

[Supplementary Principle 4.11.1]

Views on the appropriate balance of knowledge, experiences and competence of the Board of Directors as a whole, its diversity and appropriate size, and the policy and the procedure for nominating Director candidates

In the NSG Group Corporate Governance Guidelines, the Group defines the balance, diversity and scale of knowledge, experience, and capabilities of the Board of Directors as a whole. Based on the policies and procedures for the appointment of the nomination of the director candidates , the Group appoints the nomination of the director candidates.

NSG Group Corporate Governance Guidelines

[Structure of the Board and its Committees]

Articles 9.1

The Group values the principle and wisdom of creating and maintaining diversity in the composition of the Board given specifically the development of and commitment to the businesses conducted globally and thus aims to ensure that the Board will be composed of such member with a well-balanced mix of professional skills, knowledge, expertise and experience by reference to the management objectives and strategies of the Group, and with diverse background in terms of gender, international experience, work experience, age, etc., and at the same time its size will be maintained such that the Board can discharge its function effectively and efficiently.

Articles 9.1

The Board of Directors is comprised of a majority of Independent External Directors referred to in Section 13.1.

Articles 9.7

A majority of each Committee's members will be Independent External Directors. All Committee's members are appointed by the resolution of the Board. In addition, at least one member of the Audit Committee will be elected from among those who have specialized knowledge on finance and accounting to a respectable degree.

Policies and procedures for the appointment of the nomination of the director candidates

The Nomination Committee consisting of four Independent External Directors and one Director concurrently serving as one Representative Executive Officer appoints the nomination of the director candidates and submits the contents to the ordinary general meeting of shareholders as a proposal. For such appointment, in particular with Independent External Directors, the Group finds candidates from a wide range of pools with the cooperation of executive search companies and others. The standards for the appointment are as follows:

[Personality, Insight, leadership]

1. Being a person of good character and high ethical standards.

2. Upholding and promoting compliance with laws and regulations.
3. Being fit to hold office and able to fulfil the duties required.
4. Possessing excellent business acumen and the ability to make judgements objectively.
5. Having abundant leadership experience and being team orientated.

[No material interest]

6. Having no personal interest or business relationship that might affect management decisions in our Group's business areas. ("Criteria of Independency for an External Director" is defined separately at:)

[Skill/Expertise]

7. Having broad business experience globally or multi-nationally and/or such specialized knowledge in market, technology, accounting, law, talent development, or other specific fields that are necessary or desirable for directors based on the current situation of the group, strategies, etc.

[Commitment]

8. Having sufficient time to participate in meetings of the Board and the Committees of which he/she would be a member, and being qualified to fulfil the duties as a member of one of any three committees on which he/she would sit: Nomination Committee, Audit Committee or Compensation Committee.