

**Officer Remuneration**

NICHIAS has resolved at meetings of the Board of Directors the policy regarding the determination of individual remuneration for Directors, and its outline is as follows.

- a. The remuneration of NICHIAS’ Directors consists of fixed financial compensation and stock-based compensation to provide incentives. However, regarding the remuneration of Outside Directors, considering their job responsibilities, only fixed compensation shall be paid.
- b. The amount of the fixed compensation shall be set within 32 million yen per month. Stock-based compensation shall be in the form of shares subject to a certain period of restricted transfer, with an annual amount not exceeding 100 million yen, which is to be calculated separately from the fixed compensation, and a maximum number of shares not exceeding 40,000 per year.
- c. The remuneration of each Director is based on the standard amount according to the position of the Director, with the specific amount decided after discussions at the Remuneration Committee meeting with attendance of Outside Directors and Outside Auditors, and consultation with the Board of Directors as to the outcome of the discussions at the Remuneration Committee meeting, taking into account the factors such as business performance and importance of duties and responsibilities of each director.
- d. Each of the total amount of the fixed compensation and stock-based compensation of all the Directors shall be determined within a range of the maximum limit specified by the resolution at the general meeting of shareholders.

The total amount of remuneration, etc., for each officer category and the total amount of remuneration, etc., by type, as well as the number of applicable officers (FY2024 results)

Category	Total amount of compensation, etc.	Total amount of compensation, etc. by type		Number of officers covered
		Fixed compensation	Stock-based compensation	
Directors (excluding Outside Directors)	296 million yen	255 million yen	40 million yen	5 people
Auditors (excluding Outside Auditors)	37 million yen	37 million yen	—	3 people
Outside Director	41 million yen	41 million yen	—	4 people
Outside Director	24 million yen	24 million yen	—	4 people

Total consolidated remuneration, etc. by officer\* (FY2024 results)

Name	Total amount of consolidated compensation, etc.	Officer classification	Company classification	Amount of consolidated compensation, etc. by type	
				Fixed monetary compensation	Stock-based compensation
Katsumi Kametsu	105 million yen	Director	Submitting company	88 million yen	16 million yen

\*Disclosure is limited to those whose total consolidated compensation, etc. amounts to 100 million yen or more.

**Compliance**

In running the company and as a member of society, the NICHIAS Group engages in compliance efforts based on social norms and common sense, as well as complying with laws and regulations and the Articles of Incorporation, in order to build good relationships with its many stakeholders.

The foundation of the NICHIAS Group’s compliance activities lies in the monthly meetings of the Head Office Committee and Compliance Committee and the branch committee meetings held once every three months at each business site and Group company.

**Global Compliance Policy**

The NICHIAS Group has long positioned the practice of compliance as its highest management priority, in order to ensure sound global management in line with the NICHIAS Philosophy. To put this priority into practice, we have established the Global Compliance Policy, which sets forth the key matters that must be uniformly observed across all NICHIAS Group companies, both in Japan and overseas.

Based on this Global Compliance Policy, we have also formulated a Compliance Code. The Code shows a “basic attitude concerning compliance, which all the stakeholders of the NICHIAS Group are required to observe,” such as conformity to changes in social conditions and revision of law and regulations, awareness-raising activities toward violations, and response to the report made to the contact for whistle-blowing.



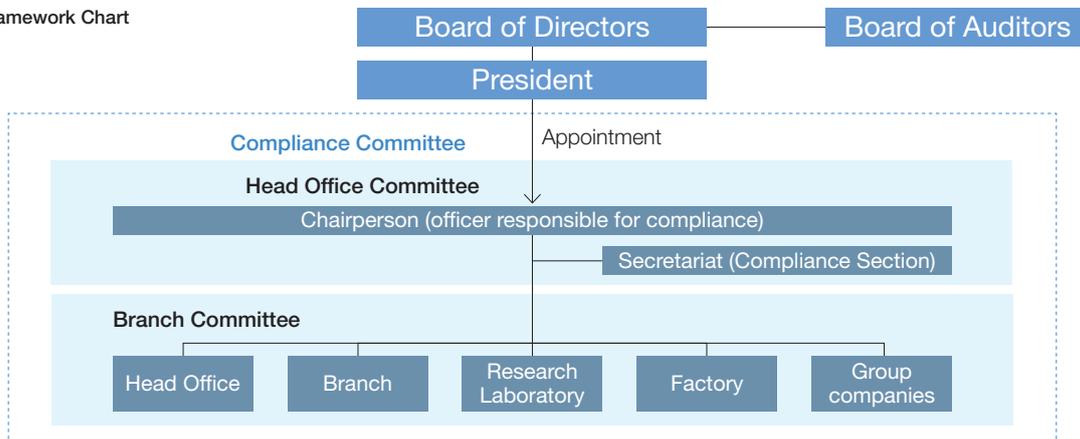
## Framework

Branch Compliance Committees are organized at each business office and group company in Japan and overseas to facilitate compliance, and efforts are taken in a proactive spirit, such as formulating and educating everyone on unique action guidelines that address the issues of each workplace.

To promote compliance from a Group-wide perspective, Nichias has established, as a specialized organization, a Compliance Section.

In addition to planning and implementing specific measures in line with NICHIAS' Compliance Activities Policy, the Compliance Section ascertains the state of compliance at each workplace, makes suggestions and gives advice on issues, and deals with feedback and matters sent to the compliance counters (whistleblower hotline) in a fair and honest manner.

Compliance Framework Chart



## Whistleblowing System

To facilitate reports and consultations regarding compliance, a compliance hotline was set up on the NICHIAS website in addition to the general compliance hotline (NICHIAS Group Corporate Ethics Hotline), an external hotline (contact point at a law firm), internal hotlines (compliance officer and labor union hotline), and each compliance counter (whistleblower hotline) at the contact points for handling “important management matters” (auditor hotline). With a more transparent compliance framework, NICHIAS strives to operate its business in a compliance-orientated manner. A comment box has also been set up at each workplace, making it easier for employees to speak out.

Reports received by the compliance counters are checked at the Compliance Reporting and Response Council by sufficiently investigating the truth behind reports and interviewing those concerned to resolve any compliance issues. In the case of reports for which the whistleblower clearly states their name, the outcome of the action taken as a result of the investigation will, without fail, be fed back to the whistleblower. Even in the case of an anonymous report, the facts will be investigated if the department where the incident occurred is identified and action is taken to resolve the problem. We also hold internal training programs.

There were 63 whistleblower reports in FY2024. Appropriate action was taken for each report.

## Risk Management

For risks that could have a significant impact on management, it is essential to detect them at an early stage and respond appropriately. To minimize diversified risks, the NICHIAS Group is working to strengthen and enhance its risk management system, with each specialized division taking the lead based on its expertise.

## Quality Assurance

To continuously provide products that its customers can use safely and with peace of mind, NICHIAS Corporation has systems to review each stage of the production process from planning and designing products right up to their disposal. The R&D, Technology Development, Sales, Manufacturing, Quality Assurance, Safety, Environment, and Facilities Engineering departments work together from their respective areas of expertise to rigorously review product quality, safety, and reliability, as well as the validity of production processes.

## Stable Distribution of Products & Services

### Stable Distribution of Products & Services

The NICHIAS Group recognizes that production stoppages caused by equipment failures or large-scale disasters can significantly affect the supply of products and services, and we are strengthening both the resilience of our production facilities and our recovery systems accordingly.

### Securing Raw Materials

To mitigate the procurement risks of raw materials arising from natural disasters, accidents, or conflicts, we are strengthening the resilience of our supply chain. For raw materials deemed to have high procurement risk, we are working on measures such as diversifying procurement sources and securing inventory.