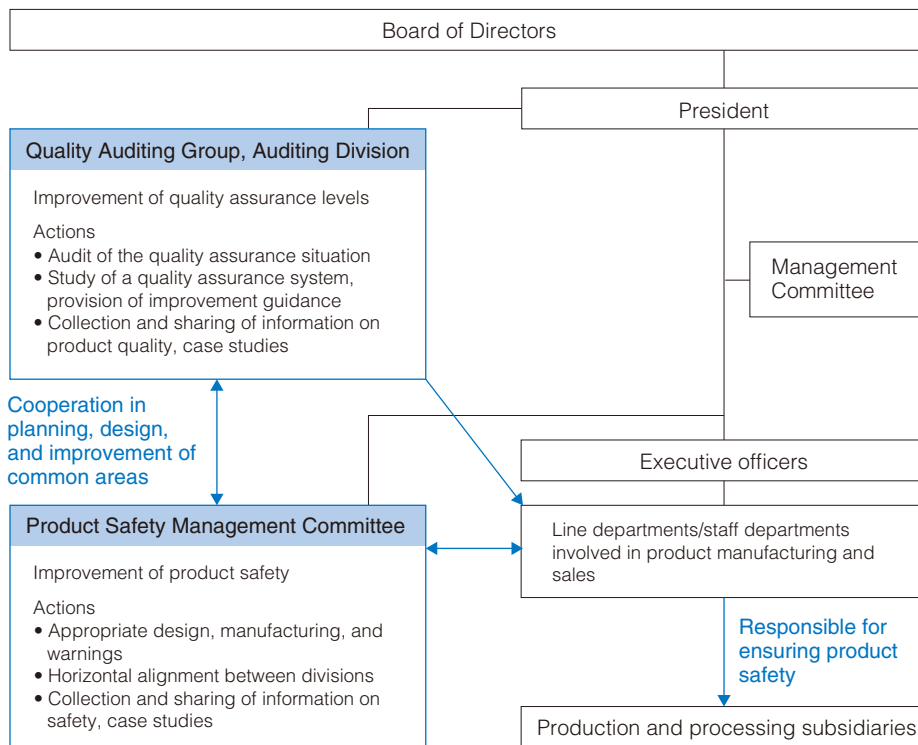
● UK Modern Slavery Act

Subsidiary Electric Glass Fiber UK, Ltd. has published a transparency statement pursuant to Section 54 of the UK Modern Slavery Act 2015.

Communicating with Stakeholders

Communicating with Customers

Diagram of the Product Safety and Quality Assurance System



Product Safety Management Committee

The Product Safety Management Committee enhances the safety of our products. Committee members are selected from line departments in charge of manufacturing and sales and from staff departments in charge of product design and process design.

- Actions**
- Appropriate design, manufacturing, and warnings
 - Horizontal alignment between divisions
 - Collection and sharing of information on safety, case studies

Quality Assurance Department

Each of our line departments involved in product manufacturing incorporates a quality assurance department. Our personnel undertake quality assurance for each product in response to customer requests and to help improve manufacturing expertise.

Quality Auditing Group, Auditing Division

We have established a Quality Auditing Group within the Auditing Division, which is under the direct control of the president and which drives cross-company efforts to improve quality assurance levels within the entire NEG Group.

- Actions**
- Audit of the quality assurance situation
 - Study of a quality assurance system, provision of improvement guidance
 - Collection and sharing of information on product quality, case studies

Communicating with Business Partners

Business Partner Briefings

We hold regular business partner briefings as part of our efforts to enhance communication with our business partners.

	FY2023
Number of companies attending the business partner briefing	160

Request to Our Business Partners

1. Maintenance and improvement of product competitiveness, stable supply
2. Compliance with laws, regulations, and social norms; respect for human rights; consideration for working conditions
3. Environmental preservation
4. Appropriate information management
5. Sound corporate management
6. Eliminating the use of conflict minerals

Supplier Surveys

In order to foster understanding of our supply chain guidelines and green procurement guidelines, as well as to enhance the effectiveness of supply chain-related initiatives, we conduct a survey of our major suppliers each year and seek their commitment to supporting and participating in NEG initiatives. We also visit key suppliers to confirm the status of environmental conservation, health and safety, and other efforts being undertaken by them.

	FY2023
Number of companies taking the supplier survey	116

Announcement of the Partnership Building Declaration

In March 2022, we announced the Partnership Building Declaration. This signals our intention to build new partnerships through the pursuit of cooperation and co-prosperity with those companies that we work with in the supply chain and with which we create value.

Communicating with Shareholders and Investors

● General Meeting of Shareholders

The 105th General Meeting of Shareholders was held on March 28, 2024. Following a report on the fiscal year results and the state of our business, our management responded in a sincere manner to issues raised by our shareholders.

● Communicating with Investors

We communicate with institutional investors inside and outside Japan through a variety of means, including individual interviews, briefing sessions on financial results, and IR-related events organized by securities firms. The opinions and requests that we received from investors are fed back to our management and utilized to help improve our investor relations activities.

Total number of dialogues held	FY2023
Companies in Japan	92
Overseas companies	96
Total	188
Of which ESG was the main topic	7

Main Topics of Dialogue

Regarding PBR 1x, business strategy to improve profitability, financial strategy to improve capital efficiency, sustainability strategy, shareholder return policy, expansion of information disclosure, etc.

Status of Feedback (e.g., for Management)

The content of dialogue with shareholders and investors is regularly reported at the Management Committee.

Actions Taken in Light of Dialogue

Introduction of capital efficiency-focused business targets (ROE 8%, disclosure of optimal shareholder equity amount, etc.)

Expansion of information disclosure, such as about cash allocation

Tax Accounting

Our Tax Accounting Policy

The NEG Group complies with the tax-related laws and regulations of each country and region to ensure appropriate payment of taxes. We recognize this as a means of contributing to the socio-economic stability and development of these countries and regions, as well as of contributing to the stability of NEG Group business. The NEG Group does not make use of any tax havens for the purpose of tax avoidance.

Tax strategy information for the UK can be found on the NEG website via the following link.

https://www.neg.co.jp/uploads/sites/2/202312_UK-Tax-Strategy.pdf

● Tax Accounting Governance

Responsibility for tax accounting governance of the NEG Group is assumed on a tax item-by-item basis by the executive officers of the departments to which said tax item are assigned. In addition, each department is in charge of supervising the appropriateness of tax accounting.

● Transfer Pricing Tax System

The NEG Group utilizes a transfer pricing calculation method based on the OECD Transfer Pricing Guidelines, as well as the transfer pricing taxation systems of each country, to determine transaction prices between group companies according to an analysis of respective group company functions, assets, and risks. Also, in order to maintain the predictability of transfer pricing taxation, we utilize advance pricing agreements (APA) when called for to ensure appropriate payment of taxes.