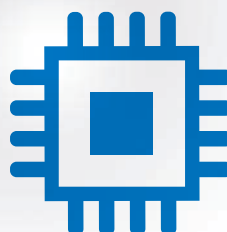




ESG DATA BOOK 2022

For the year ended December 31, 2022



Nippon Electric Glass Co., Ltd.

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On the Issuance of Our Databook

The Nippon Electric Glass Group ESG Databook 2022 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 2022 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 15 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.

Period of Reporting

Fiscal 2022 (January 2022 to December 2022).

Some qualitative information regarding fiscal 2023 has also been included in this report.

Publication, Next Scheduled Publication

Issued in May 2023. Next scheduled issue in May 2024.

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.

Environment

ISO 14001 Certification Status

In August 2017, we renewed our certification of registration for the international environmental standard ISO 14001:2015 (revised in 2015). The second renewal of certification is scheduled for 2023. 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
Nippon Electric Glass (Korea) Co., Ltd.	October 9, 2007
Electric Glass (Shanghai) Co., Ltd.	December 21, 2009
Electric Glass (Korea) Co., Ltd.	December 9, 2014
Electric Glass (Guangzhou) Co., Ltd.	November 11, 2015
Electric Glass (Xiamen) Co., Ltd.	April 17, 2017
Electric Glass Fiber NL, B.V.	May 22, 2017
Electric Glass (Nanjing) Co., Ltd.	April 13, 2018

Implementing the Environmental Management Plan

We achieved all 42 targets that we set for our plants in Japan in fiscal 2022. For fiscal 2023, we are striving to boost environmental performance through 46 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 2022 such training was carried out for 28 new internal auditors.

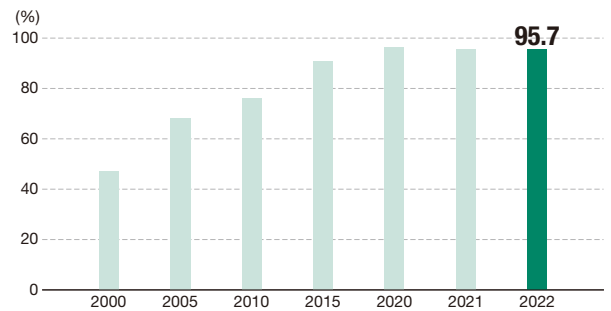
Global Warming Countermeasures

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.

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 (NOx) in a furnace is reduced. In 1993, we installed Japan's first oxy-fuel firing glass melting furnace. This technology has now been adopted for almost all of our furnaces.

Percentage of Oxy-fuel Firing Furnaces among All Melting Furnaces

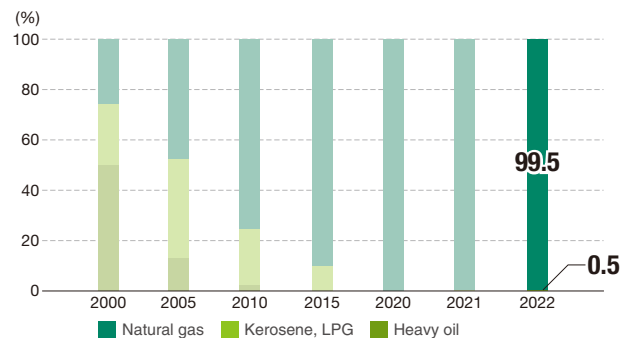


Fuel Conversion in Glass Melting Furnaces

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 2010 we completely stopped using heavy oil, and in 2022 we achieved a natural gas usage rate of 99.5%.

We are currently developing combustion technologies that do not emit CO₂. In 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.

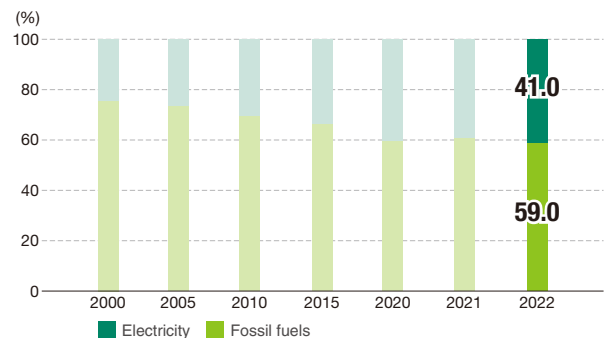
Fuel Conversion

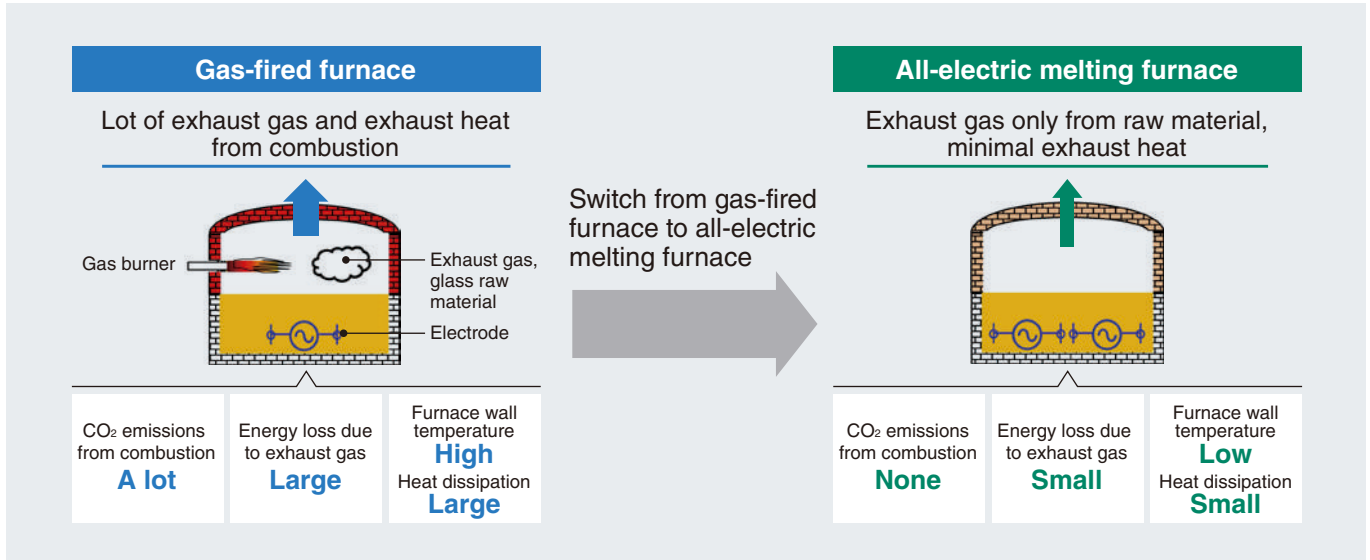


Increasing Electricity Usage in the Glass Melting Process

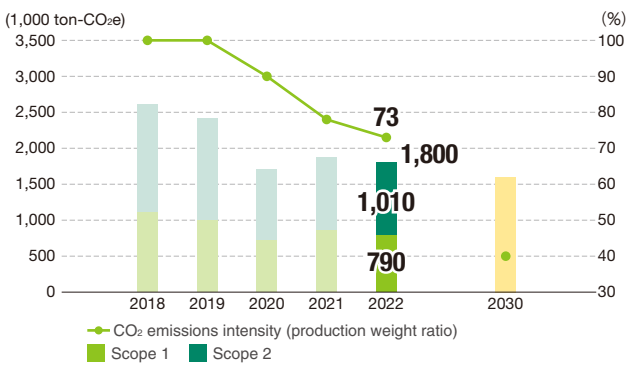
In the current melting process, both gas and electricity are used. When using electricity, we insert electrodes into the molten glass, a method of heating that uses the direct passage of electric current. This method is highly energy efficient, and produces less exhaust heat than gas combustion. Carbon 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, with the aim of achieving carbon neutrality in the future.

Electricity Usage





Annual CO₂ Emissions and CO₂ Emissions Intensity*

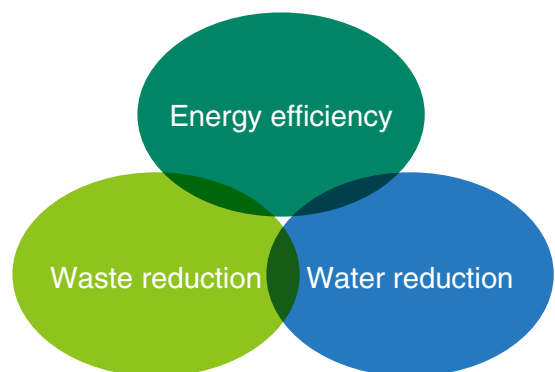


- 2030 reduction targets (relative to 2018)
 - CO₂ emissions: 36% reduction
 - CO₂ emissions intensity: 60% reduction

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

Environmental Business Plan

The Environmental Business Plan is our unique program that applies our business management methods to environmental protection activities. Waste and water usage reduction activities were begun in 2000 and energy-efficiency activities in 2021. Through these activities we strive to reduce our environmental impact.



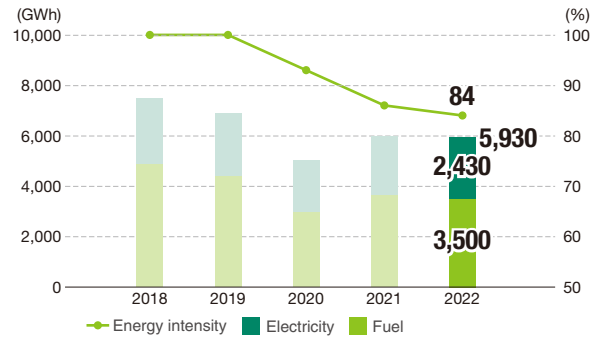
● Energy Efficiency

In 2021 we initiated efforts under an energy business plan that makes visible the amount of energy used in product manufacturing processes globally and promotes the efficient use of energy and 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 improvement plans for improving energy efficiency.

These activities combine with efforts such as increasing electricity usage and incorporating new manufacturing process technologies such as hydrogen combustion towards meeting our carbon neutral targets. Our aim is to become the world’s most efficient and environmentally friendly glass manufacturer. Our energy intensity in 2022 was down 16% over 2018.

Total Energy, Energy Intensity



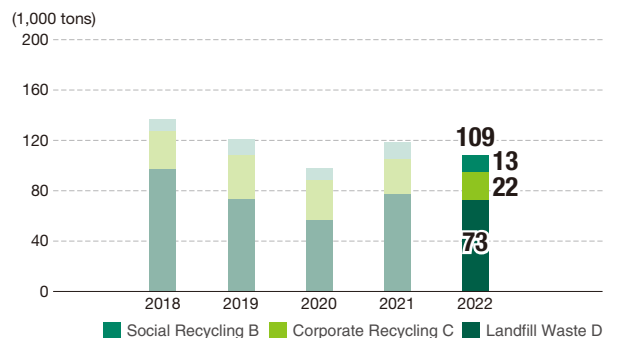
● Waste Reduction

As part of the waste reduction efforts we launched in 2000, 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.

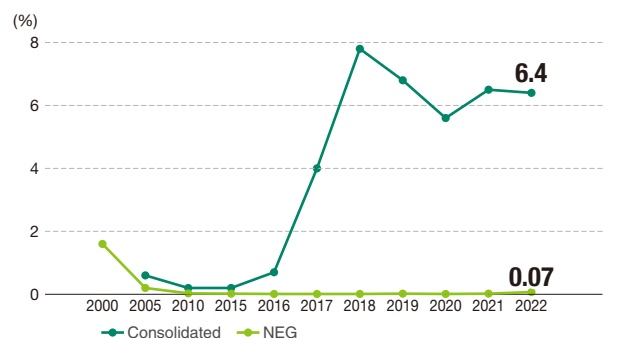


Total Emissions



With regard to normal waste requiring landfill disposal (Landfill Waste D), our ongoing efforts since 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 glass fiber business acquisitions in the U.K., the Netherlands, and the U.S. in 2016 and 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.

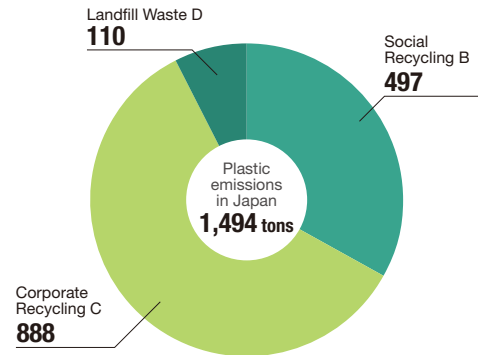
Normal Waste (Landfill Waste D) per Total Weight of Products Sold



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 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 2022, emissions from our plants in Japan of plastic, seen as problematic in recent years, were 1,494 tons. Of this, 998 tons was Corporate Recycling C and Landfill Waste D, which are handled as waste. We will soon conduct the same waste reduction efforts at our overseas plants.

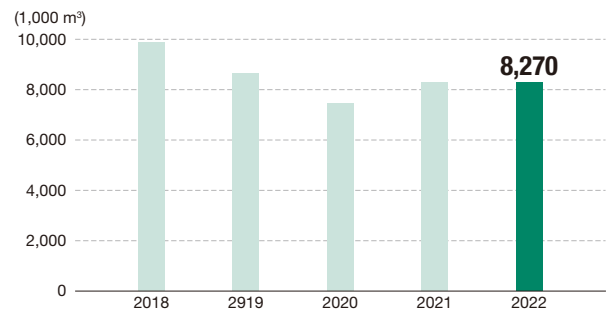


Water Reduction

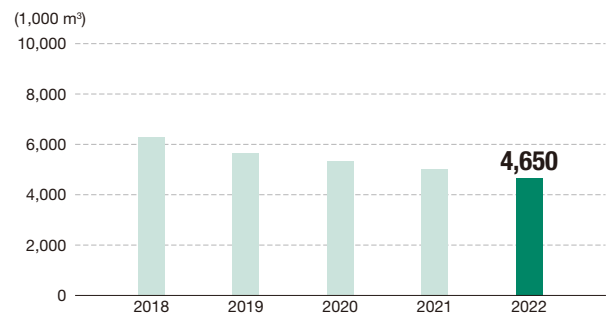
We believe that our level of manufacturing refinement is represented in the way water is used. Consequently, by managing our water usage we are increasing our understanding of the entire glass manufacturing process, including melting, forming, and processing, while further improving our process technology and equipment. The graphs show the change overtime in water intake 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 LCD business since fiscal 2014.

To reduce the intake 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 intake 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.

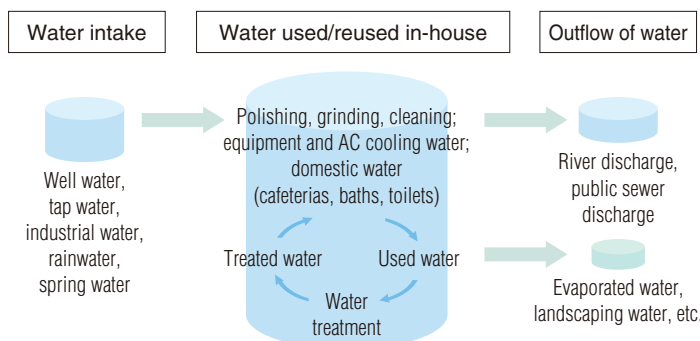
Water Intake



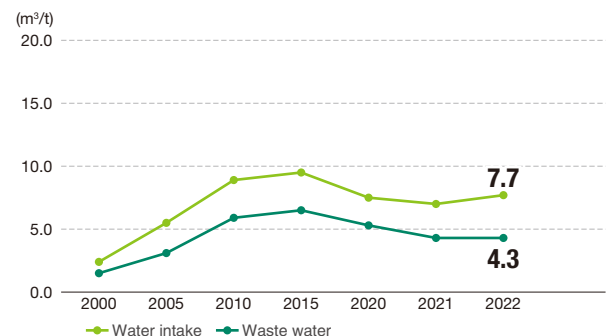
Waste Water



Water Flow



Water Intake/Waste Water per Total Weight of Products Sold



Protecting Biodiversity

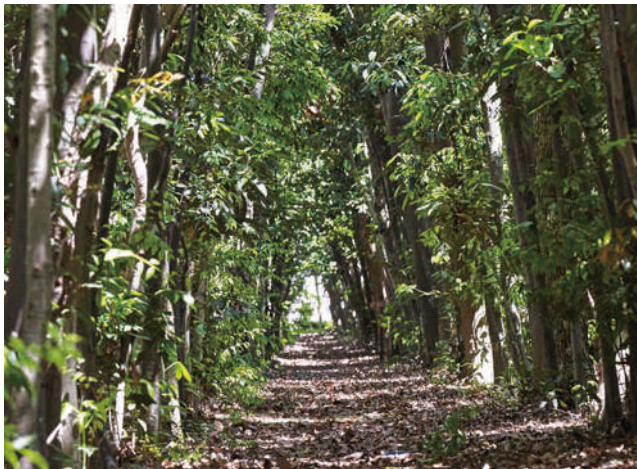
To fulfill our social responsibility as a corporation, we are required to make efforts to protect the global environment in our business operations. We have identified “consideration for the environment” as one of our key values, and we have been working to protect biodiversity.

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 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 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

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.



Analysis of Environmental Impact (Fiscal 2022 Consolidated Basis)

Input

		Unit	2018	2019	2020	2021	2022
Energy	Total energy	(GWh)	7,500	6,920	5,040	5,990	5,930
	Electricity	(GWh)	2,620	2,490	2,040	2,340	2,430
	Fuel	(GWh)	4,880	4,430	3,000	3,650	3,500
Water	Water intake	(1,000 m ³)	9,880	8,630	7,450	8,270	8,270

Output

		Unit	2018	2019	2020	2021	2022
Atmosphere	CO ₂	(1,000 tons)	2,610	2,410	1,710	1,880	1,800
	Scope 1	(1,000 tons)	1,110	1,000	730	870	790
	Scope 2	(1,000 tons)	1,500	1,410	980	1,010	1,010
	SO _x	(ton)	183	207	149	96	126
	NO _x	(ton)	4,160	3,280	2,690	2,520	2,540
	Particulate matter	(ton)	239	258	212	216	261
Water	Waste water	(1,000 m ³)	6,310	5,670	5,320	5,030	4,650
Waste	Total emissions	(1,000 tons)	137	121	98	118	109
	Social Recycling B	(1,000 tons)	9	13	9	13	13
	Corporate Recycling C	(1,000 tons)	31	35	32	28	22
	Landfill Waste D	(1,000 tons)	97	74	57	77	73

Note: The values for SO_x, NO_x, and particulate matter have been adjusted for 2018 to 2021 after reflecting revised coefficients from local authorities.

Environmental Accounting (NEG)

(Million yen)

Category		Main activities	2021		2022		
			Investment	Expenses	Investment	Expenses	
(1) Costs within operational area	Costs to reduce environmental footprint of production activities within operational area		99	2,993	189	3,250	
		Breakdown	1. Anti-pollution maintenance and management costs	80	491	54	586
			2. Global environmental conservation costs	6	691	33	957
			3. Resource recycling costs	14	1,811	102	1,707
(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	—	166	—	193	
(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	3	742	—	751	
(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	807	887	244	1,025	
(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	—	101	—	95	
(6) Environmental remediation costs	Costs to deal with damage to the environment	Environmental restoration expenses	—	221	—	5	
(7) Other costs	Other costs relating to environmental conservation	Expenses for dismantling and removal of environment-related equipment and facilities	48	27	15	19	
Total			957	5,137	448	5,338	

Note: Regarding investment and expenses, only costs clearly arising directly from environmental concerns have been aggregated. In regard to production facilities and R&D, only sections related to the environment have been included.

(Million yen)

Item	Description	2021	2022
Total investment	Scheduled repair of glass melting furnaces and production rationalization investment, investment to improve manufacturing productivity of major products	34,234	46,846
Total research and development costs	Development and improvement of process technology, and development of products, including FPD glass and glass for electronic devices	6,272	6,932
Proceeds from sales of valuable resources related to 3. of (1)	Sales of scrap metal, scrap bricks, etc.	10	52
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 110 billion yen in fiscal 2022.



Saving Energy and Labor



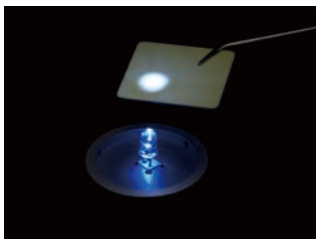
E Glass Fiber (chopped strands)

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



G-Leaf™ ultra-thin glass

Just micrometers thin, it helps make devices lighter. It also expands the possibilities of labor saving in manufacturing through its use in a roll-to-roll process.



Lumiphous™ phosphor-glass composite

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

Creating Energy



E Glass Fiber (roving)

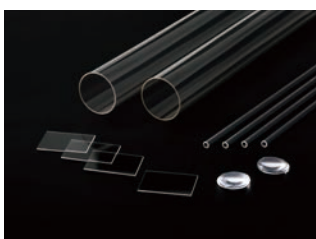
This material is used as reinforcement for the plastic blades of wind turbines. It also holds promise as reinforcement in the hydrogen gas tanks of fuel-cell vehicles.



All-solid-state sodium-ion secondary battery (under development)

We have developed a glass-ceramic solid electrolyte having sodium-ion conductivity exceeding that of organic electrolytes and a wide operating temperature range. By using this in place of conventional β alumina ceramic electrolyte, we have achieved the world's first all-glass-ceramic, oxide, all-solid-state sodium-ion secondary battery that uses glass ceramics for all of the battery's key components. The battery's use of sodium, which is a cheap and abundant resource, and its high stability, offer practical-level performance and great promise for the future. The product is under development and we hope to commercialize it as soon as possible.

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.

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.



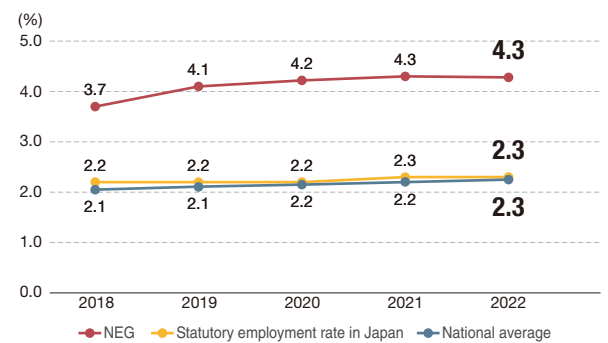
Workplace Improvement Examples

- 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%, which is double the statutory requirement. As of the end of 2022, we had achieved a 4.28% employment rate for people with disabilities. Moving forward, we will continue to employ people with disabilities.

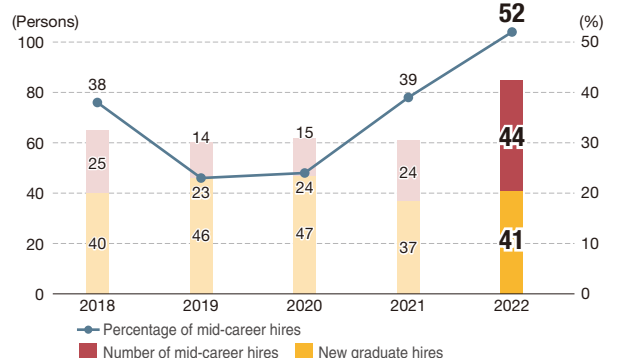
Percentage of Employees with Disabilities (NEG and consolidated subsidiaries in Japan)



Hiring Mid-career Professionals

We constantly strengthen our human resource foundation by actively hiring mid-career professionals. Besides regular hiring channels, we have referral and alumni recruitment in order to widen the incoming worker pipeline, which has given us access to professionals with high levels of expertise. As a result, more than half of new employees in 2022 were mid-career hires. We will continue to secure a wide range of employees with diverse experiences and skills.

Number of Hires



Human Resource Development

Education and Training Held (2022; NEG)

- Training hours (under head office education section): 44 hours/person
- Training cost: 284 million yen company wide: 168,000 yen/person

Education and Training System

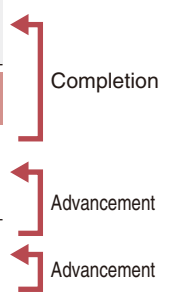
Level	By level			Career development	Language study	By job category	By skill/purpose	Self-development	Outside training
Director	Director training								
Executive	Executive training								
Manager	Secondary evaluator training			Life plan and career development training	GCP practical business English training	Sales position 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 Small-group activities on the manufacturing floor	Language: evening classes in English/Chinese	Official qualifications system
	Manager training								
	Primary evaluator training New appointee evaluator training								
Mid-level employee–young employee	Managerial/technical course	General course	Skills/technical course						
	Mid-level employee 10th-year training	OJT	OJT						
	Young employee 5th-year training Young employee 3rd-year training	General course employee training	Young employee 3rd-year training						
New employee	Managerial/technical course	General course	Skills/technical course						
	Review training after 1st year on the job		Review training after 1st year on the job						
	Technical practical training at assigned post	OJT	OJT						
	Administrative practical training at assigned post and overseas Practical training in shift work	Practical training at assigned post	Practical training at assigned post						
	Group training upon joining company								

Global Communications Program (GCP) for English Training

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	0 to 399	9%	



Number of Participants

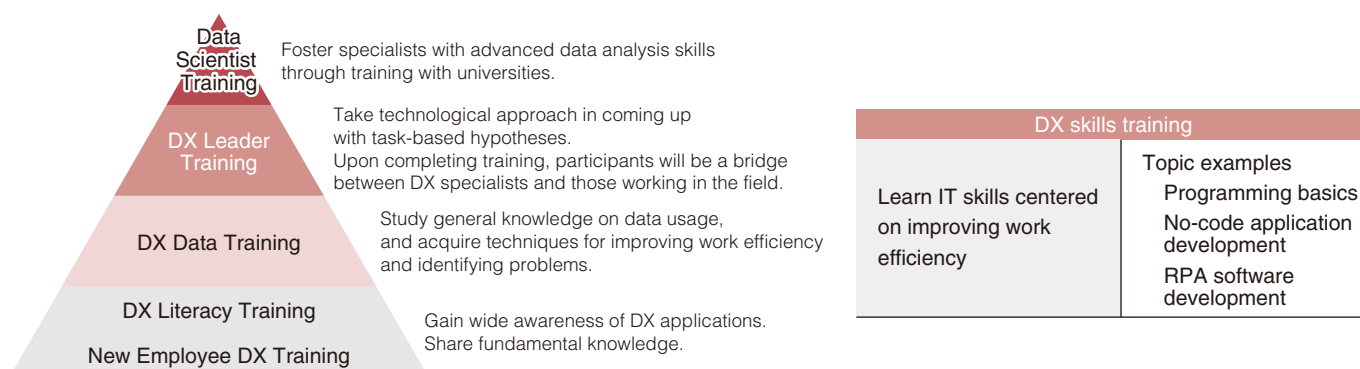
2020	2021	2022
107	119	125

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 2022 we replaced our AI/IoT training with the training shown below.

Besides learning the latest technologies and case studies, participants come up with ideas for DX in the workplace and learn about programming language through the VBA (Visual Basic for Applications) programming language. This training will continue in order to boost employees' levels and foster data scientists at NEG.



Number of Participants

2022	
DX literacy training	1,184
New employee DX training	25
Programming basics	30

2023 plans	
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

● “The Unlimited Possibilities of Glass” Course

Administrative employees can take a course in glass basics. Taught by NEG employees in basic research, the course deepens knowledge of glass and creates greater awareness of our corporate philosophy. A video for this course was created in fiscal 2022 so that employees can learn about the basics of glass whenever they wish. Going forward, we will create more study opportunities for those as yet unable to take this course.

Course Content, Number of Participants

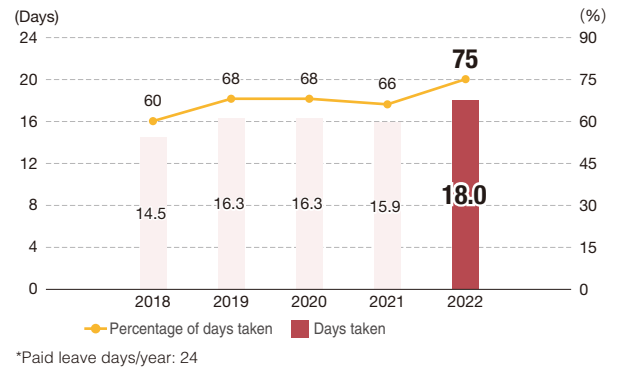
Target	Level	Content	Cumulative no. of participants (2022)	Video views
Advanced sales	Advanced	Product discussions Future product ideas	38	Advance 693 Standard 755
Sales	Intermediate	Introduction to products Direction of development	123 (27)	
Staff	Elementary	Qualities of glass Applications and characteristics of main products	166 (16)	
General employees	Basics	Glass in our lives Definition and characteristics of glass	62	
Total			389 (43)	1,448

Efforts to Retain and Empower Employees

Work-style Reforms

We have implemented 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 seminars that promote work-style reform.

Number/Percentage of Paid Leave Days* Taken



Main Initiatives

- Task inventory checks
- Establishment of a new 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
- 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

New Initiatives (from 2023)

- Expansion of work-from-home system
- Expansion of workplaces eligible for flextime, consideration of shortening core working hours

Support for Raising the Next Generation and Women’s Empowerment

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 6th Action Plan (2018–2021), we 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 7th Action Plan went into effect in April 2021, aiming 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



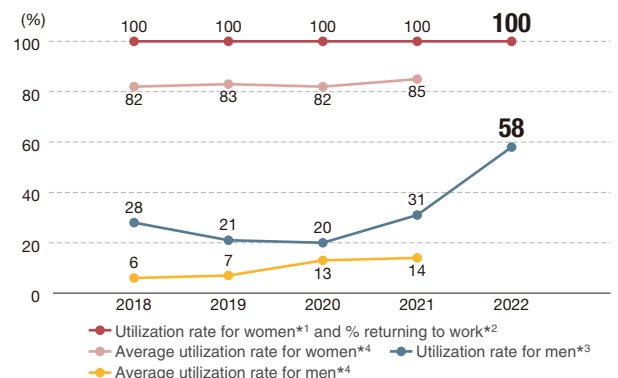
Implemented: April 1, 2021 to December 31, 2022

- Childcare leave
 - Women’s utilization rate: 100% (4/4)
 - Men’s utilization rate: 46.9% (30/64)
- 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
 - Review of an easier-to-use work-from-home system

Childcare Leave Utilization Rate

Since 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 2022, we held explanatory meetings for the various employee groups eligible for leave, and have achieved a childcare leave utilization rate of over 50% for men.

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

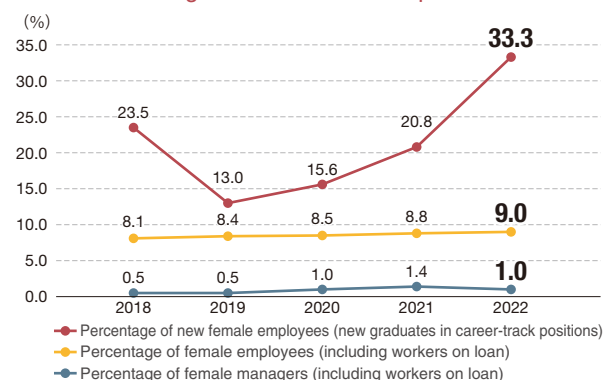


*1 Utilization rate for women: Number of people taking childcare leave ÷ Number of employees giving birth X 100
 *2 Percentage returning to work: After giving birth, percentage of people working continuously when child has turned 1 year old
 *3 Utilization rate for men: Number of men taking childcare leave ÷ Number whose spouses gave birth X 100
 *4 Average utilization rate for women/men: From Basic Survey of Gender Equality in Employment Management , by Ministry of Health, Labour and Welfare

Percentage of Female Employees and Female Managers (NEG)

Under our Women's Empowerment Project, we hold events for female employees to exchange information and opinions with each other and with staff at other firms. We are also working to nurture female leaders for positions in management. 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



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)
- Target the percentage of female managers by 2028 to be double that of 2022

Number of Employees, Years of Continuous Service, Turnover Rate

		2018	2019	2020	2021	2022
Number of employees	Men	1,891	1,837	1,811	1,797	1,787
	Women	143	156	161	169	173
	Total	2,034	1,993	1,972	1,966	1,960
Years of continuous service	Men	25.1	25.0	25.0	25.1	24.9
	Women	24.3	22.5	21.5	20.7	19.5
	Total	25.1	24.8	24.7	24.7	24.4
Turnover rate (%)		1.4	1.6	1.6	1.2	1.3

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

Wages

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.	
		Managers	
All employees	68.5%		
Regular employees	68.7%		88.5%
			92.9%
			89.9%
Part-time and fixed-term employees	56.8%		

Note: Wages include compensation for overtime and bonuses, but exclude commuting allowance, etc.

Period: Fiscal 2022 (January 1 to December 31, 2022)

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. (Most men in this category are employed in high paying positions; rehired after retirement, or in management positions. Women in this category are fixed-term employees working one year at most.)

Labor-Management Relations

Our employees are in the NEG labor union, which is a member of the Japanese Electrical Electronic & Information Union (JEIU). 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 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 and health and productivity management.

Human Rights Initiatives

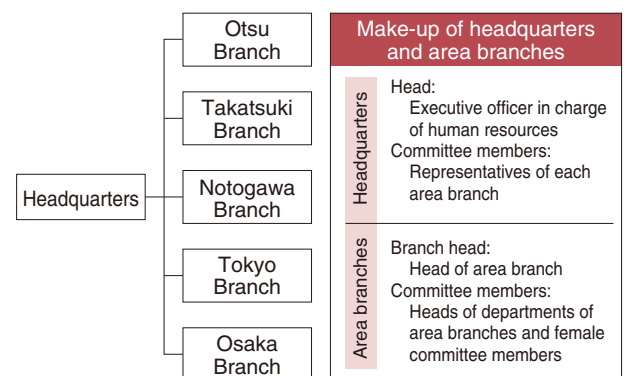
In line with the spirit of our Corporate Philosophy Structure, respect for human rights is set forth in our Code of Conduct and Principles of Activities. Led by our committee on human rights issues, we perform human rights education and participate in and dispatch executives to projects run by local governments and external groups. We are 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.

	2020	2021	2022
Cumulative number of employees participating in and dispatched to outside activities (government and external organizations)	97	225	270
Number of employees participating in in-house human rights activities	775	807	818



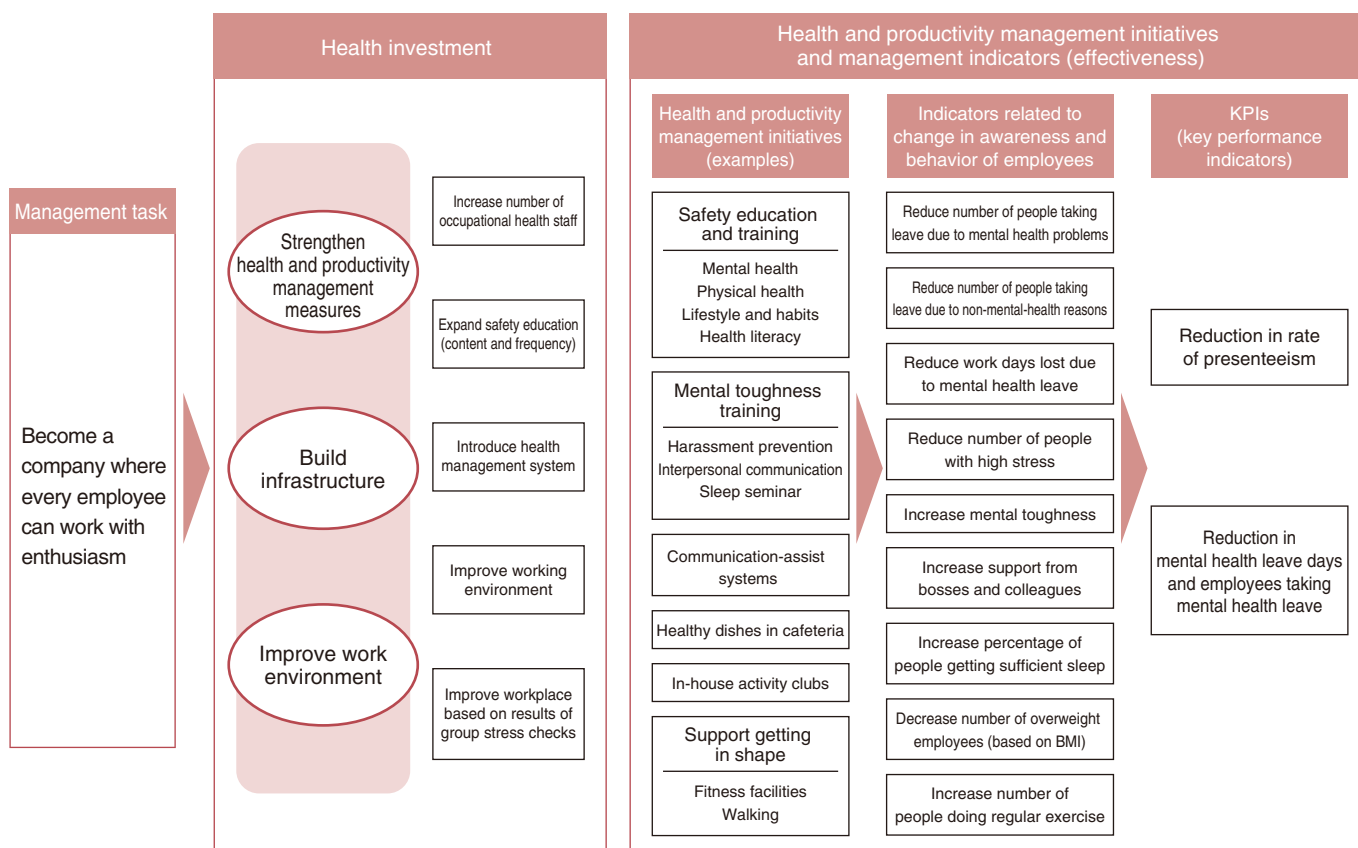
Human rights education

Organization Chart of the Committee on Human Rights Issues



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.



Health and Productivity Management

We have set KPIs*1 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. One of these is a no-smoking rule enacted in fiscal 2021 at all sales offices and plants in Japan.

Indicators and Targets for Health and Productivity Management

KPI	2022	2026 target
Reduction in rate of presenteeism*2	27%	23%
Rate of mental health leave (all employees)	1.2%	Less than 1%

*1 KPIs: This fiscal year, we are pursuing health and productivity management with new KPIs. For 2023, we have revised our organizational structure and we intend to expand education and training.

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

The company and our health insurance society were both certified in the 2023 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 fifth consecutive certification.



● Health and Safety

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 2022, there were two employee accidents at the company resulting in lost workdays. This has brought into focus issues that we will incorporate into health and safety initiatives from fiscal 2023 onward in order to eliminate lost workdays.

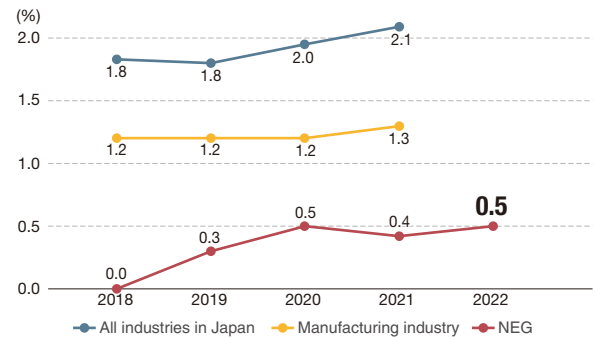
In the display business, the Shiga-Takatsuki Plant and overseas subsidiaries were certified for ISO 45001, the ISO standard for occupational health and safety.

NEG has a low industrial accident frequency rate compared to the manufacturing industry and industry overall in Japan. However, the number of industrial 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.

Organization Chart of Health and Safety



Industrial Accident Frequency Rate (NEG)

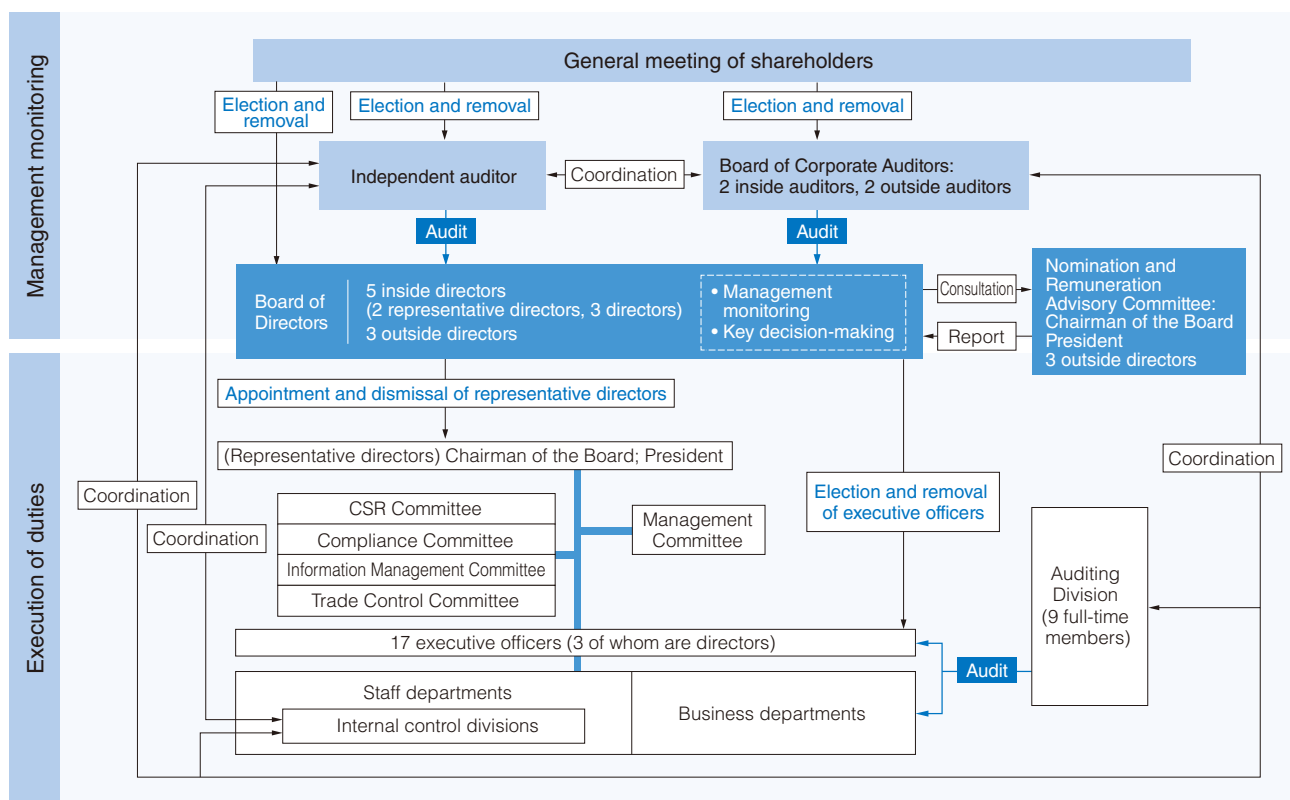


Corporate Governance

Our Corporate Governance Policy

We believe that to increase corporate value and achieve sustainable 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.

Diagram of Corporate Governance System (as of March 30, 2023)



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 30, 2023, the Board of Directors consists of eight members (including two representative directors, three inside directors, and three 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 104th Ordinary General Meeting of Shareholders (held on March 30, 2023) 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 30, 2023, 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 2022 and reported to the Board of Directors regarding the appointment of representative directors and other matters. 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.

The Committee comprises two representative directors and three 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)

● 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 30, 2023, 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 30, 2023, in addition to the president, there are 17 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.

Analysis and Evaluation of the Effectiveness of the Board of Directors

All of our directors respond to an annual questionnaire to investigate the effectiveness of the Board of Directors. The questionnaire focuses on (1) the Board of Directors in general, (2) the running of Board of Directors meetings, and (3) outside directors.

Questions and opinions from the fiscal 2021 questionnaire

- Whether the Board of Directors deliberated sufficiently in their meetings on corporate strategy and other matters related to the overall direction of the company
 - Corporate strategy was explained in regard to each business separately, but not sufficiently in regard to the overall direction of the company.
 - While all matters that required deliberation had been put on the agenda, because the large number of matters to discuss was from the most recent and short-term issues, a little more time was needed for the discussion of strategic issues from a medium- and long-term perspective.
- Whether the inside directors were aware of the difference between their role in executing their own duties and their role as a director and could express an opinion in discussions outside of their immediate purview, and could contribute to improving the quality of deliberations and decision-making by the Board of Directors
 - Although it is probably due to the fact that discussion is already exhausted in the Management Committee, they wanted inside directors to take a more proactive stance in discussing matters in Board of Directors meetings.

While efforts to improve in these areas are ongoing, with regard to 2. in particular, inside directors are taking a more proactive stance in discussions at Board of Directors meetings.

From the fiscal 2022 questionnaire, regarding the size of the Board of Directors, some were of the opinion that the current size is the minimum acceptable size, while others were of the opinion that it should be smaller.

Also, in response to the question of “Whether the inside directors were aware of the difference between their role in executing their own duties and their role as a director, could express an opinion in discussions outside of their immediate purview, and could contribute to improving the quality of deliberations and decision-making by the Board of Directors,” some felt that, although inside directors were participating in decision-making, they were not quite contributing to improving the quality of decision-making.

Based on the results of the questionnaire, we have determined that the Board of Directors is viable and that its effective functioning has been ensured. However, we will strive to enhance deliberations at Board of Directors meetings by making improvements based on evaluation results and will continue to evaluate its effectiveness.

Attendance at Board of Directors and Board of Corporate Auditors Meetings in Fiscal 2022

	Name	Board of Directors	Board of Corporate Auditors
Representative directors	Masayuki Arioka	14/14 meetings (100%)	—
	Motoharu Matsumoto	14/14 meetings (100%)	—
Directors	Hirokazu Takeuchi	14/14 meetings (100%)	—
	Hiroki Yamazaki	14/14 meetings (100%)	—
	Tomonori Kano	14/14 meetings (100%)	—
	Mamoru Morii	11/11 meetings (100%) (since assuming office in March 2022)	—
Outside directors	Shuichi Mori	14/14 meetings (100%)	—
	Reiko Urade	14/14 meetings (100%)	—
	Hiroyuki Ito	14/14 meetings (100%)	—
	Yoshio Ito	11/11 meetings (100%) (since assuming office in March 2022)	—
Full-time corporate auditors	Masahiko Ohji	14/14 meetings (100%)	13/13 meetings (100%)
	Yoshihisa Hayashi	14/14 meetings (100%)	13/13 meetings (100%)
Outside corporate auditors	Tsukasa Takahashi	14/14 meetings (100%)	13/13 meetings (100%)
	Yukihiro Yagura	11/11 meetings (100%) (since assuming office in March 2022)	10/10 meetings (100%) (since assuming office in March 2022)

Skill Matrix of Directors

For the company to be able to respond flexibly to changing business conditions and to improve corporate value over the medium and long term, we consider it necessary for directors to have specialized skills in a range of areas related to management.

Name	Position in the company	Outside independent	Gender	Nomination and Remuneration Advisory Committee (◎: Chairperson)	Major knowledge, experience, and capabilities			
					Corporate management	Financial and legal	Technology	Sales and marketing
Motoharu Matsumoto	Chairman of the Board (representative director)		Male	○	○	○		○
Akira Kishimoto	President (representative director)		Male	○	○		○	○
Hiroki Yamazaki	Director		Male				○	
Tomonori Kano	Director		Male		○		○	○
Mamoru Morii	Director		Male			○		○
Reiko Urade	Director	○	Female	○			○	
Hiroyuki Ito	Director	○	Male	○		○		
Yoshio Ito	Director	○	Male	◎	○		○	○

Note: The table above does not indicate all of the expertise possessed by each director.

Outside Directors and Corporate Auditors

As of March 30, 2023, there are three outside directors and two outside corporate auditors within the company. Outside directors make up over one-third of all 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 science expert who is specialized and highly experienced in the field of agricultural sciences; an economist with expertise and a robust background in corporate governance and organizational management; and a corporate management expert with many years of first-hand knowledge and experience in the world of corporate management.

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 experienced in their respective fields. They proactively perform their auditing duties and reinforce supervisory functions.

When hiring outside directors and corporate auditors, we base our selection on whether candidates satisfy requirements set for independent directors/corporate auditors in accordance with the Tokyo Stock Exchange's rules and regulations. At the same time, we also take into account the importance of avoiding any risks or conflicts of interest with our general shareholders. We have registered all our outside executives as independent directors/corporate auditors with the Tokyo Stock Exchange.

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 2022

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)	354	230	43	80	—	7
Corporate auditors (outside corporate auditors excluded)	43	43	—	—	—	2
Outside directors and corporate auditors	47	47	—	—	—	7

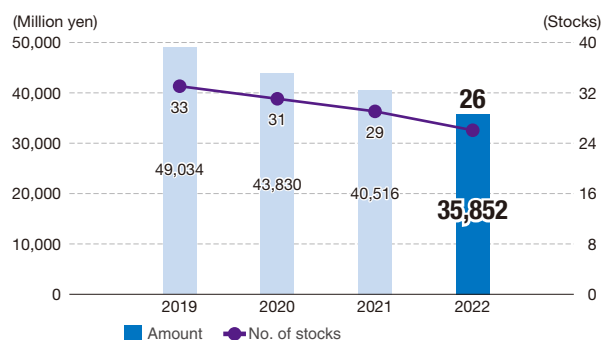
Cross-shareholdings Policy

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.

The Board of Directors examines the suitability of cross-shareholdings both from qualitative perspective, such as the suitability of purposes to hold each individual cross-shareholding, and the quantitative perspective, such as the economic rationale based on the cost of capital. In cases where the intended purposes of the shareholding are diluted, NEG considers reducing cross-shareholdings.

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



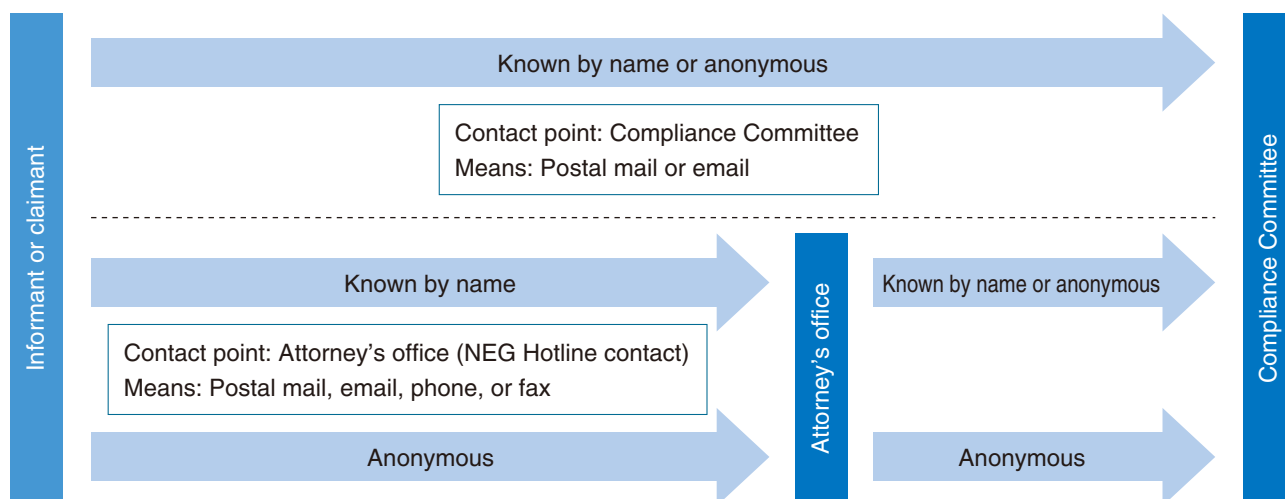
Internal Control

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 2023, our financial reporting-related internal controls for fiscal 2022 were assessed as "effective." A report by an outside auditing company also assessed the controls as being appropriate in all key aspects.

Compliance

Whistleblowing System “NEG Hotline”



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

Number of Whistleblowing or Consultations within the NEG Group

2018	2019	2020	2021	2022
6	11	11	12	25

Note: The figure for 2018 is for NEG and its group companies in Japan only.

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. As part of their efforts to ensure thorough compliance and greater awareness, both of these offices conduct regular Group-wide auditing and employee training. 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 17, 2023.)

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 2022

	Name	Intended persons	Times	Participants	Theme
Japan	Education for new employees (new graduates)	All new employees (new graduates)	2	40	<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	—	2,400	<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	52	<ul style="list-style-type: none"> • Important points for management to remember regarding bribery
	Antitrust seminar for sales departments	NEG employees engaged in sales activities	1	81	<ul style="list-style-type: none"> • NEG's initiatives • Antitrust laws in Japan • Developments in other countries • Case studies • Rules for managing contact with competitors
Overseas	Workshops	Managers at subsidiaries in China, South Korea, and Taiwan	—	567	<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 2022 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, in March 2022, we established a Computer Security Incident Response Team (CSIRT) and produced a manual for how to respond to computer security incidents. Also, in preparation for a possible incident, we conducted a training exercise in October 2022 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 2022, employees took part in an earthquake simulation drill, which made use of VR goggles in combination with a simulator to recreate past earthquake data. They also took part in classes run by disaster preparedness experts. This training and instruction served to reinforce employee understanding of business continuity and resumption procedures.



BCP response training

● BCP Activation Structure

Head Office Disaster Response Task Force

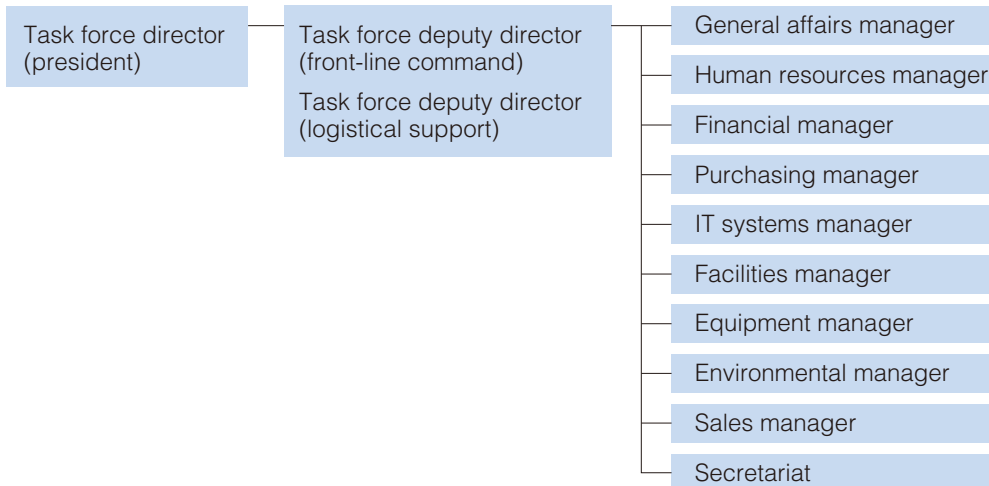
Area Branch Disaster Response Task Force (for 6 bases in Japan)

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 carry out interest rate swap transactions.
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.

News

Holding a Mock Press Conference

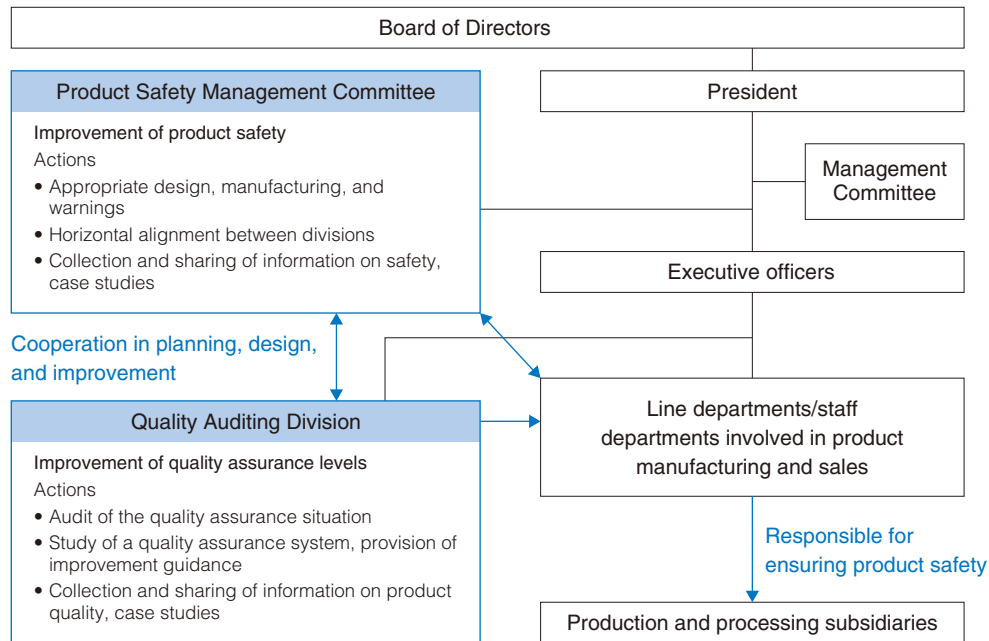
In November 2022, we held a mock press conference assuming that a problem had occurred at one of our plants. The exercise involved drawing up expected questions and answers and delivering a statement, with the participation of plant managers. It served as a reminder of the need to identify workplace risks and to respond to stakeholders with sincerity.



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.

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 Division

The Quality Auditing Division at our head office drives cross-company efforts to improve quality assurance levels within the entire NEG Group.

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.

	2022
Number of companies attending the business partner briefing	168

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.

	2022
Number of companies taking the supplier survey	117

● Respecting Human Rights

Preventing and mitigating human rights-related risks in the supply chains of the NEG Group and our suppliers is a key priority. In order to address this issue within the entire supply chain, we ask our suppliers to also take action to respect human rights in accordance with the supply chain guidelines. Moving forward, we will establish a framework for human rights due diligence while also integrating existing initiatives.

● 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 104th General Meeting of Shareholders was held on March 30, 2023. 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.

	2022
Total number of dialogues held	160
Companies in Japan	78
Overseas companies	82
Of which ESG was the main topic	8

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/2/202212_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

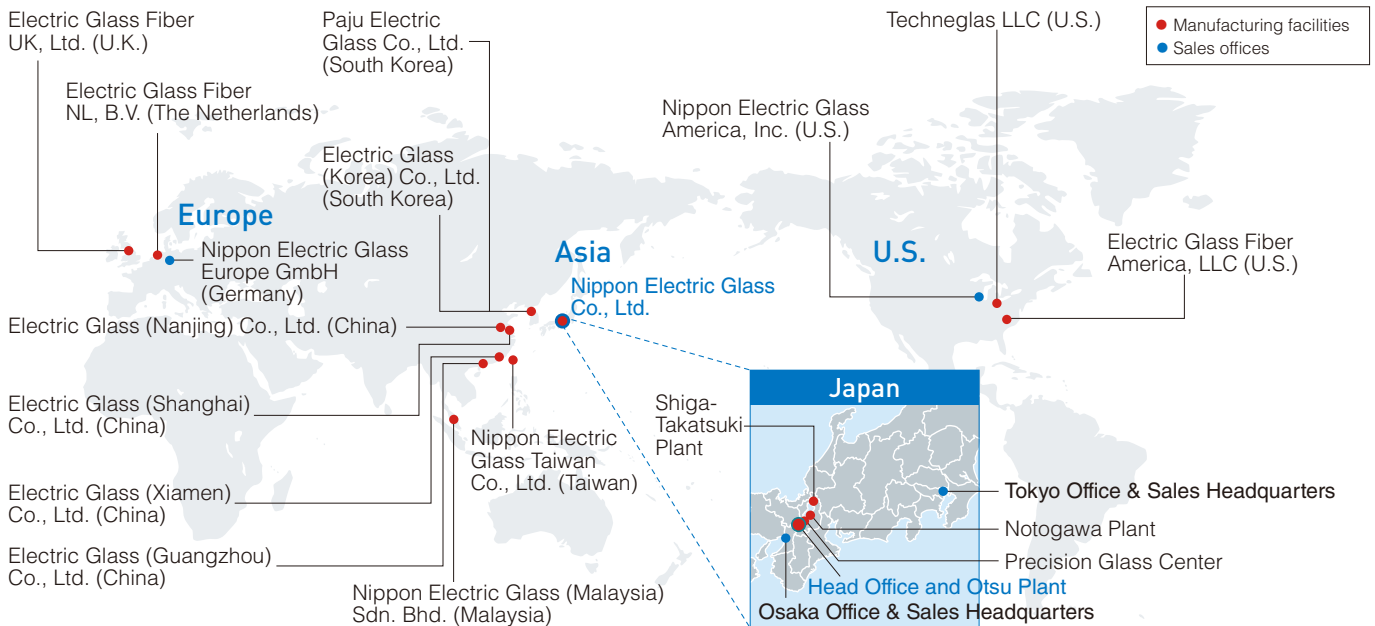
The NEG Group utilizes a transfer pricing calculation method based on the OECD Transfer Pricing Guidelines, as well as the transfer pricing taxation systems of each country, to determine transaction prices between group companies according to an analysis of respective group company functions, assets, 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.

Corporate Information

Corporate Profile

Company name	Nippon Electric Glass Co., Ltd.	Founded	December 1, 1949
Head office	7-1, Seiran 2-chome, Otsu, Shiga 520-8639, Japan Tel: +81-77-537-1700	Plants (in Japan)	Otsu, Shiga-Takatsuki, Notogawa, Precision Glass Center
Sales headquarters (Osaka)	10F, Sumitomo Seimei Shin-Osaka Kita Bldg., 1-14, Miyahara 4-chome, Yodogawa-ku, Osaka 532-0003, Japan Tel: +81-6-6399-2711	Capital	32,155 million yen
(Tokyo)	9F, Shinagawa Grand Central Tower, 16-4, Konan 2-chome, Minato-ku, Tokyo 108-0075, Japan Tel: +81-3-5460-2510	Number of employees	6,349 (consolidated, as of December 31, 2022)
		Stock exchange listings	Tokyo Stock Exchange (Prime Market)
		Securities code	5214
		Fiscal year	January 1 to December 31 of each year
		Ordinary general meeting of shareholders	Held each year in March
		Transfer agent for common stock	Sumitomo Mitsui Trust Bank, Limited

Global Operations



Web and Social Media Directory

Website

<https://www.neg.co.jp/en/>



LinkedIn

<https://www.linkedin.com/company/nippon-electric-glass-co-ltd>



YouTube

<https://www.youtube.com/@nipnonelectricglassco.ltd.9256>



Twitter

https://twitter.com/NEG_PR

