



Nippon Electric Glass



ESG Data Book 2024

For the year ended December 31, 2024

Contents

President's Message	3	Social	
CSR Foundation	4	Respecting Human Rights	34
Materiality	6	Human Resource Development	36
		Communicating with Stakeholders	41
Environment		Diversity and Inclusion	47
Our Approach to Protecting the Environment	8	Better Workplace Environment	50
Environmental Management	10	Employee Health and Safety	56
Addressing Climate Change	13	Society and Community	61
Waste Reduction	22	Governance	
Water Reduction	25	Corporate Governance	64
Biodiversity	27	Internal Control	74
Environmentally Friendly Products	29	Risk Management	78
Green Loan	33	Compliance	81
		External Evaluation	86
		ESG Data	88

On the Issuance of Our Databook

This Databook has been prepared based on sustainability information available on our website as of May 2025.

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.

Period of reporting

Fiscal 2024 (January 2024 to December 2024).

Some qualitative information regarding fiscal 2025 has also been included in this report.

Publication, next scheduled publication

Issued in June 2025. Next scheduled issue in June 2026.

President's Message

Building a Better Society for the Future

Akira Kishimoto President



At NEG Group, environmental conservation has been a central focus of our business since the pollution challenges of the early 1970s. As a glass manufacturer, we consume significant resources and energy, which makes reducing our environmental impact a top priority. In addition to this, we place great importance on investing in the skills and talent of our people—the driving force behind long-term value creation—and fostering strong relationships with local communities. These initiatives are inseparable from our business activities.

Our approach to Corporate Social Responsibility (CSR) is grounded in our corporate philosophy. We aim to enhance corporate value and contribute to a sustainable society through responsible actions aligned with this philosophy.

Today, climate change, skilled workforce shortages, and respecting human rights have become critical global challenges. Companies are increasingly expected to address these issues and contribute to building a sustainable society. To meet these expectations, we've established a dedicated CSR Committee that leads our efforts to strategize and tackle key social issues with agility and awareness. This committee prioritizes three main areas—the environment, diversity & inclusion, and community—as we work towards resolving each issue individually and comprehensively.

As we continue to build trust from all stakeholders, we ask for your continued support as we work towards a more sustainable and prosperous future.

CSR Foundation

Explore the history, challenges, and fundamental approach of our CSR activities.

CSR History and Key Themes

In the early 1970s, addressing pollution issues at our Fujisawa Plant (which closed in 2015) taught us the critical importance of environmental conservation for sustaining our business. As a glass manufacturer, we use significant amounts of energy and natural resources. As such, environmental protection remains one of our Group's most pressing priorities. Alongside this, we have made community contributions, focusing on local education initiatives and active efforts to employ individuals with disabilities.

Based on this history, the Management Committee, and top leadership, established clear guiding principles for further advancing our CSR activities. These principles reflect our commitment to basic policies and to advancing efforts related to our CSR priority issues (materiality).

Our Approach to CSR

CSR is integral to our overall business strategy and cannot be separated from our Corporate Philosophy. Guided by this, our CSR activities are aligned with our core values and philosophy.

Through these efforts, we seek to enhance our corporate value and contribute to creating a sustainable society. These principles shape our entire approach to CSR.

Approach to CSR

Our Corporate Philosophy Structure serves as the foundation for our CSR initiatives. By driving CSR through this lens, we aim to raise our corporate value while contributing to a more sustainable world.

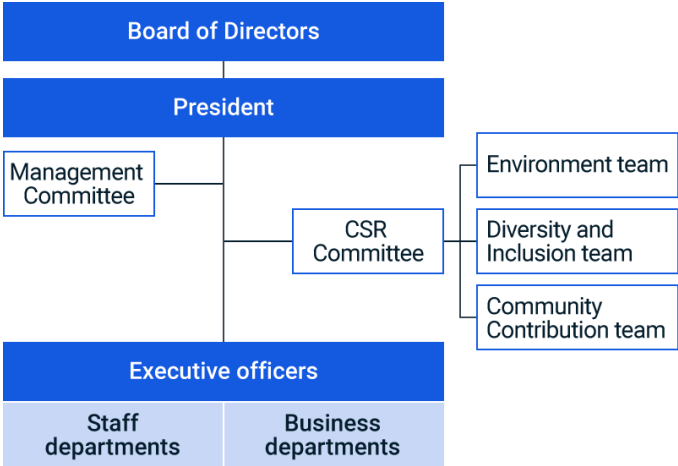
CSR Committee

In today's business environment, companies are increasingly expected to address global challenges such as climate change, developing a skilled workforce, and human rights. They must also engage in social problem-solving while maintaining transparency in their operations. To meet these demands, we established the CSR Committee in January 2023. This cross-functional body advises management on CSR strategy, guides the implementation of initiatives, and ensures timely and accurate information disclosure.

The CSR Committee is focused on three key areas: the environment, diversity & inclusion, and community. By addressing these themes, we tackle a broad range of sustainability challenges, including ESG and SDGs, helping us increase corporate value while contributing to the long-term sustainability of society.

To ensure effective implementation, the CSR Committee is supported by dedicated working groups for each of the three focus areas.

CSR Organizational Structure



Materiality

We will contribute to realizing a sustainable society by working on three priority themes: the Environment, Diversity and Inclusion, and Community Contribution.

Three Priority Themes

We have identified the Environment, Diversity and Inclusion, and Community Contribution as the three priority themes (those with materiality) of our CSR. These themes are closely connected to our existing priority issues of environmental conservation, community contribution, and employment of the disabled.

We have reconfirmed the background and importance of these three themes and have clarified the future direction for scaling up our initiatives on a broader scale. In addition, we will place emphasis on these themes, as we believe they are directly linked to the United Nations' Sustainable Development Goals (SDGs).

Materiality Determination Process

STEP 1	Narrow down from social perspective
STEP 2	Assess from business activity perspective
STEP 3	Executives verify suitability
STEP 4	Materiality determined

Three Priority Themes Defined

Environment	Because environmental conservation is a duty for our operations, we advocate "consideration for the environment" and "efficient manufacturing processes for environment-friendly manufacturing." We also maintain the attitude that it is unthinkable for our operational activities not to include environmental conservation activities.
Diversity and Inclusion	We believe the combined strength of diverse personnel, including gender, age, and nationality, is the driving force behind corporate growth. Of course, employment of the disabled is also included in this theme. At the same time, we will do our utmost for all these employees by providing personnel training and maintaining a safe and healthy working environment for them.
Community Contribution	A good relationship with the community is essential for sustainable business. Therefore, we believe it is important to engage with local communities to gain their trust and appreciation. We will continue to actively participate in local activities, and also provide support for the disadvantaged and for human resource development in the communities we serve.

The Basic Policy of Our Priority Themes

We further clarified the direction of our CSR activities by setting a basic policy for each of our priority themes. We are fortifying our corporate governance, which we consider the foundation of our CSR.


We believe that firmly addressing these priority issues will generate financial and social value, and enhance our corporate value.

Three Priority Themes

Environment	<ul style="list-style-type: none"> ● Consideration for the environment ● Reduction of the environmental burden caused by our operations ● Conservation of the global environment and the realization of a recycling-oriented society 	
Diversity and Inclusion	<ul style="list-style-type: none"> ● A work environment in which diverse personnel can flourish ● Health and safety activities based on health and productivity management ● Continuous development of human resources 	
Community Contribution	<ul style="list-style-type: none"> ● Community-based activities ● Sustainable activities ● Activities that contribute to community development 	

Corporate Governance

Enhancing corporate governance to support the core elements of our CSR

Strengthening of Corporate Governance	<ul style="list-style-type: none"> ● Ensure transparency of management ● Reinforce the functions of our Board of Directors ● Strengthen our compliance management ● Risk management 	
Improvement of Information Disclosure	<ul style="list-style-type: none"> ● Promote communication with stakeholders ● Fair and timely disclosure 	

Our Approach to Protecting the Environment

Explore our approach to environmental conservation.

Our Approach to Protecting the Environment

As a glass manufacturer that relies heavily on resources and energy, protecting the environment is a top management priority. We view environmental responsibility as a core value, and in all our operations we are strongly committed to protecting the environment. We believe the key to environmentally friendly manufacturing lies in creating the most efficient processes possible. To that end, we continually strive to reduce our environmental footprint and develop operations that promote sustainability and protect biodiversity. We are also actively pursuing carbon neutrality as part of our efforts.

Environmental Charter

The Environmental Charter serves as our foundational policy, guiding the direction of our environmental initiatives and activities. In line with this Charter, NEG and its Group companies are united in leveraging our glass technologies and products to protect the global environment and contribute to a recycling-oriented society.

Environmental Principles

Preserving the global environment is essential for the prosperity of people and society in the 21st century.

Nippon Electric Glass, guided by the corporate philosophy of “Exploring Glass's Creative Potential to Shape a Brighter Future” and committed to “consideration for the environment” as a core value, strives to remain the world's leading manufacturer of special glass. We achieve this through cutting-edge technological development, top-tier quality standards, efficient production processes, and a steady supply of products.

Together with our group companies, NEG is dedicated to preserving the environment and fostering a recycling-based society by adopting highly efficient, environmentally responsible practices.

Action Plan

1. We comply with all environment-related laws, regulations, conventions, and agreements we have signed, while also establishing and enforcing our own voluntary environmental standards.
2. We aim to minimize our environmental impact across all stages of our corporate activities and product life cycle, from procurement and manufacturing to transportation, sales, use, reuse, treatment, and disposal.
3. We are committed to achieving the world's most efficient manufacturing processes, which optimize resource and energy use while contributing to biodiversity preservation and greenhouse gas reduction.

4. We strive to adapt to the evolving environmental demands of 21st-century society, taking action to prevent pollution and strengthen our societal presence.
5. We set clear environmental objectives and targets, achieving them through the participation of all employees in environmental protection activities and the continuous improvement of our environmental management system to enhance overall performance.



President

A handwritten signature in black ink, appearing to read "A. Kishimoto".

Established September 1, 1992
Revised January 1, 2023 (8th edition)

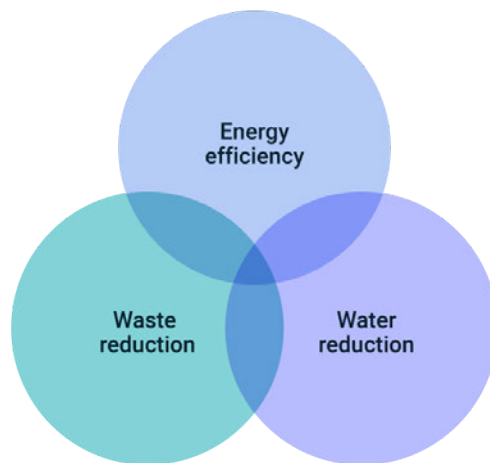
The Environmental Charter is shared with all employees and affiliated companies and is available to external parties upon request.

Environmental Business Plan Overview

Our Environmental Business Plan is a distinctive initiative that applies business management principles to environmental conservation. The plan promotes wide-ranging efforts to use resources efficiently and minimize waste to protect the environment and contribute to a recycling-oriented society with a focus on three core areas: waste reduction, water conservation, and energy efficiency.

We launched our waste management plan in fiscal 2001, followed by water conservation efforts in fiscal 2003. We set unit-based targets for both waste and water, which we continuously review and lower to reduce our environmental impact over time. Recognizing that the glass melting process is highly energy-intensive, we launched a proactive initiative in fiscal 2021 to reduce energy consumption, using energy intensity as a key performance indicator to guide our efforts. This energy initiative includes improving the electric power ratio, using hydrogen combustion and other new manufacturing processes, and incorporating renewable energy sources. These efforts are further supplemented by our efforts to achieve our CO₂ reduction targets, which are part of our climate change initiatives.

We are advancing similar efforts in all of our business departments based on our view that waste-free manufacturing is both economical and environmentally friendly, and helps preserve biodiversity.



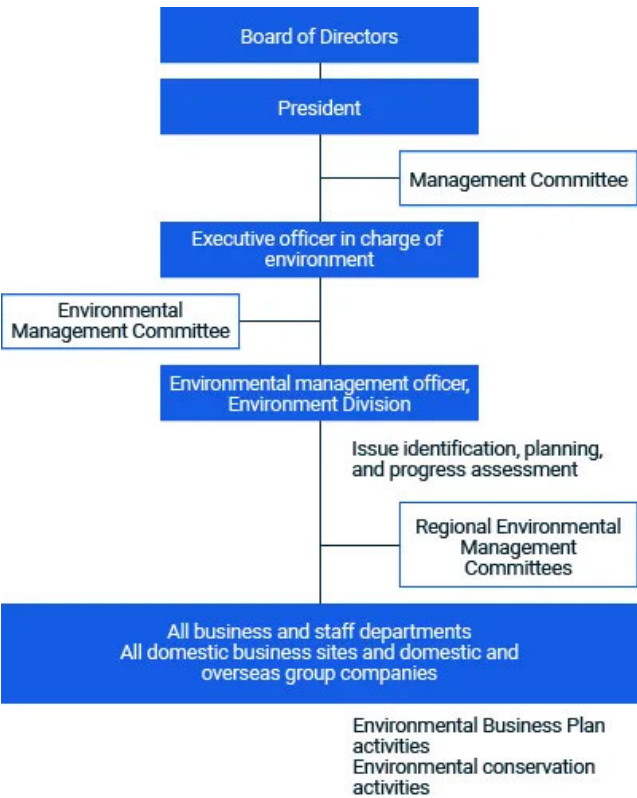
Environmental Management

Our environmental management system provides a framework for all Group environmental activities.

Environmental Management System

Our environmental management system is overseen by an Environment Division and includes various business departments, manufacturing group companies both in Japan and overseas, along with staff departments. All work is conducted under the direction of the president and the executive officer in charge of environmental affairs.

Environmental Management Organization



Environmental Management Committee

The Environmental Management Committee convenes every three months. The executive officer in charge of the environment chairs the meeting, which is attended by the president, executive officers, general managers of our business departments, and representatives of our major group manufacturing companies. The committee serves as a forum for deliberations related to groupwide environmental conservation activities, covering our responses to climate change and other issues raised in the Environmental Division's monthly meetings with regional environmental managers.

Environmental ISO Management Activities

Our environmental conservation activities are conducted in accordance with the ISO 14001 environmental management systems.

Nippon Electric Glass Co., Ltd. (four business sites in Japan) and its Group companies in Japan and overseas seek to continually improve the organization's environmental performance by applying the ISO 14001 environmental management systems with a PDCA (Plan, Do, Check, Action) cycle to its manufacturing activities. Our environmental activities follow the recommendation of the International Organization for Standardization, and we upgraded to ISO 14001:2015 certification in fiscal 2017 and ISO 14001/Amendment 1 certification in fiscal 2024. At the end of January 2025, we had obtained ISO 14001 certification for 88.9% of our sites, including our four domestic business sites and domestic and overseas manufacturing subsidiaries.

ISO 14001 Certification Status

NEG Group ISO 14001 Certification Status (As of January 2025)

Company name		Date of certification
Head office	Nippon Electric Glass Co., Ltd. (multi-certification at four plants)	1999.8.27
Group companies in Japan	SGS Engineering Co., Ltd.	2001.1.19
	Nichiden Glass Processing Company, Limited	2002.11.1
	LTCC Materials Co., Ltd.	2020.12.25
Overseas group companies	Techneglas LLC	2000.1.31
	Nippon Electric Glass (Malaysia) Sdn. Bhd.	2002.1.12
	Nippon Electric Glass Taiwan Co., Ltd.	2006.9.18
	Paju Electric Glass Co., Ltd.	2007.8.28
	Electric Glass (Shanghai) Co., Ltd.	2009.12.21
	Electric Glass (Guangzhou) Co., Ltd.	2015.11.11
	Electric Glass (Xiamen) Co., Ltd.	2017.4.17
	Electric Glass (Nanjing) Co., Ltd.	2018.4.13
	Electric Glass Fiber UK, Ltd.	2023.5.10

Implementing the Environmental Management Plan

In fiscal 2024, we met 38 of the 43 environmental targets set for four plants in Japan. For fiscal 2025, we aim to further reduce CO2 emissions, energy use, and resource consumption through 42 new targets directly related to our core operations.

Environmental Education

We consider all employees integral to our environmental efforts and provide comprehensive training on environmental management. This includes skill development for employees, internal auditors, and evaluators of environmental management.

In fiscal 2024, we held advanced training sessions for internal auditors and offered training for 20 employees with the goal of preparing them to become new internal auditors.

Environmental Management Logo

Our environmental management logo, created in June 1993, symbolizes our commitment to environmental responsibility. The green leaves represent new environmental technologies, nature, and the hands of our employees, while the blue circle reflects the sky, Earth, employee-made environmental equipment, and the surrounding community. The logo is featured in our environmental management system activities and charter.



Addressing Climate Change

Learn about our climate change policies and initiatives.

Basic Approach

Glass manufacturing processes require a significant amount of energy, and we have made it a top priority to reduce the greenhouse gas emissions from our melting furnaces.

In November 2021, we declared our adoption of the Task Force on Climate-related Financial Disclosures (TCFD^{*1}) recommendations for analyzing the risks and opportunities that climate change poses to our business. Our efforts include disclosing the potential financial impacts of the risks and opportunities and details about the measures, indicators and targets of our Carbon Neutrality Action Plan^{*2}. Our goal is to be the world's most efficient and environmentally friendly glass manufacturer.

^{*1} TCFD dissolved in October 2023 and was succeeded by the International Financial Reporting Standards (IFRS) Foundation.

^{*2} For further details about our Carbon Neutrality Action Plan, please see the column on "Indicators and Targets" in the section "Initiatives to Achieve Targets."

Oxy-Fuel Firing Glass Melting Furnaces

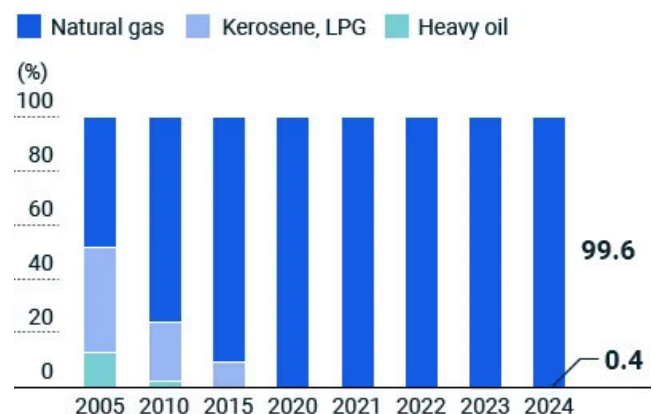
An oxy-fuel firing furnace differs from an air combustion furnace in that nitrogen is not taken into the furnace, which means that less exhaust gas (and consequently exhaust heat) is produced, thus reducing fuel consumption and CO₂ emissions. Furthermore, the generation of thermal nitrogen oxides (NO_x) 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 2024 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



Carbon Neutral Initiatives

Governance and Risk Management

The figure on the right shows our governance structure for CSR, including for climate-related risks and opportunities.

Board of Directors

The Board of Directors makes decisions on important management affairs of the NEG Group and supervises the execution of business affairs. In management issues related to climate-related measures, the Board of Directors creates systems, formulates measures and targets on priority issues to be addressed and resolved, and evaluates and provides advice on measures executed by the president, who acts as the person responsible for business execution. Outside officers (four outside directors and two outside corporate auditors) participate in meetings of the Board of Directors.

President

The president is responsible for the execution of business and implements measures in accordance with the resolutions and advice of the Board of Directors.

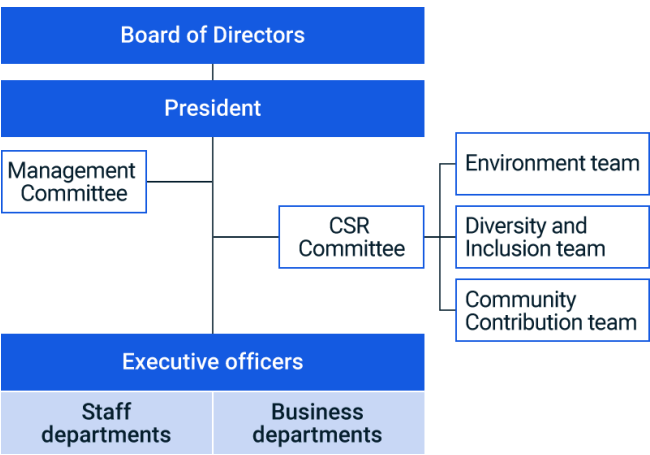
Management Committee

The Management Committee deliberates matters important to company management and draws up detailed action plans for decisions made at the Board of Directors meetings.

CSR Committee

The CSR Committee engages in comprehensive discussion about the direction and content of climate-related measures and other CSR activities, and takes a flexible approach to developing related activities. The committee also addresses broad sustainability-related challenges, such as ESG and the SDGs, centered on the three priority CSR themes of the environment, diversity and inclusion, and community contribution. Comprised of CSR-related department heads and other managers, the committee is chaired by an executive officer in charge of general affairs and has a secretariat based in the General Affairs Division. To increase the effectiveness of our initiatives, three working teams have been established to address the priority themes. The Environment Team handles climate change response and environmental preservation, the Diversity and Inclusion Team handles human capital and human rights, and the Community Contribution Team handles educational support and similar matters.

Governance structure



The CSR Committee develops basic CSR policies, identifies priority issues, and plans, reviews, and implements measures to address them. It also formulates and evaluates information disclosure policies and content, and submits recommendations and reports to the Management Committee and Board of Directors.

The CSR Committee's Environment Team handles climate-related matters and the TCFD framework. The team conducts hearings with staff and business departments to identify and review climate-related risks and opportunities, and evaluates and reviews business impact based on scenario analysis. The division responsible for these risks and opportunities promotes the Carbon Neutrality Action Plan, which is central to the Group's strategic resilience. The Environment Team regularly verifies progress and reports to the CSR Committee. The committee drafts, discusses, and supports divisional activities related to the reported items from the standpoint of sustainability. In addition, the committee drafts and discusses the policy for data disclosure and content and, when deemed necessary, provides recommendations and reports to the Management Committee and Board of Directors.

Executive officers, departments, and staff departments

We endeavor to mitigate climate-related risks and capitalize on opportunities through the carbon neutrality action plan and other initiatives.

The climate-related risks and opportunities, as well as countermeasures, identified and evaluated by the CSR Committee are integrated in the periodic risk auditing conducted by the NEG Group in line with our basic policy on internal control. The division responsible for risks and opportunities promotes countermeasures.

Strategies

Scenario analysis

We have carried out the following scenario analysis in order to evaluate the business impacts under different scenarios, as well as to evaluate our strategic resilience with regard to climate-related risks and opportunities.

Businesses targeted for analysis

All NEG Group businesses are targeted for analysis.

Evaluation timeline

The impact on the NEG Group's business by major climate-related risks and opportunities identified from scenario analysis was evaluated on a timeline focused on the year 2030.

Analysis steps

Step 1	Identify important climate-related risks and opportunities; establish parameters
Step 2	Establish climate-related scenarios
Step 3	Evaluate business impact under the different scenarios
Step 4	Evaluate strategic resilience with regard to climate-related risks and opportunities; investigate further countermeasures

Established scenarios

Category	Scenario overview	Main reference scenarios
1.5°C/2°C scenario	This scenario involves the enactment of policies and regulations aimed at achieving a decarbonized society and which seek to keep global warming to within 1.5°C/2°C above the pre-industrial revolution global temperature. Compared with the 4°C scenario, the transition risks are high, but the physical risks can be kept low. Demand for products that contribute to the achievement of a decarbonized society will become high.	<ul style="list-style-type: none"> ● IEA World Energy Outlook 2024 Net-Zero Emissions by 2050 Scenario ● IEA World Energy Outlook 2024 Announced Pledges Scenario ● IEA World Energy Outlook 2019 Sustainable Development Scenario ● IPCC RCP2.6
4°C scenario	This scenario involves a future where the policies and regulations, which various countries have announced are fulfilled, but no new policies or regulations are introduced. Energy-derived CO ₂ emissions continue to increase worldwide. Compared with the 1.5°C/2°C scenario, transition risks are low, but the physical risks will grow larger.	<ul style="list-style-type: none"> ● IEA World Energy Outlook 2024, 2019 Stated Policies Scenario ● IPCC RCP8.5

Major Climate-related Risks and Opportunities Identified, Evaluation of Impact on Business, and Countermeasures

Type		Risks and opportunities	Impact on business	Countermeasures
Transition risks	Policy and legal	Carbon pricing introduction and increase	Increase in manufacturing costs 1.5°C/2°C: 21 billion yen 4°C: 4 billion yen	Enactment of the carbon neutrality action plan
	Technology	Investment in manufacturing facilities to reduce CO ₂ emissions	Increase in depreciation costs Impact on business*1: Medium	
	Reputation	Negative criticism of energy-intensive companies	Decreased sales*2	
	Market	Increase in energy prices	Increase in logistics costs Impact on business*1: 1.5°C/2°C: Medium; 4°C: Medium	Maintain good relationships with suppliers, pursue supplier development and diversification, switch to generic items
		Soaring glass raw material prices due to changes in the supply and demand structure for resources	Increase in procurement costs*2	
Physical risks	Acute	Negative impact on operations and logistics due to increased frequency of disasters, extreme weather, typhoons, and flooding	Decreased sales*2 Increase in facility repair costs*2	Implement business continuity planning, carry out disaster prevention activities, disperse operations among different manufacturing bases
	Chronic	Negative impact on operations due to drought		

Type		Risks and opportunities	Impact on business	Countermeasures
Opportunities	Resource efficiency	Reduced energy consumption and Scope 1 + Scope 2 CO ₂ emissions as a result of highly efficient production (implementation of carbon neutrality action plan)	Reduction in manufacturing costs Impact on business*1 1.5/2°C: High; 4°C: High	Enactment of the carbon neutrality action plan
	Products	Increased demand for low-carbon products (thin sheet glass for FPDs), which contribute to reduced production and shipping costs in customer processes	Increased sales*2	Promote R&D; pursue active sales to respond to new needs
		Increased demand for glass fiber for strengthening functional plastics, which will be used to lighten automotive bodies and in battery casings as EVs become more widespread		
	Market	Increased demand for all-solid-state Na-ion batteries as they go to market and society transitions to becoming decarbonized		

*1 Estimation of impact on business

Low: < 10 billion yen; Medium: ≥10 billion yen but < 30 billion yen; High: ≥ 30 billion yen

*2 Due to a lack of data for calculating impact on business, qualitative descriptions are utilized.

Strategic Resilience

Following updates to the reference scenarios, we reviewed impacts on business. The impact has changed due to global inflation and other factors that have led to soaring costs for raw material and fuel, and fluctuations in foreign exchange rates. We are incorporating new technologies and solutions from inside and outside the company, and implementing the Carbon Neutrality Action Plan and other initiatives to further fortify our business resilience.

Metrics and Targets

Cognizant of the pressing and global need for climate change action, we pursue sustainable manufacturing practices and strive to effectively address climate change. In February 2022, we set Scope 1 + Scope 2 CO₂ emissions reduction targets for fiscal 2030 and committed to achieving carbon neutrality by fiscal 2050. We are undertaking ambitious measures to achieve our targets, including introducing all-electric melting furnaces across our product lines, switching over to energy-efficient facilities, and investing in renewable energy. In addition, we have created a system for calculating and disclosing Scope 3 emission volume data.

CO₂ Emissions Reduction Targets (Scope 1 + 2)

CO₂ Emissions Reduction Targets

- Reduce CO₂ emissions by 36% and emissions intensity* by 60% in fiscal 2030 (compared to fiscal 2018)
- Achieve carbon neutrality by fiscal 2050

* Production weight ratio

Initiatives to Achieve Targets

In order to achieve CO₂ emissions reduction targets, the NEG Group has created a carbon neutrality action plan, which involves a variety of initiatives, focusing primarily on those in the table at right. Through these, we will achieve our targets by 2030, after which we will pursue improvement activities that will make us carbon neutral by 2050.

Category	Scenario overview
Manufacturing process	● Promoting all-electric melting and improving melting efficiency
	● Switching to energy-saving facilities
	● Technological improvement and electrification for forming and processing facilities
	● Operations automation and optimization
Utility facilities	● Upgrading to high-efficiency facilities
	● Facility optimization
	● Operation optimization
Technological development	● Combustion technology development for CO ₂ -free fuel (hydrogen, etc.)
Procurement	● Investment in and procurement of renewable energy

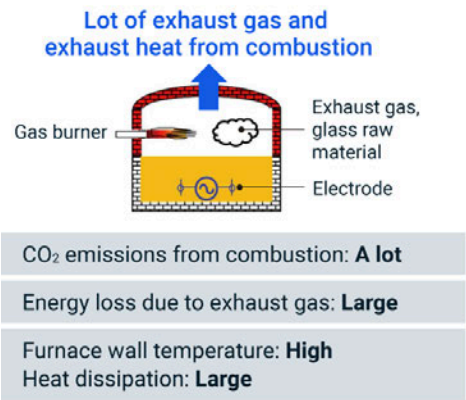
Progress of the Carbon Neutrality Action Plan

Installation of All-electric Melting Furnances

We currently use both gas and electricity as power sources for our glass melting processes. 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. Electric processes also make it possible to reduce carbon emissions even further by introducing renewable energy sources. We are currently shifting to hybrid melting furnaces partially powered by electricity and ultimately intend to incorporate all-electric melting furnaces.

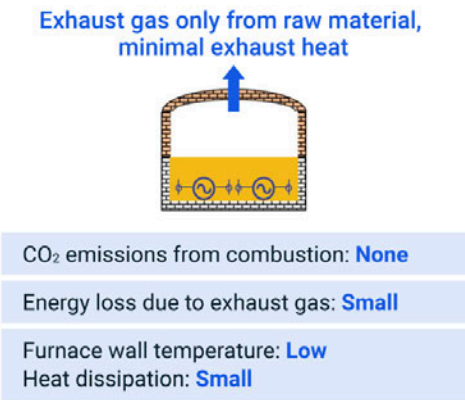
Gas-fired furnace and All-electric melting furnace

Gas-fired furnace

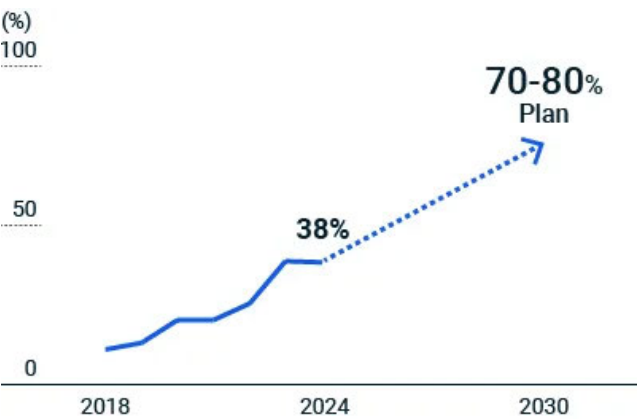


Switch from gas-fired furnaces to all-electric melting furnaces

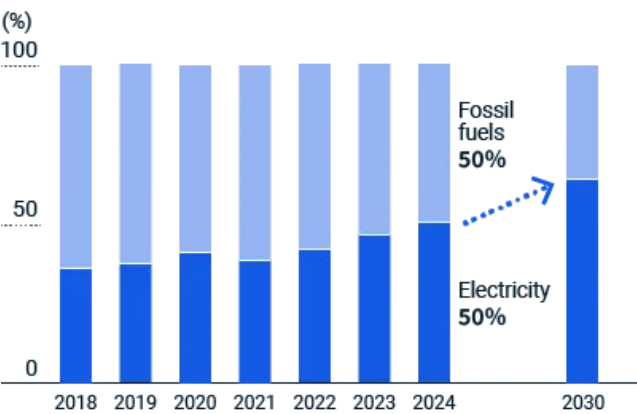
All-electric melting furnaces



Percentage of all-electric melting



Electrification for melting, forming, and processing facilities



Improving Energy Usage Efficiency

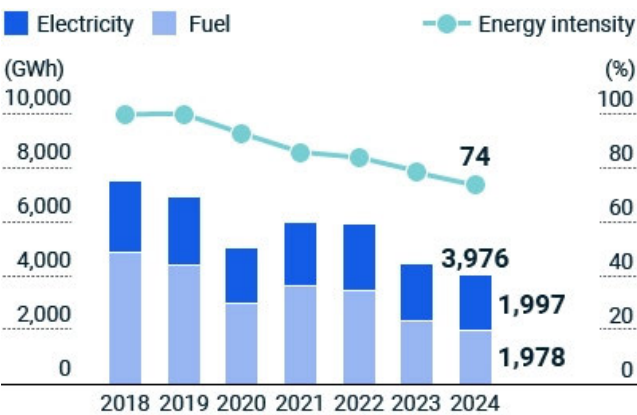
In fiscal 2021, we launched an energy business plan aimed at making energy usage visible across our global manufacturing processes (melting, forming, processing) and utility facilities. The plan focuses on promoting energy efficiency and reducing wasteful energy consumption.

We use the data we obtain to analyze and plan measures to boost productivity and with the aim of continually reducing energy intensity (the ratio of production weight). Each business division formulates specific plans to improve energy efficiency and meet intensity targets and

applies the PDCA cycle to improve the effectiveness of their efforts. The targets and improvement measures align with our carbon neutrality action plan.

As of fiscal 2024, our energy intensity had decreased by 26% compared to fiscal 2018.

Energy Intensity



Utilizing Renewable Energy

We use renewable energy for part of our electricity consumption in order to reduce its CO₂ emissions.

The Shiga-Takatsuki Plant installed a solar power system with an estimated annual output of approximately 3.7 GWh. The system went into full operation in April 2023. Electric Glass (Guangzhou) Co., Ltd. installed a solar power system with an estimated annual output of approximately 1.3 GWh on the roof of its factory in January 2023.



Shiga-Takatsuki Plant solar power system

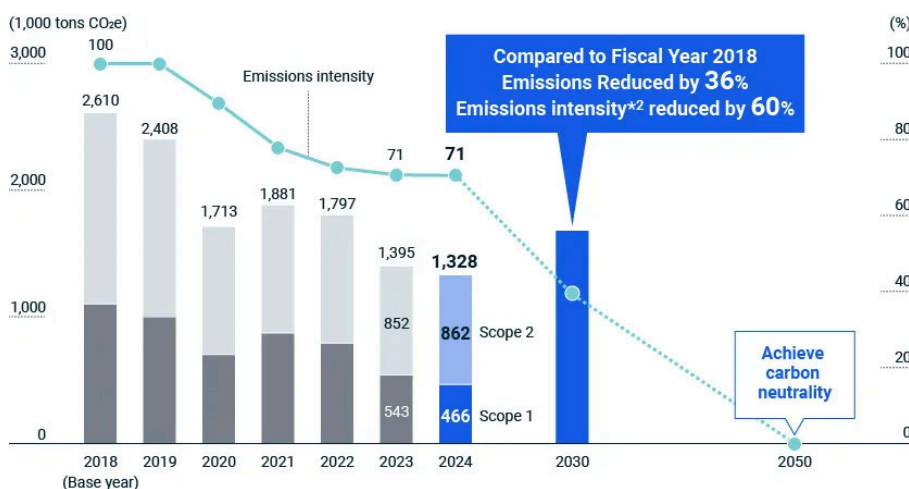
In fiscal 2024, the Group's total renewable electricity usage, including both in-house generation and purchased electricity, amounted to 17 GWh, accounting for 0.9% of the Company's total electricity consumption.

To further reduce our carbon footprint, we have entered into Virtual Power Purchase Agreements (VPPAs) with renewable energy providers. Through our VPPA with a solar power plant in Mie Prefecture, we achieved a 608 t-CO₂ reduction in fiscal 2024. Additionally, in July 2024, we entered into a VPPA for solar power generation in Malaysia, which is expected to deliver an estimated 41,000 t-CO₂ annual reduction starting in fiscal 2026.

CO₂ Emissions, CO₂ Emissions Per Unit of Production

Due mainly to structural reform in the displays and composites businesses in FY2023, CO₂ emissions (Scope 1 + 2) in FY2024 declined from the previous fiscal year. CO₂ emissions intensity (Scope 1 + 2) was stable on a unit basis from the previous fiscal year. We are also continuing to calculate Scope 3 emissions to gain a comprehensive understanding of emissions throughout the supply chain.

CO₂ Emissions (Scope 1 + 2) *1



*1 Calculated based on the GHG Protocol and ISO 14064.
Scope 2 figures calculated using a market-based approach.

*2 Production weight ratio

CO2 Emissions (Scope 3)

(1,000 tons CO2e)

Category		Fiscal 2024
1	Purchased Goods and Services	530
2	Capital Goods	103
3	Fuel and Energy-related Activities	191
4	Upstream Transportation and Distribution	497
5	Waste Generated in Operations	12
6	Business Travel	1
7	Employee Commuting	3
8	Upstream Leased Assets *1	(Excluded categories)
9	Downstream Transportation and Distribution *2	(Excluded categories)
10	Processing of Sold Products *2	(Excluded categories)
11	Use of Sold Products *3	(Not applicable)
12	End-of-life Treatment of Sold Products	188
13	Downstream Leased Assets *4	(Not applicable)
14	Franchises *4	(Not applicable)
15	Investments *4	(Not applicable)
Total:		1,524

*1 Category 8: Included in Scope 1 + 2 emissions.

*2 Categories 9 and 10: Calculated figures are not included because obtaining them is complicated by the variety of shipment destinations and the different ways customers use the products.

*3 Category 11: No products directly emit GHG during use.

*4 Categories 13, 14, 15: No business activities fall under these categories.

Note: Emissions intensity figures are derived from the Japanese Ministry of the Environment's Database for Calculating Greenhouse Gas Emissions from Organizations through the Supply Chain Ver. 3.4 and the Inventory Database for Environmental Analysis (IDEA) Ver 3.4.1.

Waste Reduction

Explore our waste reduction policies and initiatives.

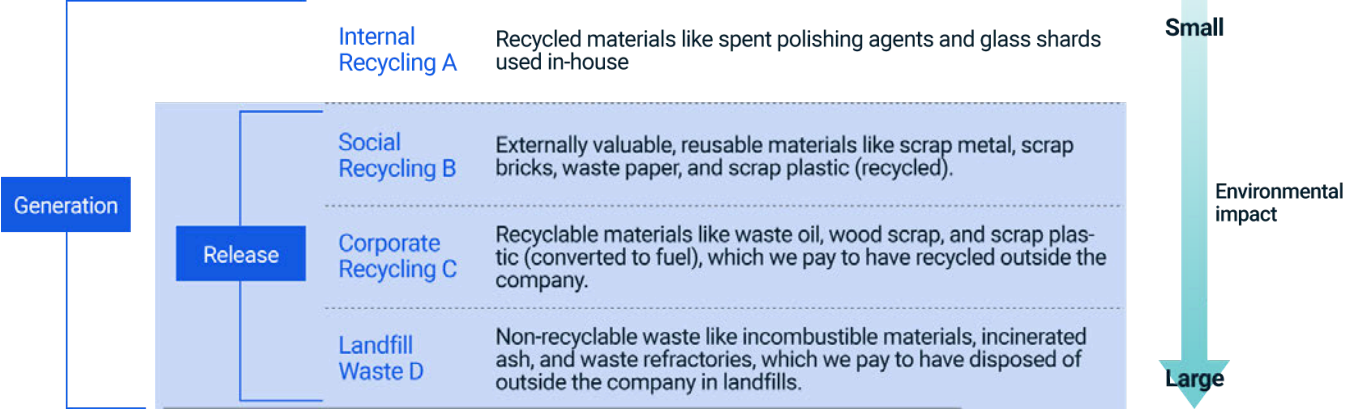
Basic Policy

Realizing a recycling-oriented society requires a strong commitment to using resources efficiently by developing internal recycling technologies and by promoting broader societal recycling systems that span the entire product lifecycle from production to consumption and disposal. Following our policy to “internally recycle all solid waste related to the glass business,” we adopted a Waste Business Plan in fiscal 2001 aimed at minimizing and recycling waste generated during manufacturing. The goal is to significantly lower the volume of waste sent to landfills, which has a considerable environmental impact. We are continuing these efforts as part of our ongoing commitment to making the most effective use of resources.

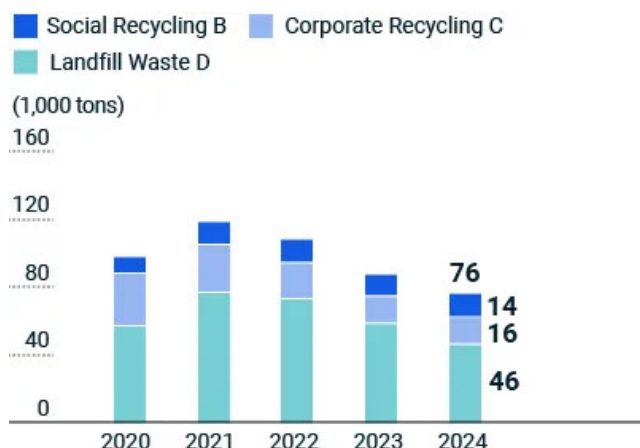
Waste Classification

Waste is categorized into normal waste generated from regular production activities, and bulky construction waste generated from activities such as glass melting furnace maintenance. These are further divided into four subcategories, with Landfill Waste D being the highest priority for reduction due to its significant environmental impact.

Waste Classification



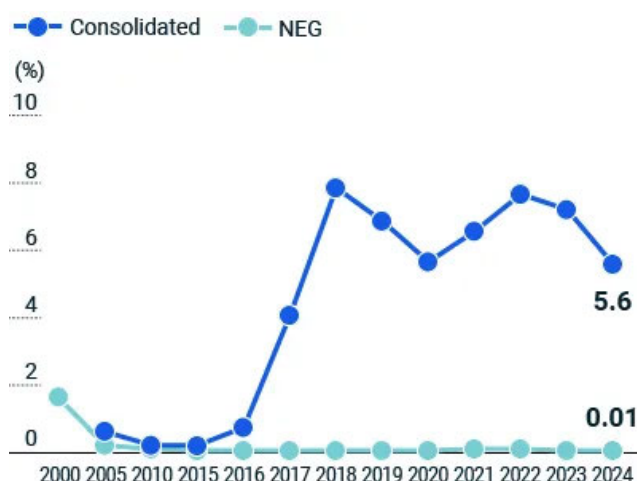
Total Emissions



Reduction of Landfill Waste D

We set annual targets and reduction plans for normal waste (Landfill Disposal D) based on intensity per unit of sales as a percentage of weight (tons of waste/sales weight). In Japan, we set a target to maintain annual waste intensity at 0.1% or lower, and our initiatives to reduce daily waste to the absolute minimum and promote recycling have enabled us to achieve our target every year since 2009. We are also implementing measures to reduce the volume of normal waste from our operations overseas. This is particularly important following the significant increase in waste volume after the acquisition and consolidation of composites business units in the United Kingdom, the Netherlands, and the United States in 2016 and 2017.

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



In fiscal 2024, we achieved our waste intensity target of 0.1% or lower per unit of production in Japan. In addition, the overall intensity per unit of sales by weight for business divisions in Japan and overseas was 5.6%, a decrease of 22% from the previous fiscal year. In fiscal 2025, we are taking steps to further improve production efficiency and implementing reduction measures aimed at achieving an intensity per unit of production of 3.7%. The Environmental Management Committee is leading the effort by considering measures and reporting on the progress.

Bulky construction waste (Landfill Waste D) is primarily non-recyclable brick from glass furnace repairs.

In fiscal 2017, we converted waste bricks from the Landfill Waste D to the Social Recycling B category by having refractory manufacturers repurpose waste chromium and zirconium bricks as raw materials. This has significantly reduced landfill disposal associated with chromium bricks, a specially controlled industrial waste material. We also sort bricks made of alumina, mullite, and other refractory materials recovered during the repair and dismantling of glass melting furnaces. We engage certified recycling operators to convert recyclable bricks to Social Recycling B materials.

Reduction of Waste Other Than Landfill Disposal D

For waste categorized as Social Recycling B and Corporate Recycling C, we work to reduce emissions, separate materials for reuse, and repurpose waste to incinerate for thermal energy.

In fiscal 2024, we emitted 969 tons of plastic waste from our Japanese factories. Of this, 299 tons were classified as Corporate Recycling C and Landfill Waste D, and 670 tons were reused as Social Recycling B.

Our efforts to reduce and separate waste from our business sites achieved a year-on-year reduction of 12 tons in Corporate Recycling C plastic in fiscal 2024.

We are also continuing efforts to reduce waste at our business sites overseas.

In the Internal Recycling A waste category, we have developed technology to recycle glass raw materials by recovering and reusing grinding sludge, electrostatic precipitator dust, and boric acid dust, which is a primary substance in the gas emissions during molten glass evaporation.

Glass fibers used to reinforce composite materials are coated with an organic surface treatment that protects the fibers and ensures proper adhesion to resins. However, this treatment makes it difficult to recycle waste and scrap generated during manufacturing, leading many glass fiber producers to dispose of it. NEG has developed a proprietary technology that removes and pulverizes the surface treatment agent, allowing the recovered material to be reused as a raw material for glass production.

Plastic Emissions in Japan*



* Values are retroactively adjusted to from fiscal 2022 due to a change in the waste aggregation method effected in fiscal 2024.



Water Reduction

Learn about our water reduction policies and initiatives.

Basic Policy

Our main business bases are located near Lake Biwa, which has long influenced our deep respect for water as a vital resource. Recognizing the fundamental importance of water to our business, in 2003 we introduced the Water Business Plan for effective and efficient use of water. We view water usage not only as an environmental concern but also as an indicator of our manufacturing sophistication. Our water management efforts help us better understand and optimize the glass melting, forming, and processing operations, leading to continuous technological and facility improvements.

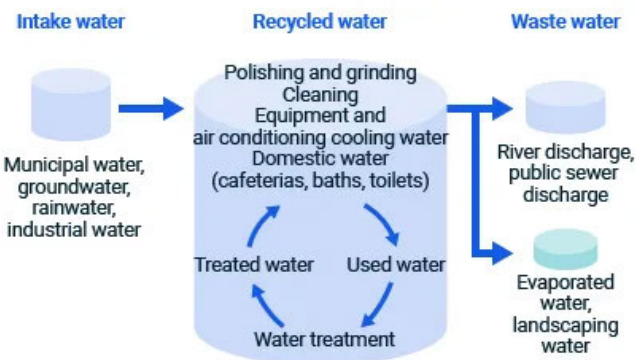
Rising demand for water worldwide, driven by population growth and economic development, has made access to abundant and sustainable high-quality water an increasingly important management issue at our overseas sites. In response, we have implemented site-specific water management measures at all overseas sites.

Because water conditions vary by location, we utilize the Aqueduct Water Risk Atlas from the World Resources Institute (WRI) to identify high-risk areas. Based on these assessments, we take targeted actions to secure water supply and reduce water consumption.

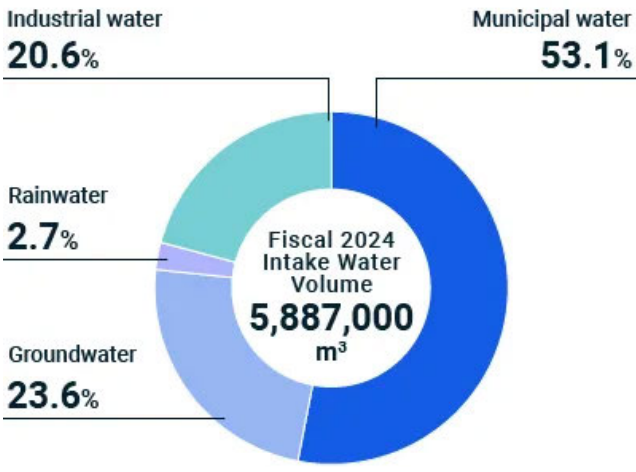
Water Classification

We classify water usage into three categories: intake water (water brought into the company), wastewater (water discharged), and recycled water (water reused within the company). We monitor each classification using key indicators, such as total water intake, wastewater volume, and their respective intensities. In fiscal 2024, our water recycling efforts remained highly effective, with recycled water accounting for 98% of our total water usage.

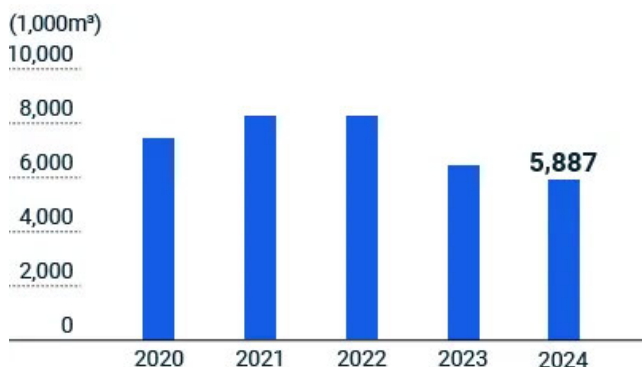
Water Flow



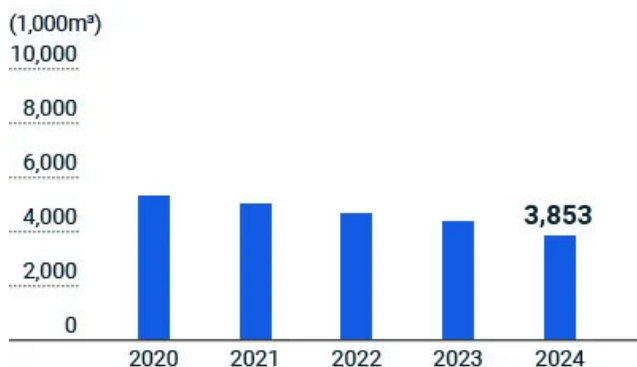
Water by Source



Water Withdrawal



Wastewater Generation

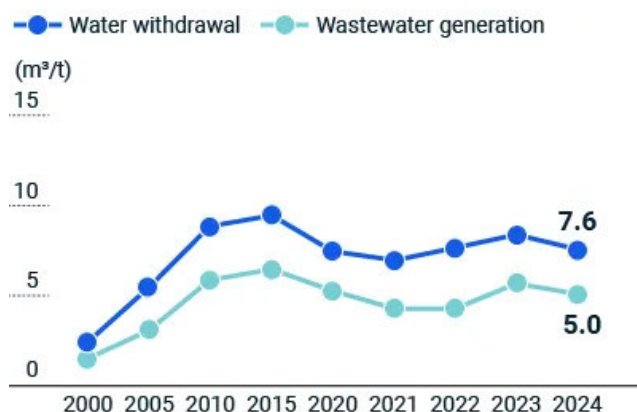


Intake and Wastewater Volume Per Unit of Sales

Each year, we formulate site-specific water reduction plans based on local water conditions and reduction efforts. To ensure continued efficient water use, we monitor changes in both intake water and wastewater volume per unit of sales by weight, using the metric of cubic meters per ton of product sold (m³/ton).

Management's commitment to enhancing water use efficiency has led to a steady decline in water intensity within our displays business since 2014. This follows a successful reversal of the rise in water intensity that occurred during the transition from CRTs to LCDs in 2004.

Intake and wastewater consumption intensity per ton of sales



In fiscal 2024, the water intake per unit of sales by weight across all business divisions in Japan and overseas was 7.6 m³/ton, successfully achieving the target of 7.8 m³/ton. The amount of wastewater discharged per unit of sales was also within the target, reaching 5.0 m³/ton against the planned value of 5.1 m³/ton. We set fiscal 2025 targets to reduce overall water intake to 7.4 m³/ton and wastewater discharge to 4.5 m³/ton. The progress will be regularly reported to and deliberated by the Environmental Management Committee.

To sustainably use valuable water resources, we actively promote the reuse of water in high-volume stages, such as cooling during melting and forming, as well as cleaning during processing. Additionally, we are minimizing water intake and wastewater generation for other applications by implementing cascading strategies tailored to the specific purposes and quality requirements of water use, alongside recycling water through purification methods.

Biodiversity

Learn about our commitment to biodiversity conservation and our core value, coexistence with nature.

Biodiversity Conservation Initiatives

Protecting the global environment as an element of our business operations is an important social responsibility as a corporation. “Consideration for the environment” is one of our key values, and we conduct our activities on the belief that waste-free manufacturing operations are both economical and environmentally friendly while also helping to preserve biodiversity.

Our Company has multiple manufacturing sites near Lake Biwa, and our CSR activities prioritize protecting the environment and contributing to local communities. Our environmental initiatives include efforts to preserve biodiversity, by helping maintain the natural forests near our business sites and supporting local forest conservation efforts.

We are committed to the principle of leaving nature untouched, except for areas that necessarily must be used for our business operations. The Notogawa Plant maintains natural forests with native vegetation of the local Suzuka Mountain Range, and has always carefully preserved streams near its facilities. The plant also grows flowers in a greenhouse inside the plant, which it uses to beautify the local community.

Forests play a vital role supporting the ecosystem, including nurturing the water supply of Lake Biwa, providing habitats for numerous animals and plants, and maintaining biodiversity. We support forest stewardship activities by regularly purchasing J-credits and joining volunteer maintenance programs led by the local forestry cooperative. In 2021, in collaboration with the local government, we signed the Lake Biwa Carbon Credit Partner Agreement with the Shiga Prefecture Afforestation Public Corporation, a general incorporated association led by governor Taizo Mikazuki.

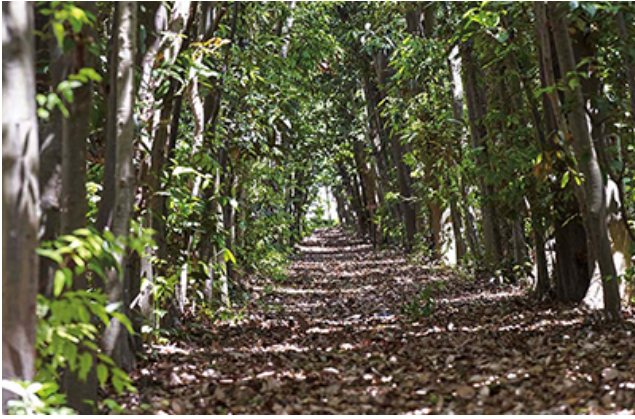
For close to half a century, our employees have been taking part in a variety of community activities, joining events to preserve riverside forests, exterminate invasive fish species, and protect the ecosystem of Lake Biwa.

Thanks to these efforts, in 2022, the Shiga Prefecture's Biodiversity Initiative Certification System renewed our three-star certification, the highest possible rating.

We also provide our supply chain business partners with our Guideline for Green Procurement* and work together to preserve biodiversity.

These are just some of the many ways we are working to conserve local biodiversity.

* Please click here for information on our Guideline for Green Procurement →



Pedestrian path through native natural vegetation



Renewal of Certification for the Highest Three-Star Rating under the FY2021 Shiga Biodiversity Initiative Certification System



Our employees participating in forest management activities

Environmentally Friendly Products

Explore our active development and supply of innovative products that promote energy and resource conservation, and renewable energy for a healthier planet.

Developing Environmentally Friendly Products

We are committed to sustainability by offering products that support global environmental conservation.

Sales of environmentally friendly products
Approx. ¥77 billion (FY2024)



Saving Energy and Resources

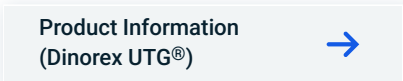
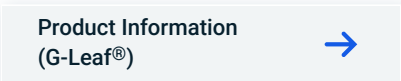
E Glass Fiber (chopped strands)

Our E glass fiber improves plastic strength, heat resistance, rigidity, and dimensional stability. E glass fiber used to reduce automobile weight and enable miniaturized and thinner electronic devices.



Ultra-Thin Glass: G-Leaf®, Dinorex UTG®

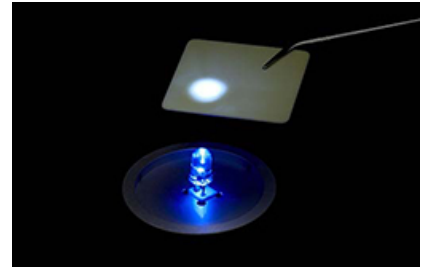
G-Leaf® is an ultra-thin, bendable glass with a thickness of only tens of microns. Dinorex UTG® is a ultra-thin glass for chemical strengthening developed for foldable display cover glass. The high surface smoothness and uniform thickness of these glasses allow excellent bending properties, opening the door for development of new electronic devices. These glass products also increase manufacturing process efficiency by reducing device weight and being suitable for roll-to-roll manufacturing, and saving resources by eliminating the need for chemical glass slimming processes.



Lumiphous™ phosphor-glass composite

This wavelength-converting material expands the range of applications for energy-efficient LED lighting.

Product Information



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

By incorporating highly conductive gold or silver in the inner layer of the conductor, circuit boards made with this glass powder deliver excellent electrical performance and save energy.

Product Information



FireLite insulating glass

Our FireLite insulating glass is the only fire-retardant glass capable of withstanding both intense heat during a fire and rapid cooling from firefighting efforts. Combining FireLite and low-radiation glass with plastic or wooden sashes creates a highly insulated fire window that increases building and home safety, comfort, and energy performance.

Product Information



Creating Energy

E Glass Fiber (roving)

This glass fiber serves as reinforcement for the plastic blades of wind turbines and shows potential for reinforcing hydrogen gas tanks in fuel-cell vehicles.



Product Information



All-solid-state sodium-ion secondary battery

NEG's proprietary glass-ceramics technology integrates the anode, cathode, and solid electrolyte, all composed of stable oxides, into a strong, unified structure. This innovative battery operates in extreme conditions (-40°C to 200°C) with no risk of fire or toxic gas emissions. Using sodium, a readily available resource, it also alleviates concerns about raw material procurement.

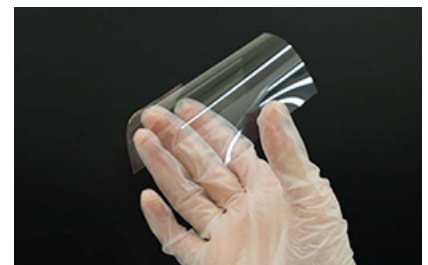


Product Information



Ultra-thin cover glass for artificial satellite solar panels

This cover glass protects satellite solar cells from ultraviolet light deterioration in outer space while also reducing their weight.



Product Information

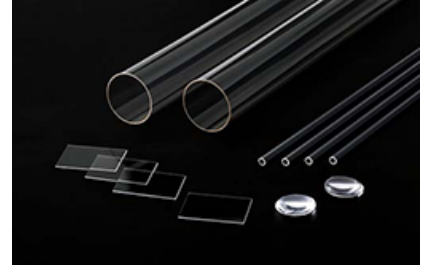


Reducing Environmental Impact

High-efficiency deep UV transmitting glass

Designed for use in LED antiseptic lamps, this glass helps replace lamps that contain environmentally harmful mercury.

Product Information



Green Loan

Learn how we secure funding through green loans to support our environmental conservation activities.

Reporting on Green Loan

On November 22, 2022, NEG secured funding through green loan financing to support projects aimed at reducing our environmental impact. Below are the projects funded through this initiative, all of which meet the eligibility criteria for green loan financing, along with the resulting environmental benefits.

1. Allocation reporting (as of December 31, 2024)

Eligibility criteria	Amount procured (billion yen)	Amount allocated (billion yen)	Amount unallocated (billion yen)
Transition to all-electric melting furnaces and install solar power generation systems	10.0	10.0	–

Notes:

1. Out of the allocated amount, 1.4 billion yen was used for refinancing.
2. All remaining unallocated funds have been allocated to projects meeting the eligibility criteria.

2. Environmental improvement effects in fiscal 2024

Business area	Eligibility criteria	Power generated (MWh)	CO2 emission reductions (tons)
Energy efficiency (energy-efficient equipment)	Switch to all-electric melting furnaces	–	61,397
Renewable energy	Solar power systems	3,890	1,688

Respecting Human Rights

The NEG Group Code of Conduct and NEG Group Principles of Activities, uphold “Respect Human Rights” with the goal of raising awareness of human rights issues.

Human Rights Initiatives

Basic Stance on Human Rights

In line with the spirit of our Corporate Philosophy Structure, the NEG Group advocates respect for human rights and ensures workplace safety and health. These principles are embedded in the NEG Group Code of Conduct and NEG Group Principles of Activities. Additionally, we comply with laws, regulations, and company rules while adhering to 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

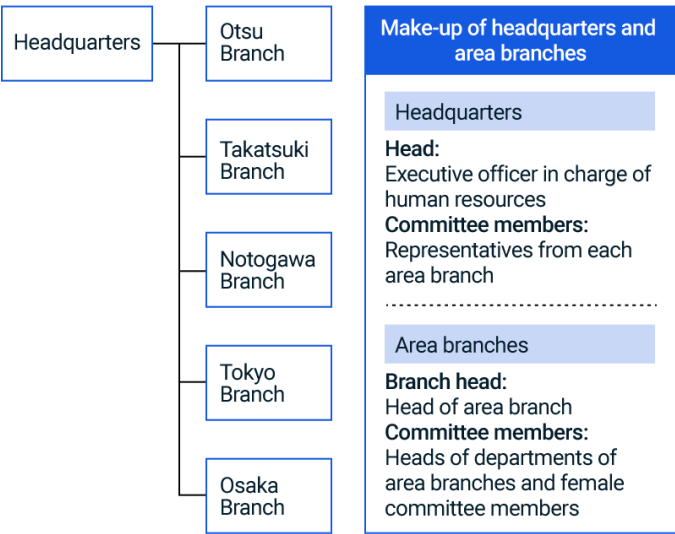
- NEG Group respects fundamental human rights of all people in all aspects of our corporate activities.
- NEG Group ensures a safe work labor environment under which diverse human resources can fully demonstrate their abilities, and strives to human resource development.

Structure

We have established the Committee on Human Rights Issues to promote human rights-related activities. Comprised of members from various departments, the committee works year-round to implement action plans set by both headquarters and regional branches. Key initiatives include conducting human rights training for all new employees, organizing sessions led by external instructors for current employees, and facilitating participation in local government and external organization projects, where NEG executives are often dispatched. Additionally, NEG serves as a board member of the Shiga Prefecture Human Rights Issues Liaison Committee, allowing us to take a leading role in promoting human rights within the region where our main operations are located.

Organization Chart of the Committee on Human Rights

Issues



In cases where a human rights risk arises, the Compliance Committee is notified through the NEG Hotline whistleblowing system. From there, the entire NEG Group undertakes collective risk management to address the issue.

Actions

Supply chain

Preventing and mitigating human rights risks within our suppliers' supply chains is a top priority. To address this across the entire supply chain, we updated our Supply Chain Guidelines in 2023, and established a human rights due diligence framework. Moving forward, we will continue to identify human rights risks within the supply chain and collaborate with our business partners to mitigate them.

Human rights due diligence

Step1	Survey business partners and identify human rights risks
Step2	Identify, assess, and analyze human rights risks
Step3	Implement measures to prevent and mitigate critical human rights risks
Step4	Verify effectiveness

New Human Rights Consultation Desk

In 2025, we set up the Human Rights Consultation Desk to handle concerns about actual or potential human rights issues related to our business activities. This includes matters involving international standards, local laws, and our internal rules, such as the Code of Conduct, Principles of Activities, and Supply Chain Guidelines.

NEG group

The Committee on Human Rights Issues leads our efforts to raise awareness of human rights issues among employees, committee members, and area branches while promoting local human rights activities. In addition, we are implementing a policy that ensures 100% of new hires—both recent graduates and mid-career hires—receive human rights-related education.

Main activities for the fiscal 2024:

- Human rights training for new employees (topics on life fulfillment)
- Human rights training for all employees (topics on harassment prevention)
- Compliance training
- Participation in Shiga Prefecture Human Rights Issues Liaison Committee events and training sessions
- Participation in government-sponsored human rights training sessions and training for human rights awareness-raising personnel

	FY2021	FY2022	FY2023	FY2024
Cumulative number of employees participating in and dispatched to outside activities (government and external organizations)	225	270	126	148
Number of employees participating in in-house human rights activities	807	818	1,360	1,328

UK modern slavery act

Our subsidiary, Electric Glass Fiber UK, Ltd., has published a transparency statement in compliance with Section 54 of the UK Modern Slavery Act 2015.

Modern Slavery Act Transparency Statement for Fiscal Year 2024 

Human Resource Development

We established a training system to develop “global personnel who will be successful at in any situation.”

Our Approach to Human Resources

The glass business requires significant time and investment to develop new materials and processes. To innovate and achieve sustainable growth, focusing only on short-term profit is not sufficient. We prioritize human resources as the drivers of long-term value creation and are committed to creating a work environment where employees with diverse values and long-term perspectives can take on challenging work.

In 2020, we introduced a vision for our personnel, aiming to develop individuals capable of world-class performance across all areas. To support this, we offer a variety of growth and development programs, such as level-specific training, career education, and self-development opportunities. Additionally, we are promoting flexible work styles, improving occupational health and safety, and managing health and productivity. In human resource management, we are revising our remuneration system based on skills and performance, improving the treatment of rehired employees, and taking steps to increase overall employee motivation.

Essential Qualifications and Character



Human Resource Development

In line with our goal of becoming the world's leading manufacturer of special glass, we provide various educational programs, including on-the-job training, level-specific training, global human resource training, skills development programs, and self-development programs that involve acquiring industry certifications. This allows our employees to continuously improve and develop their expertise at a world-class level.

Education and Training Held

Education and Training Held (Fiscal 2024; NEG)

Item	Unit	FY2024
Training hours (under head office education section)	(hours/person)	49
Training cost (company-wide)	(million yen)	329
Per person	(thousands of yen/person)	189

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						Compliance training and seminars		
Senior Manager	Senior manager training						Human rights training		
Manager	Management training	Secondary evaluator training		Life plan and career development training					
	New appointee manager training	Primary evaluator training							
		New appointee evaluator training							
Middle Intermediate	Managerial and technical course	General course	Comprehensive skill and technical course	GCP* practical business English 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
	Pre-management training	OJT	Mid-level employee training						
	Transition training	General course employee training	OJT						
	New mid-career employee orientation		3rd-year training						
Introductory	Managerial and technical course	General course	Comprehensive skill and 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)

As our business continues to globalize, communication in English has become a necessity. To support this, we offer small-group English classes to help our Japanese employees develop and enhance practical English skills.

These classes are open not only to new career-track employees but also to anyone who needs English for their job and is highly motivated, regardless of their role or tenure 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 L&R	% of participants	Target/year
A	600 or higher	52%	Scores required to complete course: TOEIC Listening & Reading: 730 TOEIC Speaking: 140 TOEIC Writing: 150
B	400 to 599	39%	TOEIC L&R +100
C	Less than 400	9%	

Completion

Advancement

Number of Participants

FY2020	FY2021	FY2022	FY2023	FY2024
107	119	125	162	151

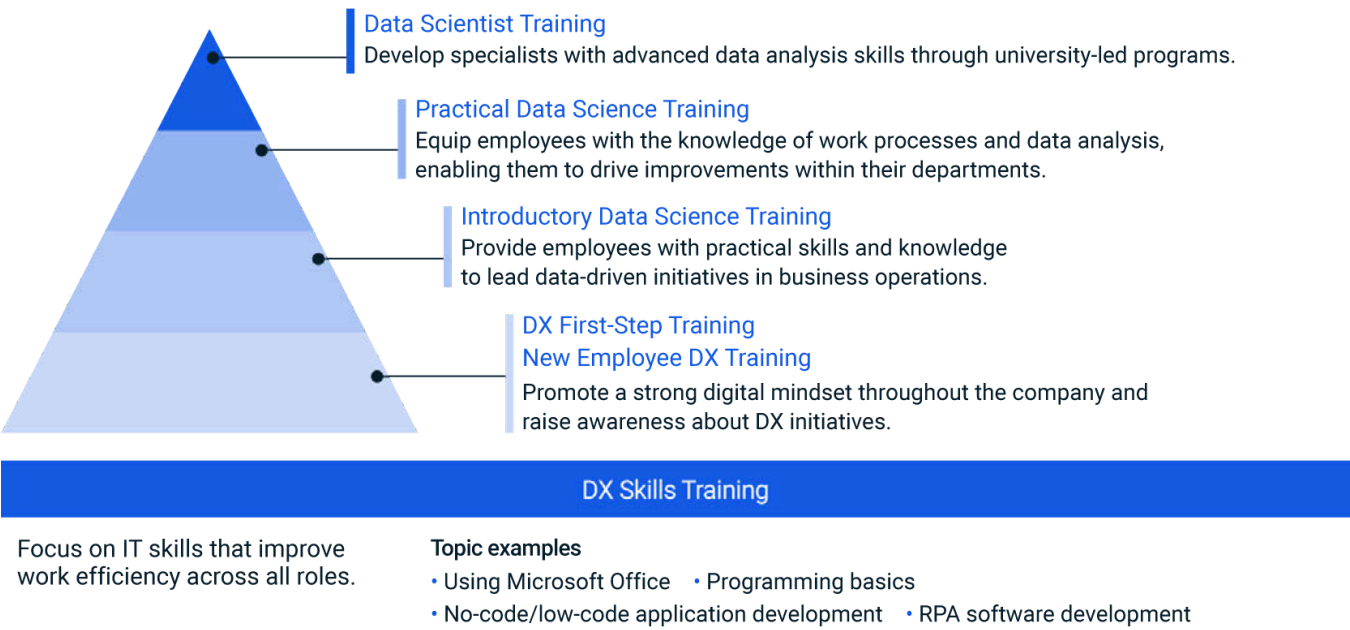
Total program hours: 46/person/year (held during working hours)

DX/Data Science Training

To raise awareness of digital transformation (DX) within our organization and develop employees who can deliver added value to customers through work reform and improved efficiency, we launched a training program in fiscal 2022 replacing the existing AI and IoT training with the programs presented below.

In fiscal 2022, we introduced DX literacy training—now called DX first-step training—to all employees to cultivate a digital mindset. We followed by adding higher-level training in fiscal 2023 to equipping participants with the practical knowledge and skills necessary for DX initiatives. DX training progressed significantly during the three years of fiscal 2022 to 2024 and the results exceeded our expectations, as about 80% of employees completed the DX first-step training and roughly 25% have taken excel skills training.

We will follow up with employees who have yet to participate in the training as we continue to nurture talent with advanced expertise capable of using data to drive process improvements and innovation.



Number of Participants

Training		Number of Participants
FY2022	DX literacy training (DX first-step training after FY2024)	1,184
	New employee DX training	25
	Programming basics	30
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 people
FY2024	New employee DX training	35
	DX first-step training	186
	Introductory data science training	21
	Practical data science training	25
	Excel skills training	425
	Data scientist training (Participants dispatched to graduate school master's course)	A few people

"The Unlimited Possibilities of Glass" Course

All administrative employees have the opportunity to take a glass basics course taught by NEG employees in basic research. Most eligible employees have already completed this course, which covers beginner and intermediate levels, broadening their understanding of glass and fostering greater awareness of our corporate philosophy.

In fiscal 2022, a video version of the course was created, allowing employees to review the material anytime, reinforcing their foundational knowledge of glass. The course will continue to be offered, helping employees deepen and expand their expertise in glass.

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 966 Standard 1,102
Sales	Intermediate	Introduction to products Direction of development	123	
Staff	Elementary	Qualities of glass Applications and characteristics of main products	204	
General employees	Basics	Glass in our lives Definition and characteristics of glass	104	
Total			469	2,068

Communicating with Stakeholders

The Group Code of Conduct states our commitment to disclosing necessary corporate information in a timely and appropriate manner while engaging in broad communication with stakeholders. To enhance our corporate value, we strive to maintain active communication and foster mutual understanding with all stakeholders.

Communicating with Customers

We not only establish a quality assurance system to provide our customers with safe and reliable products, but we also share product information when necessary to ensure that our customers have access to all the information they need.

Product Safety and Quality Assurance

The principle of “customer first” is a key value in our corporate philosophy, and our commitment to achieving the highest level of customer satisfaction is one of our essential management policies. We have established fundamental policies for product safety and quality assurance, which aim to enhance customer satisfaction and ensure the delivery of safe, reliable, and high-quality products.

Product Safety Basic Policy

We are committed to providing safe products that consumers can use with confidence.

1. Strongly prioritizing product safety from the design stage
2. Continuously improving product safety through quality assurance
3. Actively working to reduce risks throughout the product life cycle
4. Promptly disclosing information and ensuring product safety in the event of an accident involving our product

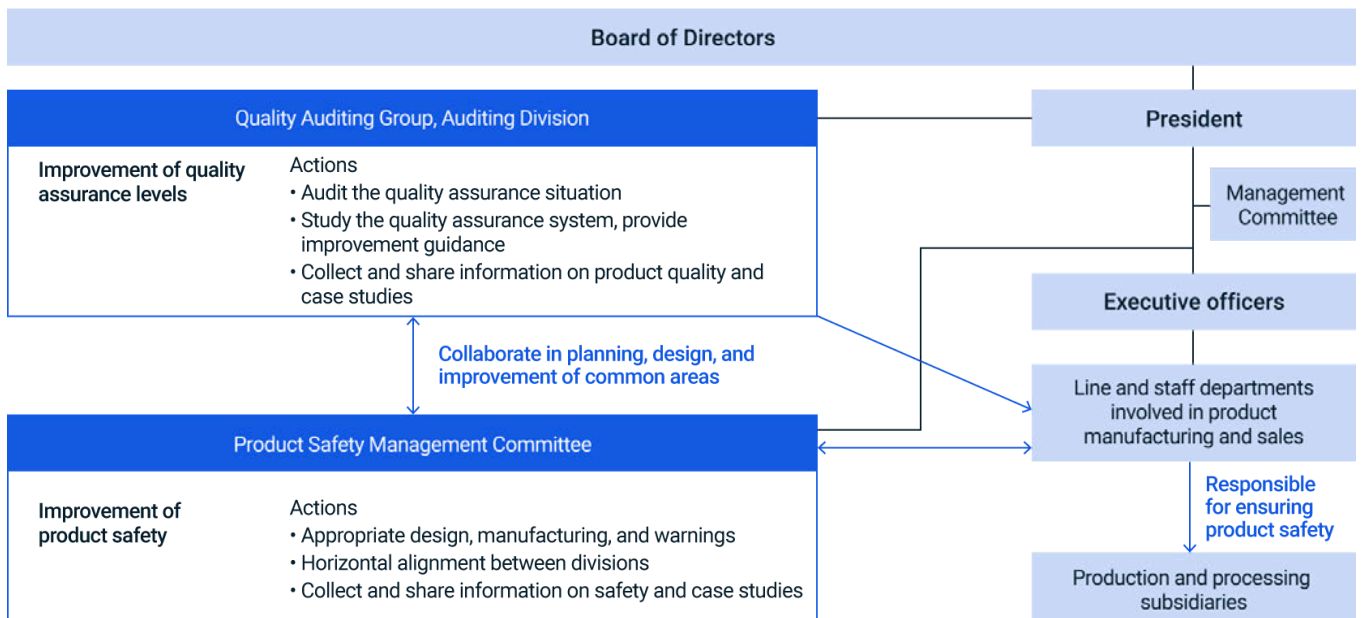
Quality Assurance Basic Policy

Under the principle of “customer first,” we provide products that meet customer satisfaction through the collaboration of all divisions involved in sales, manufacturing, and development.

1. Thoroughly understanding customer needs and consistently reflecting these needs in product specifications
2. Marketing products that adhere to appropriate quality assurance standards
3. Continuously improving product quality and enhancing manufacturing processes to ensure high standards
4. Taking prompt and appropriate action to address any issues reported by customers

Product safety and quality assurance system

Product Safety and Quality Assurance System Diagram



Product safety management committee

The Product Safety Management Committee is dedicated to enhancing the safety of our products. Committee members are chosen from line departments responsible for manufacturing and sales, as well as from staff departments involved in product design and process design. The main focus of the group includes the following tasks:

- Appropriate design, manufacturing, and warnings
- Horizontal alignment between divisions
- Collect and share information on safety and case studies

Quality assurance department

Each of our line departments involved in product manufacturing includes a quality assurance department. Our personnel are responsible for quality assurance for each product, addressing customer requests and contributing to the improvement of manufacturing expertise.

Quality auditing group, auditing division

We have established a Quality Auditing Group within the Auditing Division, which operates under the direct control of the president. This group leads cross-company initiatives to enhance quality assurance levels throughout the entire NEG Group. The main focus of the group includes the following tasks:

- Audit quality assurance
- Study the quality assurance system, provide improvement guidance
- Improvement guidance

Communicating Product Information

We use exhibitions and our website as communication tools to introduce our products and provide relevant information.

Exhibitions



Communicating with Business Partners

We engage with our business partners by sharing our insights and collaborating to deliver better products and services while fostering a sustainable supply chain.

Basic Procurement Policy

In line with our established basic procurement policy, we aim to build reliable relationships with business partners who can provide a stable supply of high-quality products and services at competitive prices. To enhance the performance and efficiency of the entire supply chain, we require our business partners to adhere to our supply chain guidelines, ensure a stable supply, improve their competitiveness, comply with laws and regulations, respect human rights, and protect the environment.

We recognize that minerals such as tin, tantalum, tungsten, and gold sourced from the Democratic Republic of the Congo and neighboring countries can be used to finance armed groups engaged in inhumane acts. Therefore, we place great importance on responsible procurement practices to ensure that we do not source conflict minerals.

Basic Procurement Policy

- 1. Open and fair business practices
- 2. Mutual prosperity with partners
- 3. Compliance with social norms
- 4. Respect for human rights
- 5. Environmental awareness
- 6. Policies on conflict minerals

Procurement

→

Business Partner Briefings

We conduct regular business partner briefings to enhance communication with our partners.

Number of companies attending the business partner briefing

	FY2024
Number of companies attending the business partner briefing	156

Requests for Our Business Partners

- 1. Maintain and improve product competitiveness and ensure a stable supply
- 2. Comply with laws, regulations, and social norms; respect human rights; and consider working conditions
- 3. Prioritize environmental preservation
- 4. Manage information appropriately
- 5. Practice sound corporate management
- 6. Eliminate the use of conflict minerals

Supplier Surveys

To promote understanding of our supply chain guidelines and green procurement policies, as well as to enhance the effectiveness of our supply chain initiatives, we conduct an annual survey of our major suppliers to seek their commitment to supporting and participating in NEG initiatives. Additionally, we visit key suppliers to assess their efforts in environmental conservation, health and safety, and other related areas.

Number of participating companies in the supplier survey

	FY2024
Number of participating companies in the supplier survey	116

Announcement of the Partnership Building Declaration

In March 2022, we announced the Partnership Building Declaration, signaling our commitment to establishing new partnerships through cooperation and mutual prosperity with the companies in our supply chain that help us create value.

Communicating with Shareholders and Investors

View relevant information for shareholders and investors about our company and engage in constructive dialogue

Information Disclosure Policy

We utilize the Tokyo Stock Exchange's Timely Disclosure Network (TDnet) and promptly post information on our website to ensure compliance with the disclosure rules it establishes.

Additionally, we actively use news releases and web pages to present information that we believe will help our stakeholders gain a better understanding of our Group. This is done in a timely, appropriate, and fair manner, in accordance with Japan's Fair Disclosure Rules.

Basic Stance on
Information Disclosure



General Meeting of Shareholders

The 106th General Meeting of Shareholders was held on March 28, 2025. After presenting the fiscal year results and the current state of our business, our management openly addressed the issues raised by our shareholders.

Communicating with Investors

We engage with institutional investors both in Japan and abroad through various channels, including individual interviews, financial results briefing sessions, and investor events organized by securities firms. The feedback and requests we receive from investors are communicated to our management and used to enhance our investor relations activities.

FY2024

Companies in Japan	107
Overseas companies	126
Total number of dialogues	233
Of which ESG was the main topic	15

Main topics of dialogue

Key discussion points include business strategies to enhance profitability, financial strategies to improve capital efficiency, sustainability strategies, the growth potential of the electronic device business (especially for semiconductors), shareholder return policies, and the expansion of information disclosure.

Status of feedback for management

The content of our dialogues with shareholders and investors is regularly reported to the Management Committee.

Actions taken in response to dialogue

- Expand information disclosure, including medium-term management plan status and analysis of operating income change
- Scope 3 emissions calculations

Diversity and Inclusion

We are committed to building a diverse workforce and fostering an environment where all individuals can thrive as a driving force for long-term value creation.

Hiring a Diverse Workforce

We believe that employees are the foundation of a company's growth and accordingly hire a diverse range of human resources regardless of their gender, age, nationality, or other characteristics. We are also increasing the hiring of recent graduates and incorporating new recruiting methods and approaches. For example, we hire highly qualified, mid-career professionals and young professionals changing careers. We also make use of referral recruitment when hiring employees locally. Even amidst accelerating job mobility, we are creating a wide range of entry points, such as for previous NEG employees to be rehired, to help us in securing a diverse workforce.

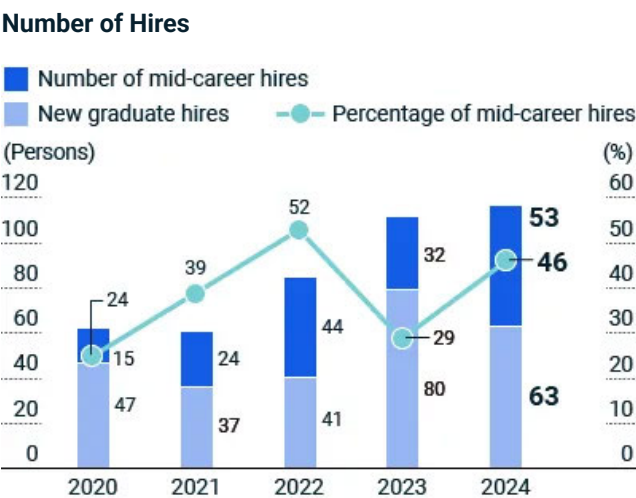
We are also a proactive employer of people with disabilities. In 1980, we established a special-purpose subsidiary aimed at employing people with disabilities. We were among the first six companies in Japan to do so. Since then, we have sought to increase our employment rate for people with disabilities to 4.6%, far above the statutory requirement of 2.5%, and have hired people with disabilities as full-time employees. Moving forward, we will continue to employ people with disabilities.



Hiring Mid-Career Professionals

We strengthen our foundation of human resources by actively hiring mid-career professionals.

In addition to recruiting new graduates and other outstanding talent for the future, we hire experienced professionals with specialized expertise and a strong sense of professionalism. We will continue pursuing individuals with diverse experiences and skills, to bolster our ranks of human resources capable of leading in our business expansion.



Creating a Thriving Environment for a Diverse Workforce

In addition to our continued commitment to providing employment for people with disabilities, we also strive to cultivate a work environment in which the diverse values and backgrounds of employees, regardless of 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, and holding events for female employees to exchange opinions
- Seniors: Initiating a stepped system for raising the pay of rehired workers, and 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)

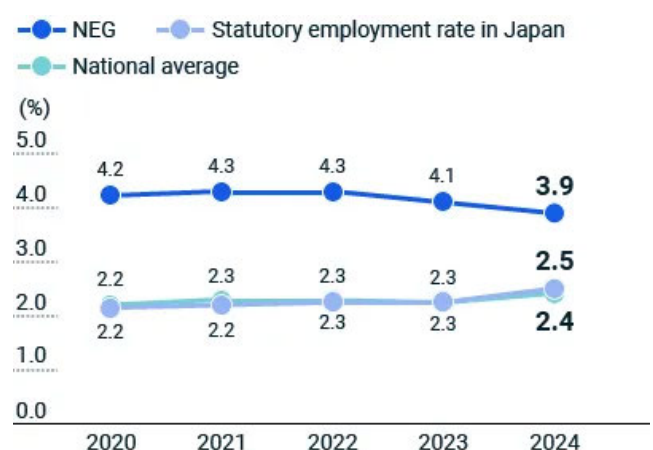
Employment of People with Disabilities

Our special-purpose subsidiary E.G. UNIVERSUPPORT CO., LTD. (<https://www.us-neg.com/>) employs person with disabilities. In 2018, the company became the second special-purpose company to receive Youth Yell Certification from the Ministry of Health, Labour and Welfare for outstanding action in hiring and training young people. In fiscal 2021, the company received Monisu Certification as a small- and medium-sized business with excellent employment for persons with disabilities.

In April 2024, we set a target to increase the percentage of people with disabilities in our workforce to 4.6%, which is above the statutory requirement of 2.5%.

At the end of 2024, we maintained a 3.9% employment rate for people with disabilities, slightly down from the previous year due to some employees reaching mandatory retirement age. We will continue actively engaging people with disabilities as valued members of our workforce.

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





Aiming to exceed the statutory requirement with 4.6% employment of persons with disabilities

Learn more about the efforts of E.G.UNIVERSUPPORT CO., LTD.

NEG Journal

Promoting the Active Participation of Senior Professionals

Securing and actively leveraging the expertise and abilities of senior professionals is becoming increasingly essential. Following the recent changes to laws and the social trends regarding the employment of older individuals, we have set up a system for gradually increasing senior employee compensation levels in accordance with their volume and evaluation of their work. We wish to further utilize motivated and capable seniors and promote a smooth handoff to the younger generation.

Empowering Employees with Roots in Other Countries

As the number of our non-Japanese employees increases, we are providing follow-up support to ensure their understanding of the company's policies, and supporting their smooth workplace communications through measures such as Japanese language classes and a mentoring system.

In October 2019, we promoted the first foreign national employee to the position of manager, and have promoted more since then. In January 2023, we appointed a foreign national employee of an overseas subsidiary as an executive officer at the head office for the first time. Going forward, we will be putting energy into ensuring that workplace environments allow employees of many different backgrounds to participate in the workplace with vitality, building synergy through mutual respect for each other's culture.

Better Workplace Environment

We are committed to cultivating a better workplace environment that supports diverse talent while promoting healthy dialogue among all team members.

Efforts to Retain and Empower Employees

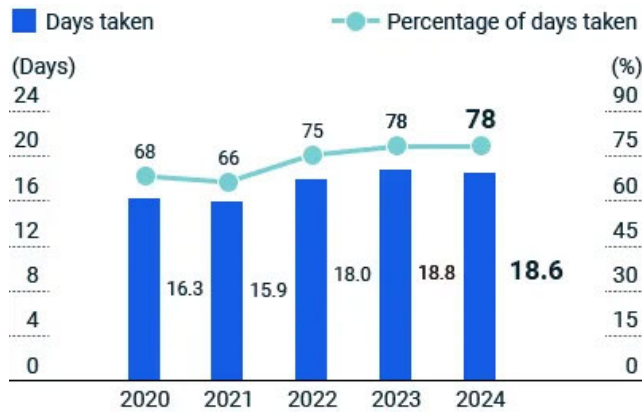
Progress in Diverse Work Styles and Work Efficiency

We carry out a wide range of initiatives, including 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. These efforts have enabled us to reduce overtime work and increase the taking of paid leave. Employees reap the rewards of these efforts in the form of human resource investments such as expanded job benefits and IT funding. We will continue to pursue improvements as we review and revise our efforts.

Main Initiatives

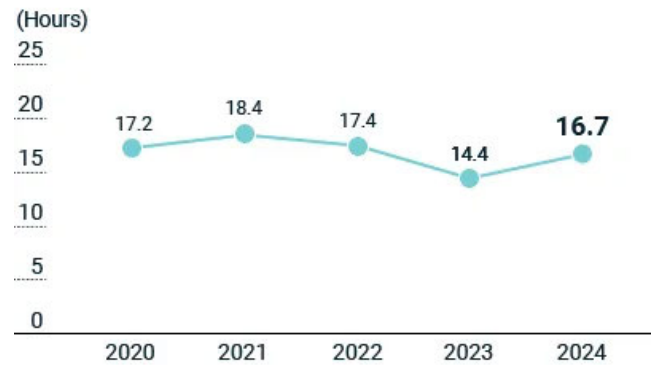
- Inventory business tasks
- Reform meeting processes (shorten, etc.)
- Actively use IT
- Encourage employees to take five consecutive days of leave taken twice a year
- Implement no-overtime days
- Conduct work-style reform seminars
- Create a new return-to-work system
- Expand the work-from-home system
- Increase worksites eligible for flextime and shorter core working hours
- Revise system to comply with the amended Child Care and Family Care Leave Act
- Provide child- and nursing care information
- Conduct employee awareness surveys

Number/Percentage of Paid Leave Days* Taken



* Paid leave days/year: 24

Average Overtime Work



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 in order to expand our employees' options for work styles conducive to childcare and nursing care. These efforts have helped achieve successes such as realizing an 86% rate (fiscal 2023) of male employees taking their childcare leave.

We have created and will introduce a new voluntary action plan to support employees with children.

We are also taking steps to increase the percentage of female employees. We are taking special steps to cultivate female leaders by strengthening the recruitment of female career-track employees and holding in-house seminars on women's health issues. Our efforts to reach our consolidated-basis target of 10% female managers by fiscal 2028 raised the percentage to 11.7% in fiscal 2024.

Performance indicators for employees with children

Period: January 1, 2025 to December 31, 2028

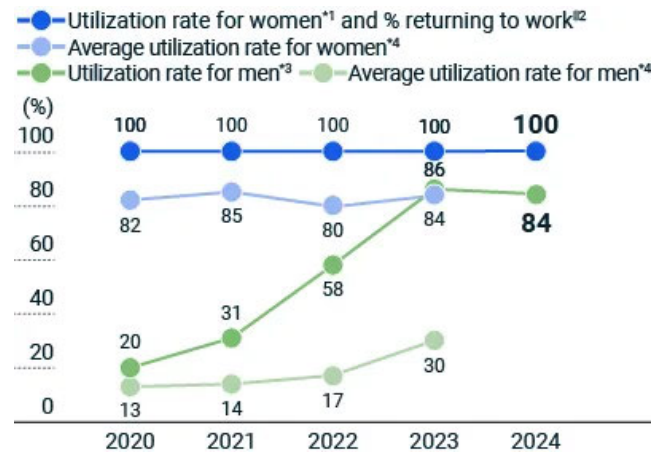
- Maintain at least 80% eligible male employees taking childcare leave and aim for 100%
- Create a flexible family support structure for employees balancing childcare and work based on individual family situations
- Maintain a minimum average of 17 days of paid leave being used

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 has remained above 80% for two straight years.

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

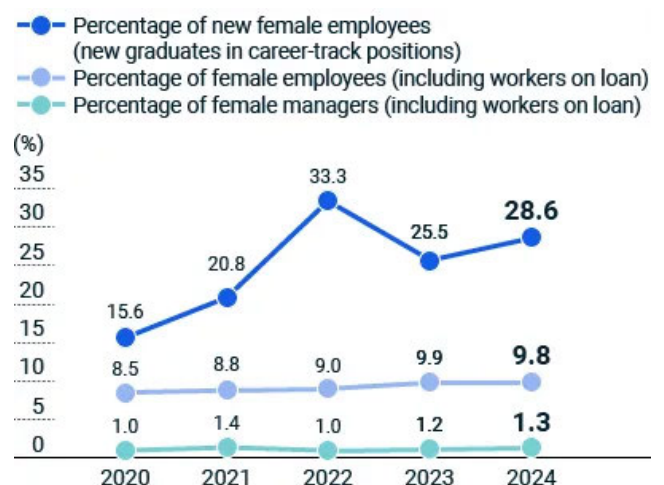
*3 Utilization rate for men: Number of men taking childcare leave ÷ Number whose spouses gave birth × 100

*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 stepping up recruitment of female career-track employees, increasing the ratio of female employees, and developing female leaders. We are also creating supportive working environments and workplaces for women by holding in-house seminars on women's health issues and fostering a corporate culture and workplace environment that accommodates diverse opinions and ideas.

Indicators of Progress in Women's Empowerment



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

Indicators and Targets for Progress in Women's Empowerment

Period: January 1, 2025 to December 31, 2028

- Make 25% or higher*¹ the indicator for percentage of new female employees (new graduates in career-track positions) at NEG.
- 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%*² by fiscal 2028.

Notes:

*¹ Above 25% since fiscal 2022

*² Target achieved with 11.7% in fiscal 2024

Number of employees, years of continuous service, turnover rate

Indicators	Gender	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	Men	1,524	1,530	1,530	1,541	1,569
	Women	149	152	157	172	177
	Total	1,673	1,682	1,687	1,713	1,746
Average years of service	Men	24.1	24.3	23.8	22.9	21.9
	Women	19.7	18.8	17.8	16.2	14.6
	Total	23.7	23.8	23.2	22.2	21.2
Turnover rate (%)	—	1.6	1.2	1.3	1.9	2.0

Note: Number of employees and average years of service do not include employees on loan.

- Years of 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.

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	67.2%	Managers	87.8%
Regular employees	68.3%	Career-track (excluding managers)	91.6%
Part-time and fixed-term employees	38.1%	Regular employees other than the above	88.2%

Period: Fiscal 2024 (January 1 to December 31, 2024)

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

Notes:

1. 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.
2. 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 2023, 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

1. Conduct main surveys
Results analysis; feedback to management, department heads, and employees
2. Plan and implement measures company-wide and in each workplace based on survey results
Activities implementation
3. Conduct focused surveys
Use specific-issue-focused surveys to monitor whether measures are working effectively and, if not, revise those measures
4. Conduct main surveys
Do main surveys the following year and confirm yearly changes

Fiscal 2024 Survey Results

Aim	Visualize state of organization, and improve it at the company-wide and workplace levels
Total number of respondents	1,938 (1,955 for FY2023)
Response rate	99.6% (99.7% for FY2023)
Results summary	<ul style="list-style-type: none">● Expectations and satisfaction scores increased from the previous fiscal year for each category of engagement● Continuing from last fiscal year, there was a high level of satisfaction with cooperation in the workplace and supportive actions of superiors, fostering a sense of unity in the workplace

Setting the fiscal 2023 score as 100, the fiscal 2024 score increased slightly to 102, but the scores for expectations and satisfaction were the same or higher in all 16 engagement categories (with 64 individual sections). We view increase in expectations and the high response to the survey as indicating that employees support the organizational changes and consider them to be positive improvements.

We will continue to conduct surveys and use the results to guide improvements as part of our 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 2024, 78.3% of all NEG employees were in the union.

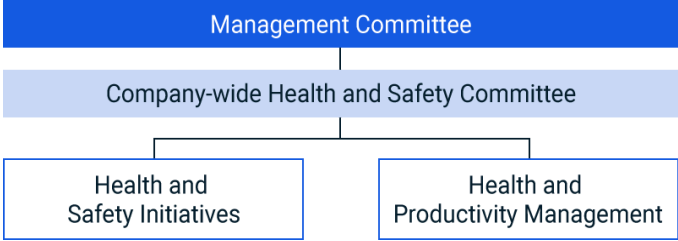
NEG confirms working conditions by signing agreements with its labor union. Besides monthly meetings at NEG sites between the NEG labor union and the company, the union's executive committee and company senior management meet to exchange opinions at least twice a year. We also strive to maintain amicable 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.

Employee Health and Safety

We strive for zero workplace accidents by implementing improvement measures based on risk assessments, while also promoting the mental and physical well-being of all employees to maintain and improve their health.

Company-wide Health and Safety Committee

Every year, the Company-wide Health and Safety Committee is convened, attended by the president and the head of the labor union. During this conference, action policies and targets are set regarding Health and Productivity Management at NEG. These are then approved by the Management Committee and disseminated across the company.



Action Policies for Company-wide Health and Safety (Fiscal 2025)

1. All NEG employees put safety first in everything they do and strive to create a workplace conducive to working in health and safety.
2. Thoroughly understand and implement risk measures in all workplaces, and make continuous improvements 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 Health and Safety

The NEG occupational health and safety, accident prevention, and other committees lead various initiatives in accordance with our Principles of Activities and Action Policies for Company-Wide Health and Safety. Initiatives include creating safe and healthy workplaces, thoroughly understanding and implementing risk measures across all sites, and continuously improving through the PDCA cycle. Alongside regular workplace patrols, we conduct educational awareness campaigns, hazard prediction activities, and share information among operational sites both in Japan and overseas. This helps raise awareness of health and safety issues and work towards our zero-accident goal. Additionally, we offer an Employee Assistance Program (EAP) for all employees and their families, along with stress check follow-ups to support mental health.

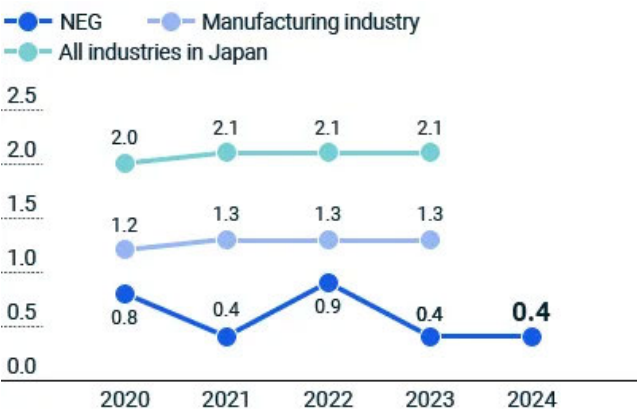
Organization Chart of Occupational Health and Safety



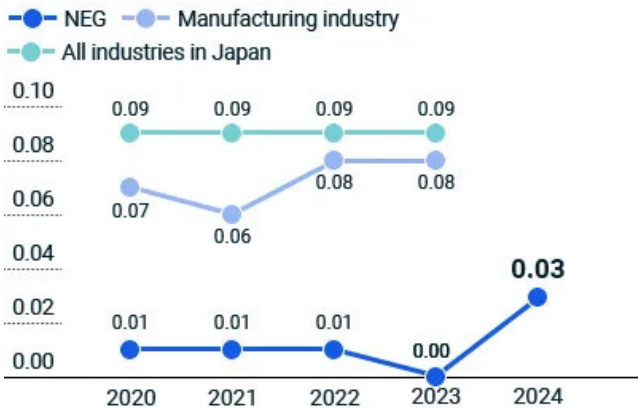
NEG recorded four accidents in fiscal 2024. We are continuing to improve occupational health and accident response measures and will incorporate the issues from fiscal 2024 into our fiscal 2025 health and safety initiatives to prevent future incidents. The number of accidents has remained steady in recent years, and we continue to conduct risk assessments to implement intrinsic safety measures, workplace patrols, and safety education measures with the aim of achieving zero safety incidents. NEG's industrial accident frequency and severity rates remain lower than both the manufacturing industry and the overall industry average in Japan.

In terms of third-party certification, the Shiga-Takatsuki Plant and our overseas subsidiaries in the displays business have been certified for ISO 45001, the international standard for occupational health and safety.

Industrial Accident Frequency Rate (NEG)



Industrial Accident Severity Rate (NEG)

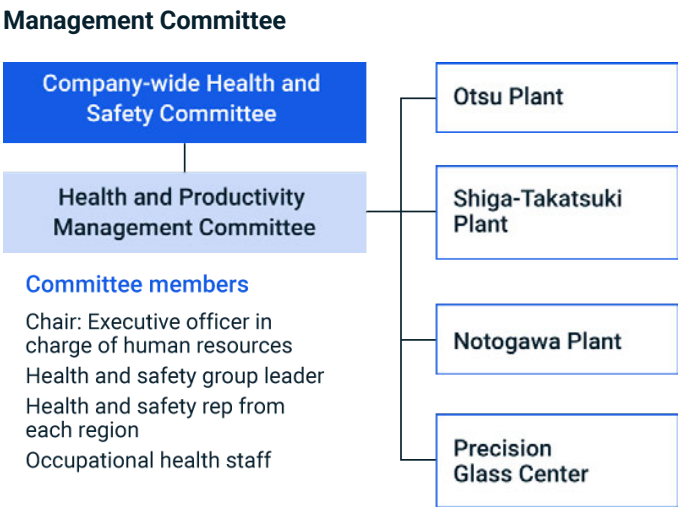


Health and Productivity Management

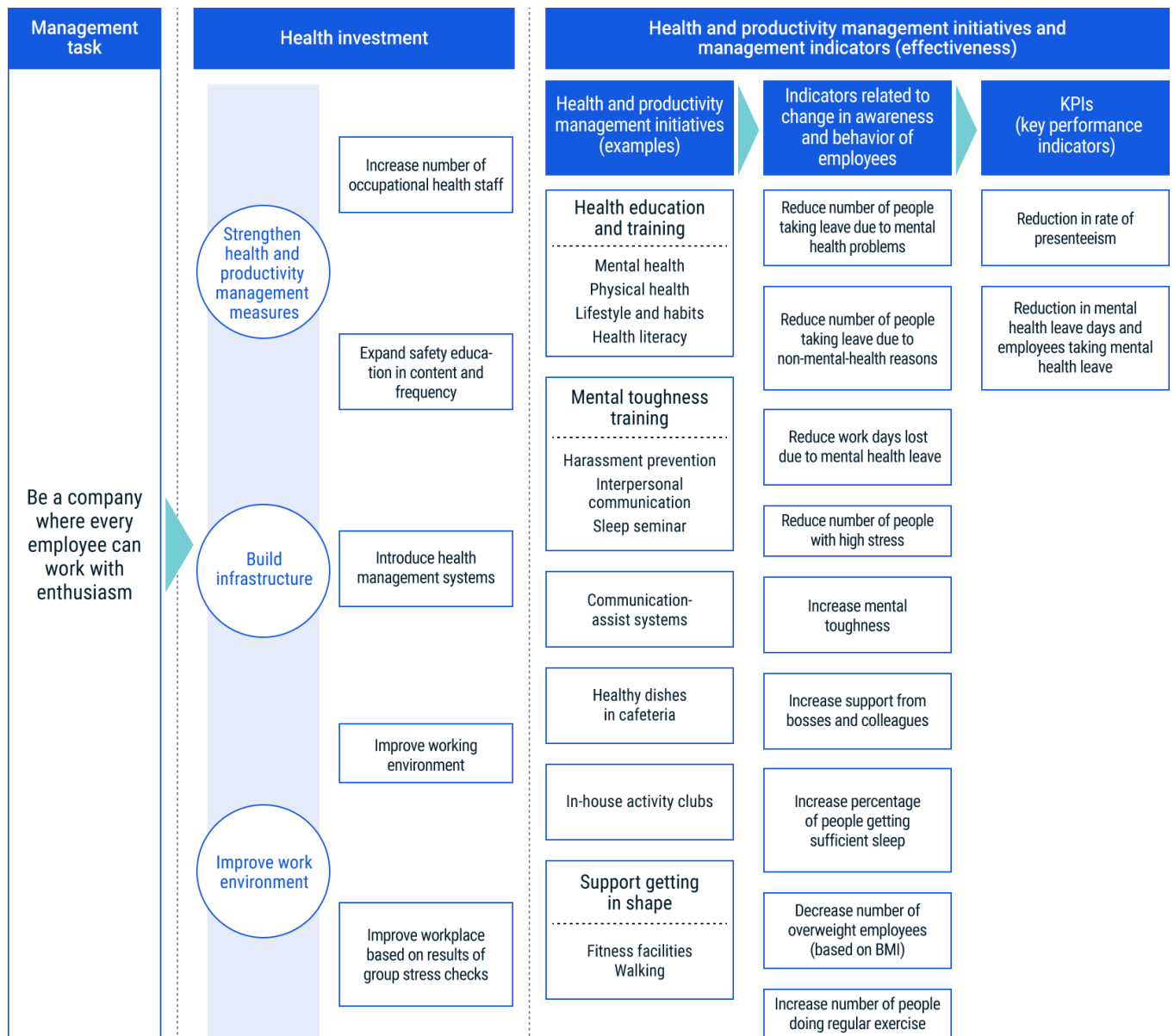
At NEG, we believe that improving employee health drives corporate growth. To support this, we have been implementing health and safety initiatives based on health and productivity management. Our approach includes the development of a strategy map and a range of initiatives aimed at fostering an environment where every employee can work with enthusiasm.

To measure our progress, we have established key performance indicators (KPIs) focused on improving both mental and physical health. We conduct various health activities and educational programs at our sites to meet these targets. In fiscal 2023, we launched the Health and Productivity Management Committee, which is responsible for discussing health and productivity initiatives and determining the actions that all NEG regions should undertake to implement these strategies. In fiscal 2024, we instituted a system to support employees returning to work after a leave of absence.

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	FY2024	FY2026 target
Rate of presenteeism* 1	26.7%	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 a health issue. 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 2024: Communication training for 362 employees in all regions.
- Fiscal 2023: Increased the number of occupational health staff, including part-time industrial physicians specializing in mental health.
- Fiscal 2021: Implemented a no-smoking rule at all sales offices and plants in Japan.

NEG recognized as a “Certified Health & Productivity Management Outstanding Organization” for seven consecutive years.

In 2025, both our company and our health insurance society received certification through the Certified Health and Productivity Management Outstanding Organizations Recognition Program. This program is jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, and it honors companies that implement strategic health and productivity management practices for their employees. As this achievement marks our seventh consecutive certification, it spotlights our ongoing commitment to employee well-being.



Society and Community

For its business to last, a company must strive for harmony with the local community and solutions to the issues that community faces.

We aim to grow in unison with communities through activities such as supporting education and taking part in local events.

Supporting the Younger Generation

Our educational support activities centered in Shiga Prefecture, where NEG is based, are aimed at getting youngsters interested in science. We also collaborate with universities to carry out glass-related research and to foster the researchers and engineers who will form the pillars for advancements in the glass industry.

Academic–Industrial Collaboration

We concluded a comprehensive university–industry collaboration agreement with the University of Shiga Prefecture in 2007. Based on that agreement, we have been collaborating with the university on a variety of ongoing projects, which include the establishment of an endowment course, joint research and technological exchange on glass engineering, and supporting the development of tomorrow's leaders.

In 2023, we launched the NEG endowment course in the basic science of glass at Kyoto University. The course digs deep into basic research on glass with the aim of fostering the next generation of glass researchers and engineers. Course researchers demonstrated the existence of a new group of materials called “highly ordered glass,” which are distinct from conventional glasses. The course seeks to expand the potential of glass by approaching research in ways that are not predetermined in textbooks.

Supporting Shiga Prefecture's Lake Biwa Floating School Program

In 2019, we acquired the naming rights to the Lake Biwa Floating School Program, and a youth environmental studies program in Shiga Prefecture aimed at supporting education and self-development. In 2023, we renewed the rights for another four years.



The Uminoko learning ship of the Lake Biwa Floating School Program

Visiting Lessons Sponsorship of Otsu City Science Museum's “Innovation for the Future”

Our employees visit the Otsu City Science Museum to give hands-on lessons to teach local elementary and junior high school students about the characteristics of glass and how it is used. The Innovation for the Future classes, which highlight inventing, discovering, and making things, were joined by 29 participants in 2024.



An “Innovation for the Future” class

Participation in the University of Shiga Prefecture Science Career Support Program

In 2020, we became a collaborating enterprise in the University of Shiga Prefecture Science Career Support Program, which provides workplace exchange experiences. NEG hosted 19 participants in 2024.



A workplace exchange interaction

Welcoming Visitors to Our Plants and Showroom; Opening Our Facilities to the Local Community

Fiscal 2024 activities

Item	Participants
Visitors to our plants and showroom	Approx. 320
Visitors to our facilities that are open to the public (green space, etc.)	Approx. 220

Coexistence with Local Communities

To strengthen our ties with local communities, we carry out volunteer activities such as cleaning and planting greenery, host various events to which we invite local residents, and carry out donation and support activities.

Record of 2024 activities (Japan and Overseas)

Activities	Participants
Employees joining community activities	Approx. 540
People visiting our summer festival and other events	Approx.12,770
People joining dialogue between the NEG Group and neighborhood councils	Approx. 120
Donations of flower seedlings to local schools and neighborhood councils	Approx. 14,900 seedlings
Donations of Omi rice to children’s community kitchens and to children of foreign parents in Shiga Prefecture	6 tons



Participated in the Forest Road Cleanup Operation of the Konze Forestry Association



Hosted an appreciations ceremony at the Shiga-Takatsuki Plant



Paju Electric Glass (Korea)
Donated to a birthday party at a neighboring senior citizens association



Received a letter of appreciation from the Shiga Prefecture Council of Social Welfare



Electric Glass (Xiamen)
Donated to a neighboring community welfare program



Electric Glass (Guangzhou)
Conducted cleanup activities around its plant

Corporate Governance

We aim to reach the targets outlined in our EGP2028 Medium-term Business Plan by boosting our competitiveness through strengthening overall management oversight and revitalizing the Board of Directors.

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 Report (605KB) 

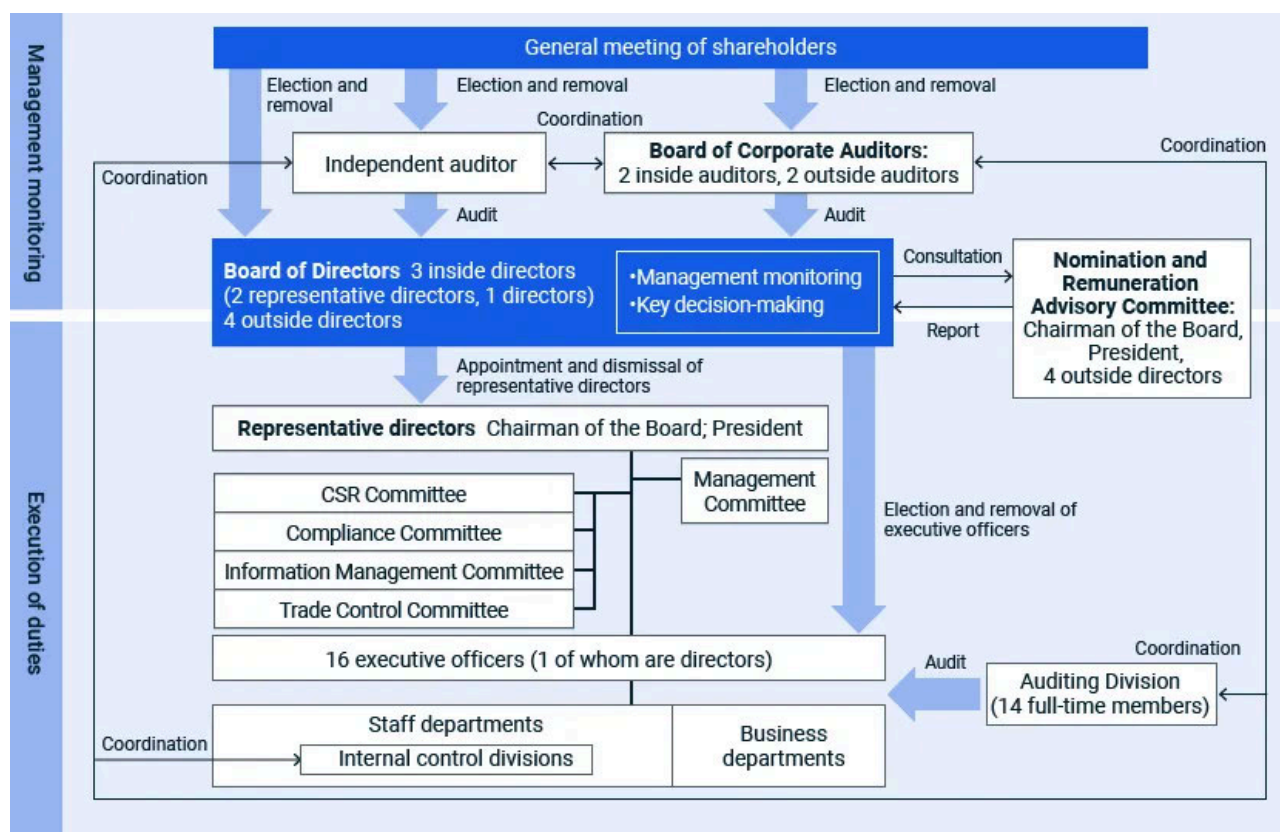
Corporate Governance Structure

NEG is a company with a board of corporate auditors. The Board of Directors, which includes outside directors, carries out decision-making regarding the execution of duties and supervision of the execution of duties by directors and others. The supervision of the directors is carried out independently of the Board of Directors and the executive structure by the Board of Corporate Auditors, which includes outside corporate auditors. This system is intended to ensure the transparency and fairness of the Board of Directors.

Also, a Nomination and Remuneration Advisory Committee, which exists as a voluntary committee, has been established as an advisory body to the Board of Directors. 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.

In addition, the CSR Committee, the Compliance Committee, the Information Management Committee, and the Trade Control Committee facilitate organization-wide initiatives to strengthen corporate governance.

Diagram of Corporate Governance System (as of March 28, 2025)



Journey towards Stronger Corporate Governance

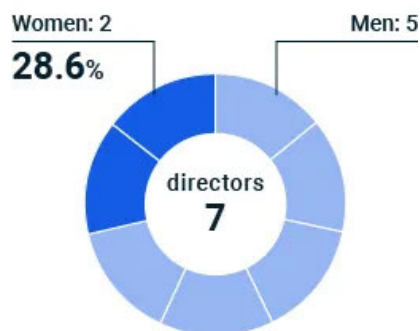
	2000s	2010s	2020s
Settlement and shares	2006 Takeover defense measures introduced	2012 Takeover defense measures abolished	
Business execution supervision system	2001 Executive officer system introduced Start of reduction in the number of directors	2015 First independent outside director appointed	2020 Nomination and Remuneration Advisory Committee established
	2003 Term of office for directors shortened to one year First independent outside corporate auditor appointed	2016 Independent outside directors increased to two Start of evaluation of Board of Directors effectiveness	2023 Non-Japanese executive officer appointed Corporate advisor system abolished
		2019 In total, three independent outside directors appointed (outside directors now comprise one-third) System for granting restricted shares introduced First female outside director appointed	2025 Independent outside directors made a majority of the Board of Directors
Internal control and risk management	2000 Principles of Activities established	2015 Corporate Philosophy Structure established Business continuity planning formulated	2023 CSR Committee established
	2003 Auditing Division established	2019 Whistleblowing system introduced for all group companies	
	2006 NEG Hotline whistleblowing system introduced Compliance Committee established		

Outside Director Ratio



As of March 28, 2025

Female Director Ratio

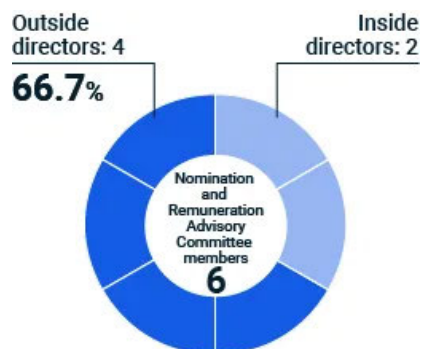


As of March 28, 2025

Nomination and Remuneration

Advisory Committee Outside

Director Ratio



As of March 28, 2025

Attendance at Board Meetings in Fiscal 2024

Position	Name	Board of Directors meetings	Board of Corporate Auditors meetings
President	Motoharu Matsumoto	14/14 meetings (100%)	–
	Akira Kishimoto	14/14 meetings (100%)	–
Directors	Hiroki Yamazaki	14/14 meetings (100%)	–
	Tomonori Kano	14/14 meetings (100%)	–
	Mamoru Morii	14/14 meetings (100%)	–
Outside directors	Reiko Urade	14/14 meetings (100%)	–
	Hiroyuki Ito	14/14 meetings (100%)	–
	Yoshio Ito	14/14 meetings (100%)	–
	Nahomi Aoto	11/11 meetings (100%) (since being appointed in March 2024)	–
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	Yukihiro Yagura	14/14 meetings (100%)	13/13 meetings (100%)
	Hiroji Indoh	14/14 meetings (100%)	13/13 meetings (100%)

Outside Directors and Corporate Auditors

As of March 28, 2025, there are four outside directors and two outside corporate auditors within the company. Outside directors make up a majority of the Board of Directors, which includes 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 above-mentioned 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 (86KB) 

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, 2025, the Board of Directors consists of seven members (including two representative directors, one inside director, 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 106th Ordinary General Meeting of Shareholders (held on March 28, 2025) and can be found on the NEG website.

Management



Shareholders Meeting



Board of Corporate Auditors

We adopt a corporate auditor system. As of March 28, 2025, 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.

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.

Management



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 2024. The committee reviewed the director remuneration policy and system, and reported the total amount of director bonuses to the Board of Directors. 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, 2025, the Committee comprises two representative directors and four outside directors. Its membership is shown below.

Members of the Nomination and Remuneration Advisory Committee

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)

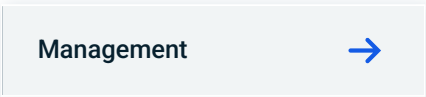
Management Committee

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, 2025, the Management Committee comprises three inside directors (two of whom are representative directors) , one executive vice president, and seven 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, 2025, in addition to the president, there are 16 executive officers (one of whom is a director, 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.



Skills Matrix of Director and Corporate Auditor

Director and Corporate Auditor Expertise and Backgrounds

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

Skills Matrix of Director and Corporate Auditor

Name	Position in the company	Outside independent	Gender	Nomination and Remuneration Advisory Committee (◎ indicates chairperson)	Major knowledge, experience, and capabilities						
					Corporate management and business strategy	Finance and accounting	Legal and compliance	R&D, process development and quality	Sales and marketing	Global	Sustainability
Motoharu Matsumoto	Chairman of the Board (representative director)		Male	●	●	●	●		●	●	●
Akira Kishimoto	President (representative director);		Male	●	●		●	●	●	●	●
Mamoru Morii	Director		Male		●	●	●		●	●	●
Reiko Urade	Director	●	Female	●				●			●
Hiroyuki Ito	Director	●	Male	●	●		●				
Yoshio Ito	Director	●	Male	◎	●			●	●	●	
Nahomi Aoto	Director	●	Female	●				●		●	
Yoshihisa Hayashi	Full-time Corporate Auditor		Male				●				●
Toshiharu Narita	Full-time Corporate Auditor		Male					●			●
Yukihiro Yagura	Corporate Auditor	●	Male			●	●				
Hiroji Indoh	Corporate Auditor	●	Male				●				

Training for Directors and Corporate 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.

Analysis and Evaluation of the Effectiveness of the Board of Directors

All directors and corporate auditors participate in an annual questionnaire concerning 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.

Fiscal 2023 Questionnaire Questions, Opinions, and Action Taken

- On the topic of “appropriateness of the content and timing of the distribution of materials in advance of the Board of Directors meetings,” a comment expressed that informational materials were sometimes distributed at the last minute prior to a Board of Directors meeting, causing members to attend without adequate understanding of the issues. Our response will be to be more diligent about the timing that materials are distributed so members can be fully informed before attending the meetings.
- On the topic of “company efforts to provide outside directors with opportunities to visit plants in Japan and overseas and exchange opinions with local executives,” a comment stated that, although the COVID-19 pandemic was one of the reasons, the respondent did not have any opportunities to visit a plant. Our response in fiscal 2024 was to provide outside directors with tours of overseas subsidiary companies.

Fiscal 2024 Questionnaire Opinions

A comment on the composition of the Board of Directors commended the Company for having a majority of outside directors on the Board but recommended establishing a system to ensure sufficient discussion.

Another comment requested that outside directors be provided with opportunities to visit plants in Japan and overseas and engage in discussions with executives so they can gain a full understanding of the situation at the sites. 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. We will continue our efforts to enhance discussions at Board of Directors meetings by using the questionnaire results as a basis for making improvements and evaluating its effectiveness.

Policy on Deciding Directors' and Corporate Auditors' Remuneration

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

The total monthly remuneration and bonuses 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 directors 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. Bonuses are determined using consolidated operating income as an indicator and in consideration of economic conditions, business conditions, status of executed measures, and individual evaluations.

Specific content of monthly remuneration and bonuses 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 2024

Category	Total amount of remuneration (million yen)	Total amount for each type of remuneration (million yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Number of outside directors)	338 (37)	242 (37)	60 (-)	35 (-)	9 (4)
Corporate auditors (Number of outside corporate auditors)	60 (14)	60 (14)	- (-)	- (-)	4 (2)
Total (Number of outside directors)	398 (51)	302 (51)	60 (-)	35 (-)	13 (6)

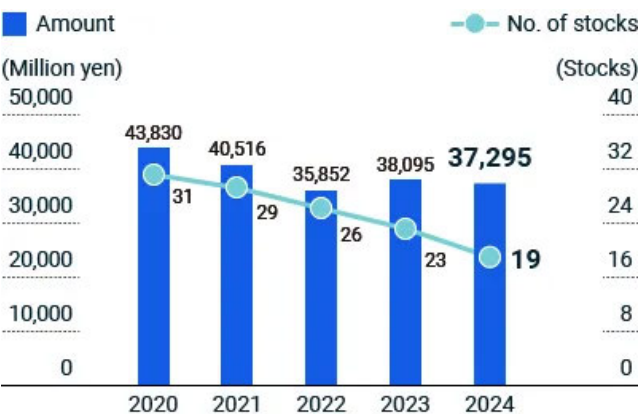
Cross-shareholdings Policy

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 including 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

We have implemented a system to ensure that our operations comply with various laws and regulations.

Internal Control Policy

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 2025, our financial reporting-related internal controls for fiscal 2024 were assessed as "effective." A report by an outside auditing company also assessed the controls as being appropriate in all key aspects.

The Basic Policy Regarding Internal Control

NEG approved the basic policy regarding internal control at its board of directors meeting as follows.

* Issues that may have major impacts on investor decisions are listed under "[Business Risks](#) "

(1) Systems to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries shall comply with laws and regulations and the Articles of Incorporation

The Company has established the Compliance Committee as a specialized body that continuously ensures compliance with laws and regulations as well as corporate ethics within the Company Group, and the committee shall implement the following: [1] planning of revision of "Corporate Philosophy," "The NEG Group Code of Conduct," and "NEG Group Principles of Activities," and planning, preparing and implementing various measures to disseminate such materials throughout the Company Group companies; [2] collecting and analyzing information about compliance including movement of social conditions, relevant laws and regulations at home and abroad, and providing training; and [3] operating an Internal Reporting System (Point of Contact: Compliance Committee, a law firm, etc.). The details of these implemented actions are regularly reported to the Board of Directors and the Corporate Auditors. Furthermore, in the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Company Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

The Internal Auditing Department (the Auditing Division) shall implement internal auditing of each division and all Group companies from an independent position based on internal auditing regulations and the auditing plan, and shall report on the status of implementation to the President and the Corporate Auditors as necessary.

(2) Systems for storage and management of information related to execution of duties by Directors

Documents concerning execution of duties by Directors (approval documents and other decision-making documents, minutes of a meetings, etc.) shall be kept and managed appropriately in compliance with laws and regulations as well as the document management rules and other rules set forth by the Company.

(3) Regulations and other systems concerning risk management for loss

The Company assesses risks periodically, identifies any management risks, and takes necessary measures to mitigate or eliminate them. Risks related business of the Company that it recognizes as important (such as those relating to the procurement of materials, etc., natural disasters, accidents and disasters, information security, the environment, etc.) shall be overseen by the responsible departments or by specialized committees through means such as establishing regulations and guidelines, providing training, and preparing manuals as the need arises.

As for risks that have newly arisen, the President will promptly determine the personnel responsible for them and implement countermeasures.

Issues of particular importance to management shall be discussed at and reported to the Board of Directors Meetings and the Management Committee.

(4) Systems to ensure efficient execution of duties by Directors

The Company has introduced the Executive Officer System and business group system approach in order to clarify management targets and efficiently operate business, and it will set an annual budget (business plan) by each business group and on a company-wide basis at the Board of Directors Meetings. In addition, the Company shall manage business achievements on a monthly basis and discuss and examine important management issues from various perspectives at the Board of Directors Meetings, meetings of the Management Committee, and meetings of business groups.

In order to make sure that necessary information is conveyed to interested parties and appropriate decisions are made on a timely basis, information technology such as electronic approval systems is utilized.

(5) Systems to ensure the appropriateness of operations of the NEG Group comprising the Company and its subsidiaries

The Company has established and is ensuring compliance with NEG Group Code of Conduct and NEG Group Principles of Activities, which comprise the standards for judgement and behavior of Directors and employees of the Company Group, and it also operates the Internal Reporting System. In the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Company Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

Furthermore, to ensure the appropriateness of the Company Group's financial reporting, the Company and its Group companies have established and are operating the necessary organizational systems and the Internal Auditing Department (the Auditing Division) evaluates the validity of such systems.

Besides the above actions, the Company shall identify and resolves management issues of subsidiaries as deemed appropriate, by means such as dispatching Directors and Corporate Auditors to subsidiaries, determining Executive Officers in charge of each subsidiary, establishing a system for accepting consultations regarding execution of businesses, and having the administration departments of the Head Office or relevant business groups exchange information regularly with subsidiaries. In addition, risk surveys of the Company and its subsidiaries shall be regularly conducted, and the Company shall identify the risks for the Company Group to take measures as deemed appropriate. In particular, as for overseas subsidiaries, the Company has prepared a list of matters to be reported to the Company in the event of large-scale natural disaster, etc., and in case of any problems shall, strive to identify them and implement countermeasures. The top management of the Company and subsidiaries shall hold meetings to improve management efficiency as the need arises.

To enhance the business efficiency of the Company Group, the Group Finance and the Group Common Accounting System are utilized.

(6) Matters related to employees assigned to assist Corporate Auditors in their duties and independence of such employees from Directors in the event Corporate Auditors request such employees

Employees who belong to the Administrative Division shall assist Corporate Auditors in their duties as the need arises. In the meantime, opinions of Corporate Auditors concerning transfer, etc. of such employees shall be respected.

(7) Systems concerning reporting to Corporate Auditors

Directors and employees shall report to the Corporate Auditors without delay before or after the fact on matters that would have an important influence on the Company Group. In addition, responsible personnel shall report on the status of operation of the Internal Reporting System and the status of implementation of internal auditing appropriately. Moreover, in the event that the performance of an illegal act, etc. involving a Director or an Executive Officer of the Company or the Company Group companies is reported, the Compliance Committee shall report the details to the Corporate Auditors in a timely manner.

Directors and employees shall report promptly when requested to do so by Corporate Auditors.

In order to understand issues relating to auditing of subsidiaries, Corporate Auditors shall cooperate with Corporate Auditors of the subsidiaries appropriately.

(8) Systems to ensure that a person who has made reports to a Corporate Auditor does not receive disadvantageous treatment because of such reporting

The operation status of the Internal Reporting System is reported to Corporate Auditors appropriately. Dismissals or other disadvantageous treatments against reporters under the Internal Reporting System for the reason of such reporting shall be prohibited, as specified in rules set forth by the Company.

(9) Matters concerning policies regarding procedures for advance payments or reimbursements of costs arising from execution of duties of Corporate Auditors, and processing of other costs or liabilities arising from execution of such duties

Regarding expenses arising from execution of duties of a Corporate Auditor, payment processing shall be made based on a request from the Corporate Auditors.

(10) Other systems to ensure that auditing by Corporate Auditors will be performed effectively

The Corporate Auditors shall exchange opinions with the Representative Director, Accounting Auditor, and the Auditing Division as deemed appropriate.

Risk Management

We perform regular risk assessments in accordance with our “Internal Control Policy” to address and identify management-related risks.

Risk Management Policy

Our Group reviews business risks on a periodic basis, based on our policy on internal control, and takes the necessary steps to manage such risks. In cases involving any business risks that are deemed significant, responsible divisions or specialized committees formulate regulations and guidelines, conduct training, prepare manuals, and undertake additional activities as deemed necessary.

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.

Risk	Description	Possibility	Impact	Response
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.

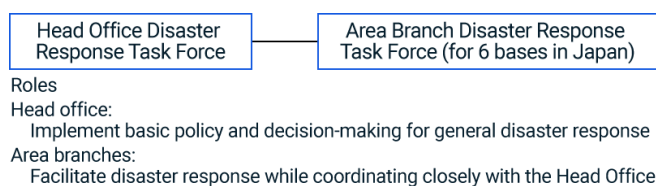
Implementing BCP

Implementing BCP

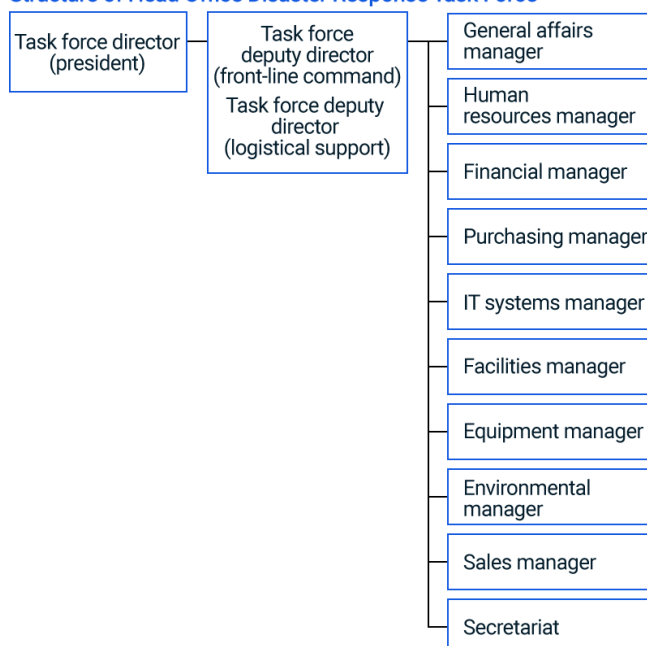
To be prepared for disasters such as earthquakes, typhoons, floods, fires, and mass infections, we created a disaster management manual based on the company's disaster preparedness regulations, and we carry out emergency drills periodically. In the wake of the 2011 Great East Japan Earthquake, we reviewed 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 Activation Structure



Structure of Head Office Disaster Response Task Force



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 2024, 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

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.

We are working to strengthen the risk responsiveness of our systems, organization, and individuals. In addition to our existing training and education for employees, we maintain a Computer Security Incident Response Team (CSIRT) and have created a manual for responding to computer security incidents. CSIRT conducts regular training activities to prepare for a possible incident.

Compliance

To maintain public trust and to achieve sustainable growth, every employee and executive of our Group is expected to comply with laws and international rules, and consistently act in accordance with our organization's high ethical standards.

Compliance System

We established our Compliance Committee as a specialized body that ensures our Group members continue to comply with laws and regulations. The Committee also provides information on corporate ethics and is primarily focused on the items listed below.

Key Focus Areas of the Compliance Committee

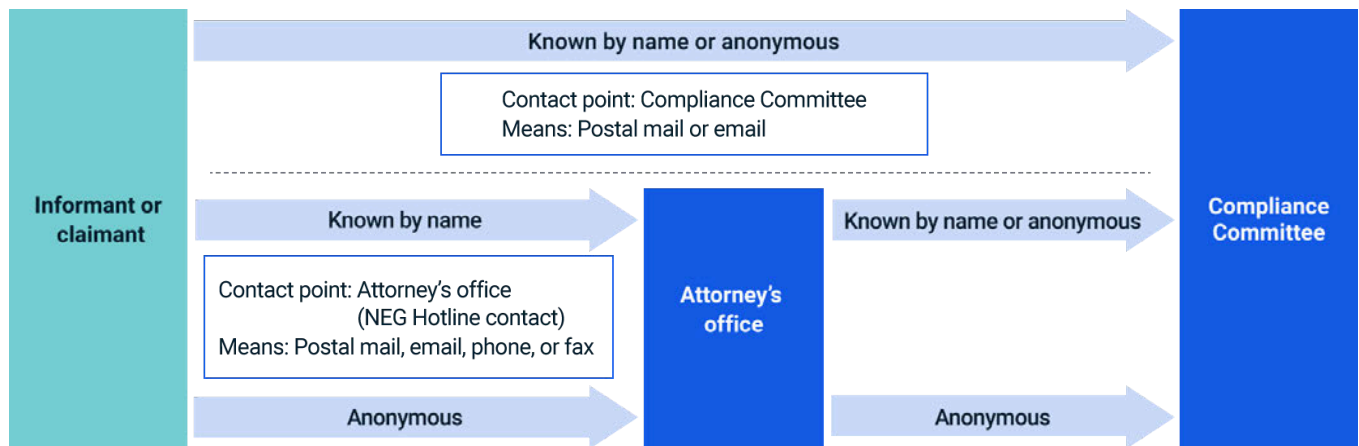
- Drafting revisions to the Group Code of Conduct and Principles of Activities
- Collecting and analyzing information on compliance and providing compliance training
- Operating the whistleblowing system (NEG Hotline)

Whistleblowing System

A whistleblowing system called the NEG Hotline has been established to help prevent any illegal violations, wrongdoings, or unethical acts and to promote early detection and quick resolution should such acts occur. We have established two consultation hotlines, one that connects employees to the Compliance Committee (internal contact point) and another that connects to an attorney's office (outside contact point). The confidentiality of the informants is strictly protected at both contact points, so that no unfair treatment will occur.

This whistleblowing system has been set up at all of our subsidiaries in Japan and overseas. We will continue raising awareness of the system and verifying that it continues to function properly.

NEG Hotline Whistleblowing System



Note: Whistleblowing system of the Company and domestic Group companies

Number of Whistleblowing or Consultations within the NEG Group

FY2020	FY2021	FY2022	FY2023	FY2024
11	12	25	16	18

Ensuring Compliance

Training and Education

To raise compliance awareness (for example, for high ethical standards and respect for human rights) throughout our Group, each year we carry out compliance training as a part of an education program for newly hired employees and antitrust seminars for employees engaged in sales activities. We also ensure awareness among management by holding workshops for directors and executive officers. At these sessions, participants take the opportunity to discuss themes such as governance and compliance. In addition, we have designated.

Compliance Education, Workshops, and Lectures Held in Fiscal 2024

Region	Name	Intended persons	Times	Participants	Theme
Japan	Education for new employees (new graduates)	All new employees (new graduates)	2	50	<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	–	2,635	<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	57	<ul style="list-style-type: none"> ● Practical knowledge of corporate compliance and the role of management
	Antitrust seminar for sales departments	NEG employees engaged in sales activities	1	125	<ul style="list-style-type: none"> ● Cartel activity examples ● Leniency policy
Overseas	Workshops	Managers at subsidiaries in China, Taiwan, and South Korea	–	436	<ul style="list-style-type: none"> ● Corporate Philosophy, Code of Conduct, Principles of Activities ● Non-compliance examples ● Case studies ● Whistleblowing system

* As a result of these efforts, no cases occurred in fiscal 2024 of bribery, anticompetitive acts, or any other infraction requiring legal action.

Group Code of Conduct and Principles of Activities

To ensure that all employees are informed on compliance matters, we have established the Group Code of Conduct and Principles of Activities. Wallet-sized cards printed with the Corporate Philosophy Structure, Code of Conduct, Principles of Activities, and an introduction to the NEG Hotline are distributed to employees of group companies in Japan.

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.

Efforts to Prevent Involvement with Antisocial Forces

As part of our commitment to maintaining the highest ethical standards, the NEG Group Code of Conduct enforces a strict policy of “taking a firm stance against antisocial forces.” This principle is further detailed in the NEG Group Principles of Activities, which provide clear guidelines on expected behavior. To ensure widespread understanding, these principles are distributed to all executives and employees as portable reference cards.

In line with this policy, our General Affairs Division leads efforts in gathering relevant information and, when necessary, coordinates with legal experts, law enforcement, and other organizations to handle such matters systematically.

Measures to Maintain Fair Business Dealings

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

Our Group Principles of Activities 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 January 7, 2025).

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.

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. 

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.

External Evaluation

Our sustainability initiatives have been evaluated by various external organizations. Additionally, some of our disclosed data has been verified by third-party organizations.

Incorporation into Sustainability Indices

Our sustainability efforts have earned us inclusion in the following notable sustainability indices:

- **FTSE Blossom Japan Sector Relative**

This index, created by FTSE Russel, is composed of Japanese companies with strong ESG (environmental, social and governance) ratings.



**FTSE Blossom
Japan Sector
Relative Index**

- **S&P/JPX Carbon Efficient Index**

This index, also published by S&P Dow Jones Indices LLC and the Japan Exchange Group, measures the environmental disclosures and carbon efficiency (carbon emissions per unit of revenue) of companies within the Tokyo Stock Price Index (TOPIX), with a focus on those with lower carbon emissions.



- **Morningstar Japan Equity Gender Diversity Tilt Index (excluding REITs)**

This ESG index, created by Morningstar, recognizes companies with ingrained gender diversity policies and those that provide equal opportunities for all employees, regardless of gender.

B score in 2024 CDP Climate Change

CDP is an international nonprofit organization based in UK that evaluates companies environmental information disclosures on an eight-level from A to D-.

NEG received B score in 2024 CDP Climate Change.

We will continue our analyses and work to improve information disclosure while steadily carrying out our carbon neutrality action plan.



Three-Star Certification in Shiga Biodiversity Initiative

We earned the highest rating of “three stars” in Shiga Prefecture's Biodiversity Initiative Certification Program.

Every three years, this program evaluates companies and organizations with headquarters or business locations in Shiga Prefecture for their contributions to biodiversity conservation and the sustainable use of natural resources.

Our initial certification was granted in 2019, with our latest evaluation updated in 2022. We remain committed to business activities that prioritize the conservation of local biodiversity.



Health Outstanding Organizations Recognition Program 2025 Certification

The company and our health insurance society were both certified in the 2025 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 seventh consecutive certification.



Platinum Kurumin Certification

In February 2019, we obtained the prestigious Platinum Kurumin Certification under the Act on Advancement of Measures to Support Raising Next-Generation Children. This certification recognizes our efforts to support diverse working styles and create an environment where employees can balance their work and childcare responsibilities while pursuing their personal goals.



Third-Party Verification

To ensure accuracy and credibility, we undergo third-party verification of our greenhouse gas emissions data (Scope 1 and 2). This data, published on our website, in the integrated report, and in the ESG data book, has been evaluated for validity and other aspects. Our fiscal 2024 report confirmed no significant errors or omissions in the disclosures.

Scope 1 and 2 Third-Party Verification Statement 

ESG Data

View the performance data on our ESG initiatives.

Environment

External Certification of Environmental Management System

ISO 14001: 2015 Certification Status (As of January 2025)

Company name		Date of certification
Head office	Nippon Electric Glass Co., Ltd. (multi-certification at four plants)	1999.8.27
Group companies in Japan	SGS Engineering Co., Ltd.	2001.1.19
	Nichiden Glass Processing Company, Limited	2002.11.1
	LTCC Materials Co., Ltd.	2020.12.25
Overseas group companies	Techneglas LLC	2000.1.31
	Nippon Electric Glass (Malaysia) Sdn. Bhd.	2002.1.12
	Nippon Electric Glass Taiwan Co., Ltd.	2006.9.18
	Paju Electric Glass Co., Ltd.	2007.8.28
	Electric Glass (Shanghai) Co., Ltd.	2009.12.21
	Electric Glass (Guangzhou) Co., Ltd.	2015.11.11
	Electric Glass (Xiamen) Co., Ltd.	2017.4.17
	Electric Glass (Nanjing) Co., Ltd.	2018.4.13
	Electric Glass Fiber UK, Ltd.	2023.5.10

Waste Reduction

Internal Classification of Waste

- Internal Recycling A
Spent polishing agents, glass shards, and other materials useful in-house as recycled raw materials
- Social Recycling B
Scrap metal, scrap bricks, waste paper, scrap plastic (recycled), and other materials, which have value externally as reusable materials
- Corporate Recycling C
Scrap plastic (converted to fuel), waste oil, wood scrap, and other materials, which we pay to have recycled outside the company
- Landfill Waste D
Incombustible materials, incinerated ash, waste refractories, and other materials that we pay to have disposed of in landfills outside the company and not recycled

Percentage of Sales Weight of Normal Waste, Excluding Landfill Waste D

(%)

	FY2022	FY2023	FY2024
Consolidated	7.6	7.2	5.6
NEG	0.07	0.01	0.01

Breakdown of Plastic Emissions in Japan*

(ton)

Category	FY2022	FY2023	FY2024
Plastic emissions in Japan	1,465	933	969
Social Recycling B	871	311	299
Corporate Recycling C	529	617	670
Landfill Waste D	65	5	0

* Values are retroactively adjusted to from fiscal 2022 due to a change in the waste aggregation method effected in fiscal 2024.

Reduction of Water Consumption

Water Withdrawal/Waste Water per Total Weight of Products Sold

(%)

	FY2022	FY2023	FY2024
Water Withdrawal	7.7	8.4	7.6
Waste Water	4.3	5.7	5.0

Analysis of Environmental Impact (Consolidated)

Input

		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Energy sources used	Total energy	(GWh)	5,036	5,990	5,935	4,430	3,976
	Electricity	(GWh)	2,038	2,337	2,433	2,050	1,997
	Fuel	(GWh)	2,997	3,653	3,502	2,380	1,978
Water	Water withdrawal	(1,000 m ³)	7,447	8,268	8,267	6,457	5,887
	Municipal water	(1,000 m ³)	–	4,063	3,990	3,357	3,128
	Groundwater	(1,000 m ³)	–	1,734	1,810	1,549	1,390
	Rainwater	(1,000 m ³)	–	135	171	165	157
	Industrial water	(1,000 m ³)	–	2,258	2,140	1,343	1,211
	Others	(1,000 m ³)	–	77	156	42	0
	Recycled water*	(1,000 m ³)	–	217,489	326,680	282,553	255,852

Note: Fiscal 2021 and fiscal 2022 amounts do not include certain subsidiaries.

Output

		Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Atmosphere	CO ₂	(1,000 tons)	1,713	1,881	1,797	1,395	1,328
	Scope1	(1,000 tons)	734	871	790	543	466
	Scope2	(1,000 tons)	978	1,010	1,008	852	862
	SO _x	(ton)	149	96	133	109	71
	NO _x	(ton)	2,694	2,524	2,506	1,508	1,541
	Particulate matter	(ton)	212	216	242	205	183
Water	Waste water	(1,000 m ³)	5,315	5,034	4,651	4,366	3,853
Waste	Total amount generated	(1,000 tons)	120	150	141	112	97
	Internal Recycling A	(1,000 tons)	22	31	33	25	21
	Total emissions	(1,000 tons)	98	118	109	87	76
	Social Recycling B	(1,000 tons)	9	13	13	12	14
	Corporate Recycling C	(1,000 tons)	32	28	22	16	16
	Landfill Waste D	(1,000 tons)	57	77	73	59	46

Notes:

1. The values for SO_x, NO_x, and particulate matter have been adjusted for fiscal 2022 to fiscal 2023 after reflecting revised coefficients from local authorities.
2. The values for water withdrawal in fiscal 2022 have been revised as a result of changes in the coverage area of the data.

Environmental Accounting (NEG)

Environmental Conservation Costs

(Million yen)

Category		Main activities		FY2023		FY2024	
				Investment	Expenses	Investment	Expenses
(1) Costs within operational area	Costs to reduce environmental footprint of production activities within operational area			5,921	3,159	3,382	2,200
		Breakdown	1. Anti-pollution maintenance and management cost	24	719	12	548
			2. Global environmental conservation costs	5,873	791	3,127	181
			3. Resource recycling costs	24	1,649	243	1,471
(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		–	479	–	376
(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		31	707	14	742
(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		331	546	178	889
(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		–	93	–	94
(6) Environmental remediation costs	Costs to deal with damage to the environment	Environmental restoration expenses		–	4	–	5
(7) Other costs	Other costs relating to environmental conservation	Expenses for dismantling and removal of environment-related equipment and facilities		–	106	29	27
Total				6,283	5,094	3,603	4,333

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.

Investment Amount

(Million yen)

Category	Main activities	FY2023	FY2024
Total investment	Scheduled repair of glass melting furnaces and production rationalization investment, investment to improve manufacturing productivity of major products	34,087	25,209
Total research and development costs	Development and improvement of process technology, and development of products, including glass for displays and glass for electronic devices	7,703	7,556
Sales Amount of Valuable Materials Related to "Environmental Conservation Costs" (1) 3.	Sales of scrap metal, scrap bricks, etc.	127	70
Sales Amount of Valuable Materials Related to "Environmental Conservation Costs" (2)		0	0

Third-party Assurance Statement (Scope 1 and 2)



LRQA Independent Assurance Statement

Relating to Nippon Electric Glass Co., Ltd.'s GHG emissions Data within its Integrated Report 2024 and ESG Data Book 2024 for the calendar year 2024

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 2024 ("the report") for the calendar year 2024, that is, from 1 January to 31 December 2024, 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 data¹.

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:

Environmental²

- 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 assurance³ 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.

Page 1 of 2



- 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 2024; and
- Visiting Head Office, Otsu Plant and conducting remote verification of Xiamen 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 - Part 1: 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: 4 April 2025

Nobutake Uchibori
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

LRQA, its affiliates and subsidiaries, and their respective officers, employees or agents are, individually and collectively, referred to in this clause as "LRQA". LRQA assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant LRQA entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

Copyright © LRQA, 2025.

Page 2 of 2

Social

Hiring a Diverse Workforce

Employment of People with Disabilities

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

(%)

	FY2020	FY2021	FY2022	FY2023	FY2024
NEG	4.2	4.3	4.3	4.1	3.9
Statutory employment rate in Japan	2.2	2.3	2.3	2.3	2.5
National average	2.2	2.2	2.3	2.3	2.4

Hiring Mid-Career Professionals

Career Recruitment

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of mid-career hires	(%)	15	39	52	32	46
Number of mid-career hires	(Persons)	24	24	44	29	53
New graduate hires	(Persons)	47	37	41	80	63

Human Resource Development

Education and Training Held (Fiscal 2024; NEG)

	Unit	FY2024
Training hours (under head office education section)	(Hours/Person)	49
Training cost (company-wide)	(Million yen)	329
Per person	(Thousands of yen/Person)	189

Global Communications Program (GCP) Number of Participants

FY2020	FY2021	FY2022	FY2023	FY2024
107	119	125	162	151

Global Communications Program (GCP)

Goals and Completion Levels

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 L&R	% 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%	TOEIC L&R +100
C	Less than 400	9%	

Completion

Advancement

Efforts to Retain and Empower Employees

Progress in Diverse Work Styles and Work Efficiency

Number/Percentage of Paid Leave Days Taken

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of days taken	(%)	68	66	75	78	78
Days taken	(Days)	16.3	15.9	18.0	18.8	18.6

Note: Paid leave days/year: 24

Average Overtime Work

(Hours)

	FY2020	FY2021	FY2022	FY2023	FY2024
Average overtime work per month	17.2	18.4	17.4	14.4	16.7

Support for Raising the Next Generation

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

(%)

	FY2020	FY2021	FY2022	FY2023	FY2024
Utilization rate for women*1 and % returning to work*2	100	100	100	100	100
Average utilization rate for women*4	82	85	80	84	–
Utilization rate for men*3	20	31	58	86	84
Average utilization rate for men*4	13	14	17	30	–

*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

Trends in Indicators for the Promotion of Women's Activities

(%)

	FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of female employees (including workers on loan)	8.5	8.8	9.0	9.9	9.8
Percentage of female managers (including workers on loan)	1.0	1.4	1.0	1.2	1.3
Percentage of new female employees (new graduates in career-track positions)	15.6	20.8	33.3	25.5	28.6

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

Number of Employees, Years of Continuous Service, Turnover Rate

Indicators	Gender	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees	Men	(Persons)	1,524	1,530	1,530	1,541	1,569
	Women		149	152	157	172	177
	Total		1,673	1,682	1,687	1,713	1,746
Average years of service	Men	(Year)	24.1	24.3	23.8	22.9	21.9
	Women		19.7	18.8	17.8	16.2	14.6
	Total		23.7	23.8	23.2	22.2	21.2
Turnover rate	–	(%)	1.6	1.2	1.3	1.9	2.0

Note: Number of employees and average years of service do not include employees on loan.

- 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.

Salary

Male-Female Wage Gap (Female Wage as Percentage of Male Wage)

Employee category	Male-female wage gap	(%)
All employees		67.2
Regular employees		68.3
Part-time and fixed-term employees		38.1

Supplement: Male-Female Wage Gap for Regular Employees for Standard Wages Excluding Allowances, Etc.

Employee category	Male-female wage gap	(%)
Managers		87.8
Career-track		91.6
Regular employees other than the above		88.2

Period: Fiscal 2024 (January 1 to December 31, 2024)

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

Notes:

1. 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.
2. 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

Fiscal 2024 Survey Results

	Unit	FY2022	FY2023	FY2024
Total number of respondents	(Persons)	1,915	1,955	1,938
Response rate	(%)	97.8	99.7	99.6

Occupational Safety and Health; Health and Productivity Management

Industrial Accident Frequency Rate (NEG)

	FY2020	FY2021	FY2022	FY2023	FY2024
All industries in Japan	2.0	2.1	2.1	2.1	–
Manufacturing industry	1.2	1.3	1.3	1.3	–
NEG	0.8	0.4	0.9	0.4	0.4

Industrial Accident Severity Rate (NEG)

	FY2020	FY2021	FY2022	FY2023	FY2024
All industries in Japan	0.09	0.09	0.09	0.09	–
Manufacturing industry	0.07	0.06	0.08	0.08	–
NEG	0.01	0.01	0.01	0.00	0.03

Indicators and Targets for Health and Productivity Management (NEG)

KPIs	FY2024	FY2026 target
Rate of presenteeism*1	26.7%	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.

Governance

Corporate Governance

Total Amount of Directors' and Corporate Auditors' Remuneration in Fiscal 2024

Category	Total amount of remuneration (million yen)	Total amount for each type of remuneration (million yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (Number of outside directors)	338 (37)	242 (37)	60 (-)	35 (-)	9 (4)
Corporate auditors (Number of outside corporate auditors)	60 (14)	60 (14)	- (-)	- (-)	4 (2)
Total (Number of outside directors)	398 (51)	302 (51)	60 (-)	35 (-)	13 (6)

Number of Stocks and Amount of Strategic Shareholdings Reported on the Balance Sheet

	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
No. of stocks	(Stocks)	31	29	26	23	19
Amount	(Million yen)	43,830	40,516	35,852	38,095	37,295

Compliance

Number of Whistleblowing Reports and Consultations Received through the NEG Hotline (Consolidated)

	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Whistleblowing or Consultations	11	12	25	16	18

Compliance Education, Workshops, and Lectures Held in Fiscal 2024

Region	Name	Intended persons	Times	Participants	Theme
Japan	Education for new employees (new graduates)	All new employees (new graduates)	2	50	<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	–	2,635	<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	57	<ul style="list-style-type: none"> Practical knowledge of corporate compliance and the role of management
	Antitrust seminar for sales departments	NEG employees engaged in sales activities	1	125	<ul style="list-style-type: none"> Cartel activity examples Leniency policy
Overseas	Workshops	Managers at subsidiaries in China, Taiwan, and South Korea	–	436	<ul style="list-style-type: none"> Corporate Philosophy, Code of Conduct, Principles of Activities Non-compliance examples Case studies Whistleblowing system

As a result of these efforts, no cases occurred in fiscal 2024 of bribery, anticompetitive acts, or any other infraction requiring legal action.

Respecting Human Rights

Participation in Training Programs

(Persons)

Training content	FY2021	FY2022	FY2023	FY2024
Cumulative number of employees participating in and dispatched to outside activities (government and external organizations)	225	270	126	148
Number of employees participating in in-house human rights activities	807	818	1,360	1,328

Communicating with Stakeholders

Number of Participants in Supplier Information Sessions

(Companies)

Indicator	FY2024
Number of companies attending the business partner briefing	156

Survey of Suppliers

(Companies)

Indicator	FY2024
Number of companies taking the supplier survey	116

Dialogue with Institutional Investors

(Companies)

Total number of dialogues	FY2024
Companies in Japan	107
Overseas companies	126
Total	233
Of which ESG was the main topic	15