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## Corporate Governance

CORPORATE GOVERNANCE

The Nisshin Oillio Group, Ltd.

Last Update: June 24, 2022

**The Nisshin Oillio Group, Ltd.**

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Securities code: 2602

<https://www.nisshin-oillio.com/english/>

The corporate governance of The Nisshin Oillio Group, Ltd. (the “Company”) is described below.

### I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

#### 1. Basic Views

The Nisshin Oillio Group seeks to continually serve as a corporate group that helps give rise to sustainability while earning the trust of its stakeholders, and under its Corporate Philosophy has accordingly cited its aim of contributing to the development of people, society and the economy by maximizing its corporate value. Meanwhile, The Nisshin Oillio Group Vision 2030 contains strategic guidelines and the Corporate Vision towards 2030 with the aim of achieving growth by creating shared value with society, and accordingly establishes priorities (Our Priorities) for addressing social issues and creating value.

Under this policy, the Group will strive to establish a solid relationship with all stakeholders and build stronger trust, while enhancing its corporate governance.

[Corporate Vision towards 2030]

Our objective is to co-create new food functions, leveraging “The Natural Power of Plants” and the strengths obtained from mastering oils and fats. We shall strive to generate diverse value and deliver “energy for living” to everyone.

#### Reasons for Non-compliance with the Principles of the Corporate Governance Code **Updated**

[Supplementary Principle 2.4.1: Ensuring diversity among core human resources]

We aim to create new value through the active engagement of diverse human resources and to link this to the competitiveness and growth potential of the Company. Strengthening and developing organizational capabilities is crucial for implementing The Nisshin Oillio Group Vision 2030, and we have designated human resource management as one of our priority areas. We are working to develop human resources and enhance the inhouse system to ensure diversity.

With regard to the appointment of female employees to managerial positions, we have set a goal of increasing the ratio of female managers to at least 20% by fiscal 2030, and we are undertaking efforts for the further success of female employees, such as supporting their participation in education and training to develop future core human resources and companywide projects. For information on the designs of systems that support active participation, refer to III.3. Status of Measures to Ensure Due Respect for Stakeholders: Other—Promotion of the Advancement of Women. Note that the ratio of female managers in The Nisshin Oillio Group on a

non-consolidated basis as of June 1, 2022 was 5.1%.

Although we do not lay out numerical goals for the appointment of foreigners and mid-career hires to managerial positions, the Company will strive to secure excellent human resources regardless of nationalities with respect to the appointment of foreigners to managerial positions.

In addition, we basically appoint local staff to managers and executives at our overseas group companies, securing the diversity in line with internationalization of business domains.

As for the appointment of mid-career hires to managerial positions, further strengthening of human resources is indispensable in the field of globalization, marketing, technologies and the like to realize The Nisshin Oillio Group Vision 2030, and we are strengthening the mid-career recruitment of highly specialized human resources in each field and actively promoting their appointment to managerial positions.

[Supplementary Principle 3.1.3: Issues concerning sustainability]

With regard to investment in human capital and intellectual property, we recognize that designing and disclosing intangible asset strategies are issues, and we will strive to enhance information disclosures.

In line with the Corporate Vision towards 2030 and our strategic guidelines that are indicated in The Nisshin Oillio Group Vision 2030 formulated in March 2021, we will make sustainable growth into the future and contribute to the realization of the sustainable society with a concept that the creation of shared values (CSV) that are diverse through the resolution of social issues shall be a driver for growth. Based on the opportunities, risks, and social issues that are expected to arise in the future, we set six priority areas—good health for all, quality of life, global environment, contribution to the food value chain, supply chain connected by trust, human resource management—and we will take action in these areas.

Information regarding sustainability initiatives is disclosed in the Integrated Report.

In March 2021, the Group announced its support for the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, we disclosed in March 2022 on our website four disclosure items (governance, strategy, risk management, and metrics and targets) and climate-change scenario analysis (climate-related risks/opportunities and measures for them) that were recommended under the TCFD.

Response to the TCFD Recommendations

<https://www.nisshin-oillio.com/english/sustainability/tcf/>

The Nisshin Oillio Group Vision 2030

[https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030\\_en.pdf](https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030_en.pdf)

Integrated Report

<https://www.nisshin-oillio.com/english/sustainability/report/>

[Supplementary Principle 4.2.2: Formulation of basic policies on sustainability initiatives]

We formulated The Nisshin Oillio Group Vision 2030 from the perspective of enhancing corporate value over the medium to long term.

With respect to investment in human capital and intellectual property, the Board of Directors will continue to deepen discussions on the allocation of management resources including intangible assets.

## Disclosure Based on the Principles of the Corporate Governance Code **Updated**

[Principle 1.4: Cross-shareholdings]

### Cross-shareholding policy

The social environment surrounding cross-shareholdings has changed significantly in recent years, amidst the markets' growing interest in cross-shareholding and the introduction and revision of the Corporate Governance Code. Against this backdrop, in fiscal 2020 the Company changed its policy so as to not engage in cross-shareholdings, in principle, except in cases where such cross-shareholding is considered to lead to maintaining and strengthening business competitiveness through capital and business tie-ups and business collaborations, or achieving expeditious business growth and expansion through investment and other measures aimed at developing new business areas.

In accordance with this basic policy, we will carefully re-examine the significance for maintaining existing cross-shareholdings and work to reduce holdings. Since the reduction of cross-shareholdings may have significant impacts on business partners and markets, we envision that we will proceed in stages while securing the understanding of business partners by engaging in dialogue.

### Methods of verifying the reasonableness of holdings and details of verification by the Board of Directors

Each year, we comprehensively examine and verify the reasonableness of holdings in accordance with the following verification process and evaluation items. This verification process and the evaluation items are used as a transitional measure to implement a phased reduction in accordance with the revision of the basic policy, and we will consider enhancements to adopt new verification methods.

In accordance with the above, the Board of Directors verified at the meeting held in December 2021 the significance of holding the shares of each company and the benefits associated with holding those shares. At the end of fiscal 2020, we held the shares of 94 companies (the amount reported on the balance sheet: 18,347 million yen), and in fiscal 2021 we sold the shares of 17 companies (of which, all holdings of 13 were sold and holdings of four were partially sold; the amount of selling the holdings of 17 companies was 1,333 million yen). As a result, the number at the end of fiscal 2021 was reduced to 81 issues, but their amount recorded on the balance sheet increased to 18,477 million yen because stock prices of held shares increased as compared to those at the end of the preceding term.

### Verification process

- (1) Perform qualitative and quantitative evaluations (see below for evaluation items) and then perform a comprehensive evaluation.
- (2)-1. If a determination is made through the comprehensive evaluation that the holding is not reasonable, an improvement action plan is formulated and implemented, and the details are verified by the Board of Directors.
- (2)-2. If a determination is made through the comprehensive evaluation that the holding is reasonable, the details are verified by the Board of Directors.
- (3) If the Board of Directors verifies and determines that the holding is reasonable, the holding is maintained, and if the Board determines that it is not reasonable, a disposal is negotiated.

### Evaluation items

Qualitative items: Purposes of holding, background of acquisition, existence of business relationship, strategic

significance and benefits of holding, and risk relating to continuation of transactions and stability in the case of a disposal

Quantitative items: Sales and profits in the last two years (sales partners only), annual dividend income, stock valuation gains or losses, benefits and risks and the cost of capital associated with the holding

#### Criteria on the exercise of voting rights

We carefully examine each proposal and respect proposals by issuing companies when they are determined to contribute to improving shareholder value for the issuing company.

In the event of serious deficiencies in corporate governance such as the occurrence of misconduct or anti-social conduct, or in the case of a proposal that is determined to pose a risk of harm to shareholder value, we make a timely and appropriate decision on whether to approve or disapprove the proposal through dialogue with the relevant company.

#### [Principle 1.7: Related party transactions]

The Company's Board of Directors Rules stipulate that competitive transactions and transactions that involve conflicts of interests by its Directors are matters to be determined by resolution of the Board of Directors. The status of such transactions is regularly reported to and approved by the Board. In addition, transactions between related parties are disclosed in securities reports and other documents after approval by the Board.

#### [Principle 2.6: Roles of corporate pension funds as asset owners]

The Company manages pension assets in The Nisshin Oillio Group Corporate Pension Fund, and in addition to allocating human resources with appropriate qualifications relating to accounting, finance, and other areas, the Asset Management Committee manages investment policies, plans, progress, and performance in cooperation with the Company's accounting and finance departments and monitors investment institutions to ensure proper management. Going forward, we will continue to make every effort to ensure appropriate investment management.

#### [Principle 3.1: Full disclosure]

(1) The Company's Corporate Philosophy, The Nisshin Oillio Group Vision 2030, and the medium-term management plan are disclosed on the Company's website.

Corporate Philosophy

[https://www.nisshin-oillio.com/english/about\\_us/philosophy/](https://www.nisshin-oillio.com/english/about_us/philosophy/)

The Nisshin Oillio Group Vision 2030

[https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030\\_en.pdf](https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030_en.pdf)

Medium-term management plan

[https://www.nisshin-oillio.com/english/about\\_us/valueup/](https://www.nisshin-oillio.com/english/about_us/valueup/)

(2) Information on the Company's fundamental approach to and basic policy on corporate governance is provided in I.1. Basic Views.

(3) The policy on determination of Director remuneration is described in section II.1. Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof. When determining remuneration amounts, the Compensation Advisory Committee conducts deliberations and the Board of Directors makes a determination by resolution.

(4) With regard to policies on the nomination of candidates for Director or Audit & Supervisory Board Member and appointment of managerial executive personnel, the Company aims to build an optimal system where individuals will be able to appropriately fulfill their roles and responsibilities and properly address the management issues of the Group. Accordingly, candidates are nominated in line with the policy of considering individual experience, knowledge and expertise, the overall scale of the Board of Directors or the Audit & Supervisory Board, as well as the balance among the candidates who would comprise these bodies. The Company has established the Nomination Advisory Committee, which engages in deliberations, including the determination of the policy on appointment and dismissal of Directors, deliberation and evaluation of candidates for Director, and decision-making on a draft list of candidates. Based on these deliberations by the Nomination Advisory Committee, the Board of Directors decides on the candidates for Director and the managerial executive personnel. The candidates for Audit & Supervisory Board Member are decided by the Board of Directors upon obtaining the agreement of the Audit & Supervisory Board.

(5) The reasons for nominating individual Directors and Audit & Supervisory Board Members are described in the Convocation Notice of the General Meeting of Shareholders.

[https://www.nisshin-oillio.com/english/inv/ir\\_library/](https://www.nisshin-oillio.com/english/inv/ir_library/)

[Supplementary Principle 4.1.1: Scope of matters delegated to the management]

Matters that should be determined by resolution of the Board of Directors or reported to the Board including financing and the transfer or disposal of major assets are designated by the Board of Directors Rules and their Operating Criteria, and matters that should be determined by or reported to the Board of Corporate Officers are designated in the Operating Rules and their Operating Criteria of Board of Corporate Officers. In addition, the Corporate Officer Rules designated the authority and responsibilities of the Corporate Officers.

[Principle 4.9: Independence standards and qualifications for independent Outside Directors]

Regarding the Company's criteria for the independence of Outside Directors and Outside Audit & Supervisory Board Members, in addition to the requirements for independent officers stipulated by the Tokyo Stock Exchange, pursuant to a resolution of the Board of Directors adopted in November 2015, an officer is determined to be independent if they meet none of 11 items below.

- (1) A major shareholder holding 10% or more of the Company's voting rights currently or within the past five years (or, if the major shareholder is a corporation, an officer or employee thereof)
- (2) An officer or employee of a major client of the Company or its subsidiaries (2% or more of consolidated net sales) in the most recent fiscal year
- (3) An officer or employee of a company, of which the Company or a subsidiary of the Company is a major client (2% or more of the said company's consolidated net sales) in the most recent fiscal year
- (4) An officer or employee of a major lender to the Company in the most recent fiscal year
- (5) An executive of any of items 2-4 within the previous three fiscal years, counting from the most recent fiscal year
- (6) A partner or an employee of an Accounting Auditor of the Company or its subsidiaries currently or within the past three years  
Otherwise, a partner or an employee of an Accounting Auditor of the Company or its subsidiaries, who was in an auditing role for the Company or the subsidiaries of the Company, within the past 10 years
- (7) A professional with legal, accounting, or other relevant expertise who received an average of 10 million yen

or more in the past three years from the Company or the Company's subsidiaries, apart from compensation as an officer

- (8) An executive of an organization that has received over a certain amount of donations (an average of 10 million yen or more in the past three fiscal years, or 30% of the said organization's average annual total expenses, whichever amount is greater) from the Company or the Company's subsidiaries
- (9) A spouse or a relative within the second degree, or a relative in cohabitation with a person meeting items 1-8
- (10) An officer or employee of a corporation to which the Company dispatches officers
- (11) A spouse or a relative within the second degree, or a relative in cohabitation with an officer, or a significant employee of the Company or the Company's subsidiaries currently or within the past five years

[Supplementary Principle 4.10.1: Authority and roles of the Nomination Committee and Compensation Committee]

The Company established a Nomination Advisory Committee and Compensation Advisory Committee as advisory bodies to the Board of Directors. The Nomination Advisory Committee determines policies for appointment and dismissal of Directors; deliberates on and evaluates Director candidates and determines a draft list of candidates; deliberates on plans concerning the successor to the President; and reports to the Board of Directors. The committee has a total of four members: the Representative Director and President, who serves as its chairman, and three Outside Directors. The Compensation Advisory Committee verifies the remuneration system for Directors, deliberates on the details of remuneration, and reports to the Board of Directors. The committee has a total of six members including the Representative Director and President, who serves as its chairman, three Outside Directors, and two Outside Audit & Supervisory Board Members. Both committees have a majority of Outside Officers as members from the perspective of strengthening independence, objectivity, and accountability.

[Supplementary Principle 4.11.1: Approach to the overall balance and scope of the Board of Directors and formulation and disclosure of a skills matrix]

The Board of Directors comprises nine Directors (three of whom are independent Outside Directors). The Board deliberates on and determines matters prescribed in laws and regulations and important managerial matters and is responsible for the management of the Group and supervision of the execution of business operations. The Board consists of Directors with abundant experience in managing the Company and highly independent Outside Directors with in-depth knowledge regarding corporate management. Policies and procedures relating to the appointment of Directors is described in I.1. Principle 3.1.

The knowledge, experience, capabilities, and so on that we consider necessary for a Director of the Company are listed, and a skills matrix that describes these attributes is provided in the Convocation Notice of the General Meeting of Shareholders and the Integrated Report.

Convocation Notice of the General Meeting of Shareholders

<https://www.nisshin-oillio.com/english/inv/>

Integrated Report

<https://www.nisshin-oillio.com/english/sustainability/report/>

[Supplementary Principle 4.11.2: Status of concurrent positions of Directors and Audit & Supervisory Board Members]

The status of concurrent posts with other companies (listed companies) for Directors and Audit & Supervisory Board Member is as described below.

Ms. Emi Machida, Outside Director: Audit & Supervisory Board Member (Outside Auditor) of Yakult Honsha Co., Ltd.

Ms. Naomi Eto, Outside Director: Director (Outside Director) of Morinaga & Co., Ltd. and Outside Director of Nippon Yakin Kogyo Co., Ltd. (scheduled to take office in June 2022)

Ms. Sayaka Sumida, Outside Audit & Supervisory Board Member: Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. and Outside Director (Audit and Supervisory Committee Member) of Advantest Corporation

[Supplementary Principle 4.11.3: Analysis and evaluation of the effectiveness of the Board of Directors]

In order to evaluate the effectiveness of the Board of Directors in fiscal 2021, we carried out a questionnaire-based survey of the Directors and Audit & Supervisory Board Members who comprise the Board of Directors (13 persons in total) with support from an external agency to ensure objectivity. Following discussions with the President and all of the Outside Directors and Outside Audit & Supervisory Board Members based on the details of the survey, we held discussions at the Board of Directors' meeting, and as a result of those discussions, we made a determination that the effectiveness of the Board of Directors is secured as a whole in the Company.

For more information, refer to Appendix 1.

[Supplementary Principle 4.14.2: Training policies for Directors and Audit & Supervisory Board Members]

The Company supports the execution of duties by Directors and Audit & Supervisory Board Members by collecting and providing information on matters, such as economic conditions, industry trends, compliance with laws and regulations, corporate governance, and financial accounting, that they need to perform their roles and fulfill their responsibilities. In order to perform their roles and fulfill their responsibilities, the Company's Outside Directors and Outside Audit & Supervisory Board Members receive timely explanations from the departments or officers in charge of the Company's group management strategies, management plan, business conditions, management environment, and management issues after assuming their positions so that they can develop sufficient understanding of these matters.

[Principle 5.1: Supplementary Principle, 5.1.2: Policies for constructive dialogue with shareholders]

We respond positively to a reasonable extent to requests for dialogue (interviews) from shareholders that contributes to the sustainable growth of the Company and improvement of corporate value over the medium to long term. Policies regarding the development of systems and measures to promote constructive dialogue with shareholders are as follows:

- (1) The Corporate Officer responsible for the IR department is responsible for dialogue with shareholders overall.
- (2) Both the IR department and the finance department engage in dialogue with institutional investors, and these two departments work together. In addition, the IR department, corporate planning department, general affairs department, finance department, and other departments exchange and share information.
- (3) Financial results briefings are conducted four times annually and various other programs are conducted.
- (4) Shareholder opinions and concerns learned through dialogue are summarized and examined, and reported

to the Board of Directors every quarter.

(5) The Company conducts periodic training to prevent insider trading.

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Marubeni Corporation	5,200,320	16.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,100,900	12.62
Custody Bank of Japan, Ltd. (Trust Account)	1,818,400	5.60
Sompo Japan Insurance Inc.	703,096	2.16
Aioi Nissay Dowa Insurance Co., Ltd.	669,694	2.06
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Tokyo Branch of Citibank, N.A.)	647,500	1.99
Kikkoman Corporation	470,395	1.45
Taisei Corporation	462,000	1.42
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Settlement & Cleaning Services Department of Mizuho Bank, Ltd.)	384,200	1.18
MUFG Bank, Ltd.	379,399	1.17

Name of Controlling Shareholder, if applicable (excluding Parent Company)	----
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Name of Parent Company, if applicable	None
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Supplementary Explanation
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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment <b>Updated</b>	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Business Sector	Foods
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) in the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board Members
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Mr. Isao Yamamoto	From another company													
Ms. Emi Machida	CPA								△					
Ms. Naomi Eto	From another company								△					

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or its subsidiary
- Person who executes business or a non-executive director of a parent company of the Company
- Person who executes business of a fellow subsidiary of the Company
- Person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- Major business partner of the Company or a person who executes business for such business partner
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to compensation for Directors and Corporate Officers from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a business partner of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Name	Designation as Independent Director/Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Mr. Isao Yamamoto	○	— — —	<p>[Reasons for appointment as an Outside Director and overview of expected role]</p> <p>Mr. Isao Yamamoto has utilized his knowledge and experience in financial markets and overall corporate management, cultivated through years of activities as a securities analyst as well as a financial advisor, in the management of the Group. In particular, he has actively made statements on management strategies and enhancement of capital efficiency and invigorated the discussions at the Board of Directors meetings. Furthermore, he has actively expressed his views to improve governance as a member of the Nomination Advisory Committee and the Compensation Advisory Committee, and these facts show that he has appropriately supervised and provided advice to management. For the reasons above, Mr. Yamamoto will remain appointed as an Outside Director as the Company expects to enhance the Board of Directors' functions with his expertise.</p> <p>[Reasons for appointment as an Independent Director/Auditor]</p> <p>Mr. Isao Yamamoto has been appointed as an Independent Director/Auditor with the expectation that his judgement will be objective and unconstrained by the practices of the Company based on his knowledge and experience in financial markets and overall corporate management, cultivated through years of activities as a securities analyst as well as a financial advisor, along with the determination that he does not have a stake in the Company and that there is no risk of a conflict of interest arising between him and our general shareholders.</p>
Ms. Emi Machida	○	Ms. Emi Machida formerly worked at an accounting firm (left the	<p>[Reasons for appointment as an Outside Director and overview of expected role]</p> <p>With her extensive knowledge and experience in her field of expertise as a Certified Public Accountant, Ms. Emi Machida has utilized her four-year experience of serving as an Outside Audit &amp; Supervisory Board Member of the Company</p>

		<p>firm in July of 2012) which audits the Company. However, she was not involved with any of the audits of the Company or its subsidiaries while at this accounting firm.</p>	<p>in the management of the Company. In particular, she has actively expressed her opinions on corporate governance from the perspectives of accounting, risk management, etc., and invigorated the discussions at the Board of Directors meetings. Furthermore, she has actively expressed her views to improve governance as a member of the Nomination Advisory Committee and the Compensation Advisory Committee. These facts show that she has appropriately supervised and provided advice to management. For the reasons above, Ms. Machida will remain appointed as an Outside Director as the Company expects to enhance the Board of Directors' functions with her expertise.</p> <p>[Reasons for appointment as an Independent Director/Auditor]</p> <p>Based on her expertise and experience as a Certified Public Accountant, Ms. Emi Machida has been appointed as an Independent Director/Auditor with the expectation that her judgement will be objective and unconstrained by the practices of the Company; moreover, from the fact that over nine years have passed since she left an accounting firm that audits the Company and the fact that she did not personally conduct any audits of the Company or its subsidiaries during her time at this accounting firm, it has been determined that she does not currently have a stake in the Company and that there is no risk of a conflict of interest arising between her and our general shareholders.</p>
<p>Ms. Naomi Eto</p>	<p>○</p>	<p>Ms. Naomi Eto was Director of Zensho Holdings Co, Ltd. until June 2020. While the Company and its subsidiaries have been engaged in transactions with Zensho</p>	<p>[Reasons for appointment as an Outside Director and overview of expected role]</p> <p>Boasting extensive experience in corporate governance and compliance based on her engagement in business operations, Ms. Naomi Eto has been appointed as an Outside Director with the expectation that she will utilize her knowledge and experience in the management of the Company. As a member of the Nomination Advisory Committee and the Compensation Advisory Committee, the Company expects her to enhance the Board of Directors' functions through supervision and provision of advice to management.</p> <p>[Reasons for appointment as an Independent Director/Auditor]</p>

		Holdings Co, Ltd., sales from our Group to Zensho Holdings Co, Ltd. for the fiscal year ended March 31, 2022 were less than 0.1% of the consolidated net sales.	Based on her extensive experience in corporate governance and compliance gained by engaging in business operations, the Company expects that Ms. Eto's judgement will be objective and unconstrained by the practices of the Company. Ms. Eto previously conducted business at a business partner of the Company, but the transaction amounts were minimal, and it has been determined that she does not currently have a stake in the Company and that there is no risk of a conflict of interests arising between her and our general shareholders, and accordingly, Ms. Eto has been appointed as an Independent Director/Auditor.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Committee	4	0	1	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Advisory Committee	6	0	1	3	0	2	Inside Director

Supplementary Explanation **Updated**

The Nomination Advisory Committee conducts such reviews as the deliberation and evaluation of candidates for Director, and decision-making on a draft list of candidates, and then reports to the Board of Directors. The committee has a total of four members: the Representative Director and President, who serves as its chairperson, and three Outside Directors.

In fiscal 2021, all four of the committee meetings were held with full attendance, with the first and second being to deliberate on the Director appointments for fiscal 2022, the third to deliberate on the Outside

Director candidates, and the fourth to deliberate on the Director appointments for fiscal 2022.

The Compensation Advisory Committee verifies the remuneration system for Directors, deliberates on the details of remuneration, and reports to the Board of Directors. The committee has a total of six members including the Representative Director and President, who serves as its chairperson, three Outside Directors, and two Outside Audit & Supervisory Board Members.

In fiscal 2021, committee meetings were held four times, with the first being to deliberate on the fiscal 2020 bonuses as performance-linked compensation and the draft proposal regarding compensation for Directors and Corporate Officers for fiscal 2021, the second to deliberate on the performance indicators (target values and evaluation methods) for fiscal 2021 bonuses, the third to deliberate on the policy proposal regarding the compensation plan for Directors and Corporate Officers for fiscal 2022, and the fourth to deliberate on the revised proposal regarding the compensation plan for Directors and Corporate Officers for fiscal 2022. (One absence in first meeting only with full attendance from the second to fourth meetings)

### Audit & Supervisory Board Member

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members maintain close ties with the accounting auditors, regularly exchanging opinions and information to provide for effective and efficient auditing. The Internal Audit Department has also been established as a specialized unit for internal auditing. Audit & Supervisory Board Members and the Internal Audit Department hold meetings as required to exchange opinions and information regarding such matters as the plans and status of audits in providing for effective and efficient auditing. Additionally, the Internal Audit Department is subject to audits by Audit & Supervisory Board Members, who regularly carry out on-site audits as well as receive reports on the various audits conducted by the Internal Audit Department and inspect its records.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Mr. Tomotake Kusamichi	Lawyer													
Ms. Sayaka Sumida	CPA													

\*Categories for "Relationship with the Company".

(Use "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category; "△" when the Audit & Supervisory Board Member fell under the category in the past; "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past.)

- a. Person who executes business of the Company or its subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiary
- c. Person who executes business or a non-executive director of a parent company of the Company
- d. An Audit & Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary of the Company
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to compensation for Directors and Corporate Officers
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director/Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Mr. Tomotake Kusamichi	○	---	<p>[Reasons for appointment as an Outside Audit &amp; Supervisory Board Member]</p> <p>Mr. Tomotake Kusamichi possesses knowledge and experience in his field of expertise as an attorney at law. He has been appointed as an Outside Audit &amp; Supervisory Board Member to improve auditing quality by way of utilizing this expertise.</p> <p>[Reasons for appointment as Independent Director/Auditor]</p> <p>Based on his expertise and experience as an attorney at law, Mr. Tomotake Kusamichi has been appointed as Independent Director/Auditor with the expectation that his judgement will be objective and unconstrained by the practices of the Company along with the determination that he does not have a stake in the Company and that there is no risk of a conflict of interest arising between him and our general shareholders.</p>

Ms. Sayaka Sumida	○	---	<p>[Reasons for appointment as an Outside Audit &amp; Supervisory Board Member]</p> <p>Ms. Sayaka Sumida possesses knowledge and experience in her field of expertise as a Certified Public Accountant. She has been appointed as an Outside Audit &amp; Supervisory Board Member to improve auditing quality by way of utilizing this expertise.</p> <p>[Reasons for appointment as Independent Director/Auditor]</p> <p>Based on her expertise and experience as a Certified Public Accountant, Ms. Sayaka Sumida has been appointed as Independent Director/Auditor with the expectation that her judgement will be objective and unconstrained by the practices of the Company along with the determination that she does not have a stake in the Company and that there is no risk of a conflict of interest arising between her and our general shareholders.</p>
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### Matters Concerning Independent Directors/Auditors

Number of Independent Directors/Auditors 5

#### Other Matters Concerning Independent Directors/Auditors

All qualified Outside Directors and Audit & Supervisory Board Members are appointed as Independent Director/Auditor.

### Incentives

Implementation Status of Measures related to Incentives Granted to Directors Introduction of Performance-linked Compensation Scheme

#### Supplementary Explanation for Applicable Items **Updated**

Bonuses (performance-linked compensation) and stock-based compensation (medium- to long-term incentive compensation) are applicable. Note that this is consistent with what is described in “[Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof.”

Persons Eligible for Stock Options

#### Supplementary Explanation for Applicable Items

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## Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

No Individual Disclosure

Supplementary Explanation for Applicable Items **Updated**

○Matters relating to approval by the General Meeting of Shareholders concerning compensation of Directors and Audit & Supervisory Board Members

At the 134th Annual General Meeting of Shareholders held on June 28, 2006, monetary compensation of no more than 600 million yen annually was approved as Director compensation (not including the employee wage portion for Directors who concurrently serve as employees). At the time of approval, there were 17 Directors.

Also, we have been implementing a compensation system based on a resolution adopted at the 146th Annual General Meeting of Shareholders held on June 28, 2018 to introduce a stock-based compensation plan for Directors (excluding Outside Directors), separate from the above monetary compensation, using a stock delivery trust with an initial trust period of approximately three years for a maximum of 150 million yen and 30,000 points per fiscal year. At the time of the resolution, there were seven Directors (excluding Outside Directors). After extending the trust period by one year, at the 150th Annual General Meeting of Shareholders held on June 24, 2022, a resolution was adopted to partially change and continue the stock-based compensation plan for stock delivery trust with a trust period of approximately three years for a maximum of 300 million yen and 60,000 points per fiscal year. At the time of the resolution, there were six Directors (excluding Outside Directors).

A resolution was adopted at the 134th Annual General Meeting of Shareholders held on June 28, 2006 approving monetary compensation of no more than 60 million yen annually as Audit & Supervisory Board Member compensation. At the time of the resolution, there were four Audit & Supervisory Board Members.

○Amounts of compensation paid to Directors and Audit & Supervisory Board Members in fiscal 2021

	Total amount of compensation	Amounts of Compensation by Type			Number of recipients
		Basic compensation	Bonus	Stock-based compensation	
Directors (excluding Outside Directors)	260 million yen	179 million yen	59 million yen	22 million yen	7
Audit & Supervisory Board Members (excluding Outside Members)	42 million yen	42 million yen	—	—	2
Outside Directors	32 million yen	32 million yen	—	—	3
Outside Audit & Supervisory Board Members	14 million yen	14 million yen	—	—	2

Notes:

1. The number of recipients includes one Director who retired during the current fiscal year.
2. The targets and results for performance indicators related to bonuses for fiscal 2021 were as follows.

Performance Indicators		Fiscal 2021 target	Fiscal 2021 result
Financial indicators	Consolidated operating profit	11,500 million yen	11,670 million yen
Financial indicators	Consolidated operating profit (based on compound annual average growth rate)	13,359 million yen	11,670 million yen
Financial indicators	ROIC	3.84%	3.60%
Non-financial indicators (ESG targets)	Reduction ratio of GHG emissions (Scope 1 and 2, vs FY2016)	6.2%	7.9%
Non-financial indicators (ESG targets)	Percentage of female participation in educational opportunities aimed at fostering core human resources for future management positions	20%	25%

3. The total amount of compensation for Directors does not include the employee wage portion for Directors who concurrently serve as employees.
4. The amount paid to Directors includes the amount of Director compensation to one Officer assigned to the Company from outside of the Company, which is paid to the assignor company by the Company. (This Director is not eligible for stock-based compensation.)
5. Bonuses include the estimated amount of payment, and the difference between the total amount of bonuses paid in July 2021 and the estimated amount disclosed in the business report for fiscal 2020.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof **Updated**

Established

## Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

### Details of Individual Compensation and Method of Calculating Amounts

- Compensation for Directors, excluding Outside Directors, consists of basic compensation as a fixed compensation, bonuses as performance-linked compensation, and stock-based compensation as a medium- to long-term incentive. Compensation for Outside Directors and Audit & Supervisory Board Members consists of only basic compensation, as emphasis is placed on the performance backed by their expertise and experience from their respective independent viewpoints.
- The typical composition ratios of basic compensation, bonuses, and stock-based compensation for Directors (excluding Outside Directors) are as follows: approximately 60%, 30% and 10%, respectively, for the Representative Director and Chairman, and Representative Director and President; and approximately 70%, 20% and 10%, respectively, for other Directors (excluding Outside Directors)

### [Revision of the Compensation System (1)]

- The typical composition ratios for fiscal 2022 and subsequent years are revised as follows: approximately 58%, 27% and 15%, respectively, for the Representative Director and Chairman, and Representative Director and President; and approximately 68%, 17%, and 15%, respectively, for other Directors (excluding Outside Directors).

### Details of Each Type of Compensation and Method of Calculating Amounts

a) Basic compensation (fixed compensation)

The basic compensation is intended to increase Directors' motivation to accomplish their duties as well as clarify their responsibilities. It is determined by position, in light of the significance of their duties, and paid in cash as monthly fixed compensation.

b) Bonuses (performance-linked compensation)

Bonuses as performance-linked compensation are aimed at enhancing the link between compensation and performance, and raising motivation toward achieving the medium-term management plan. The amount is determined based on the performance for the fiscal year (from April to March) and paid in cash in July of the following fiscal year.

The amount of the bonus paid to each individual for fiscal 2021 will be determined according to the following formula, based on Groupwide performance and individual evaluations, as well as qualitative factors.

(Formula)

Individual bonuses = Basic bonus by position x Bonus factor

Bonus factor = Groupwide performance factor x Individual evaluation factor ± Qualitative factor

The Groupwide performance factor is determined based on financial and non-financial indicators. The financial indicators are determined based on the degree of achievement of the single-year target for consolidated operating profit, achievement of the single-year target based on compound average growth rate, and achievement of the single-year target for ROIC, and the non-financial indicators (contribution to sustainability) are determined based on the degree of achievement of single-year target for ESG targets in the range of 0.5–1.5 based on the following.

(Indicators and Weight of Evaluation of Groupwide Performance)

Financial indicators	Consolidated operating profit	Single-year target	60%
Financial indicators	Consolidated operating profit	Single-year target based on compound average growth rate	10%
Financial indicators	ROIC	Single-year target	20%
Non-financial indicators	Contribution to sustainability	ESG targets	10%

These performance indicators were adopted with the aim of appropriately evaluating and reflecting the increase in corporate value in terms of profit and capital efficiency, and further strengthening sustainability management including a medium- to long-term perspective by setting the achievement of ESG targets as a major management goal toward the realization of a sustainable society.

The individual evaluation factor is determined in the range of 0.8–1.2, depending on the achievement of the KPIs of the business for which the Director is responsible.

The qualitative factor may be used to add to or deduct from the bonus factor, upon deliberation regarding the effects of the actions as strategic responses to deal with unforeseen and unavoidable changes in the business environment and situation.

In principle, the bonus factor is determined in the range of 0.4–1.8 (maximum 0–2.0 including qualitative factor) based on the above indicators.

[Revision of the Compensation System (2)]

The bonus payment criteria are changed as indicated below starting in fiscal 2022.

The Groupwide performance factor is determined based on financial indicators. The financial indicators are determined based on the degree of achievement of the single-year target for consolidated operating profit, achievement of single-year target based on compound average growth rate, and achievement of the single-year target for ROIC in the range of 0.5–1.5 based on the following.

(Indicators, Weight of Evaluation, and Targets of Groupwide Performance)

Financial indicators	Consolidated operating profit	Single-year target	70%	Fiscal 2022 target	13,000 million yen
Financial indicators	Consolidated operating profit	Single-year target based on compound average growth rate	10%	Fiscal 2022 target	14,481 million yen
Financial indicators	ROIC	Single-year target	20%	Fiscal 2022 target	3.6%

These performance indicators were adopted with the aim of appropriately evaluating and reflecting the increase in corporate value in terms of profit and capital efficiency.

c) Stock-based compensation (medium- to long-term incentive compensation)

Stock-based compensation further clarifies the link between compensation for Directors and stock prices. It also aims to raise the Directors' awareness of contributing to the improvement of the medium- to long-term growth of business performance and an increase in corporate value, by sharing the profits and risks from fluctuations in stock prices with shareholders. It is paid through the stock-based compensation plan, which uses a trust (stock delivery trust).

In accordance with the stock delivery regulations, points based on the basic amount set by position are granted in June of each year, and in principle, shares are delivered in a lump sum at the time of retirement, in proportion to the accumulated number of points granted (30% of such compensation is paid in cash for the purpose of allocating funds for tax payments).

[Revision of the Compensation System (3)]

From fiscal 2022, we will partially revise the stock-based compensation plan as follows.

Stock-based compensation will be changed to performance-linked system to strengthen the linkage between the remuneration of Directors and the Company's business performance. The stock-based compensation to be paid consists of a fixed compensation of 80% and a performance-linked compensation of 20%, and points are awarded in June of each year in accordance with the stock delivery regulations. Points will be granted based on the basic amount set by position, with points linked to business performance being determined based on the degree of achievement of ESG targets set for the period of medium-term management plan as non-financial indicators (contribution to sustainability), among other things, and the payment rate being determined from 0% to 200% based on the following.

(Indicators, Weight of Evaluation, and Targets of Groupwide Performance)

Non-financial indicators	(Contribution to sustainability)	Mid-term target for reduction ratio of GHG emissions (Scope 1 and 2; compared to fiscal 2016)	50%	Fiscal 2024 target	8.0%
	Degree of achievement of ESG targets	Mid-term target for female manager ratio	50%	Fiscal 2024 target	8.0%

These performance indicators were adopted with the aim of strengthening sustainability management including a medium- to long-term perspective by setting the achievement of ESG targets as a major management goal toward the realization of a sustainable society.

Remuneration Determination Process

In setting the policy regarding the determination of the details of individual compensation for Directors and determining the compensation of each Director, the Compensation Advisory Committee, which is an advisory body to the Board of Directors, deliberates on the overall compensation plan for Directors and advises the Board of Directors accordingly. The Board then makes decisions with reference to the advice from the committee.

As the Board of Directors determines the amount of compensation for each Director in accordance with the above procedures, the Board believes that the details of such compensation are in line with the determination policy.

The amount of compensation for Audit & Supervisory Board Members is determined through discussions by the Audit & Supervisory Board Members.

**Support System for Outside Directors and/or Outside Audit & Supervisory Board Members**

With regard to Outside Directors, the Corporate Planning Department serves as a contact point for various communications, provision of information, and so on as needed.

With respect to Outside Audit & Supervisory Board Members, the standing Audit & Supervisory Board Members serve as contact points for various communications, provision of information, and so on as needed, and staff members assigned to the Audit & Supervisory Board provide assistance.

**Status of Person Who Has Retired as Representative Director/President**

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*) after Retiring as Representative Director/President

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration)	Date when former role as president/ CEO ended	Term
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Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*) after Retiring as Representative Director/President

0

None

## **2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Updated**

The Board of Directors comprises nine Directors (three of whom are independent Outside Directors) and is chaired by the Representative Director and President. The Board deliberates on and determines matters prescribed in laws and regulations and important managerial matters. The Board also has responsibility for management of the Group and supervision of the execution of business operations. The Board comprises Directors with abundant experience in managing the Company and highly independent Outside Directors with in-depth knowledge regarding corporate management and business execution.

The Company has adopted the Corporate Officer System in order to implement quick decision-making that responds readily to changes in the business environment. Corporate Officers are given authority for execution of business operation by the Board of Directors, and, in accordance with the management plan and policies of the Board of Directors, execute business operations under the supervision of the Directors.

In addition, the Board of Corporate Officers, chaired by the President and comprising all the other Corporate Officers, is established. The Board of Corporate Officers decides on significant issues within the authority delegated by the Board of Directors, and checks and reports on the progress of business operations. The standing Audit & Supervisory Board Members attend the Board of Corporate Officers' meetings in order to audit the execution of business operations.

The Audit & Supervisory Board comprises four Audit & Supervisory Board Members (two of whom are independent Outside Members). The members conduct audits of Directors' performance of duties and Corporate Officers' execution of business. They attend meetings of the Board of Directors and other important meetings, and review the status of business operations and assets. The members maintain close ties with the accounting auditor and the Internal Audit Department, and exchange opinions and information to provide for effective and efficient auditing. Also, two auxiliary staff members assigned by the Internal Audit Department support the audit work of the Audit & Supervisory Board Members, thereby strengthening collaboration with the Internal Audit Department and enhancing and reinforcing audit functions.

The Nomination Advisory Committee conducts deliberations, including those to consider and evaluate candidates for Director, as well as decision-making on a draft list of candidates, and reports to the Board of Directors. The four members comprising the Committee are the Representative Director and President, who chairs the Committee, and three Outside Directors.

The Compensation Advisory Committee conducts deliberations, including those to verify the compensation system for Directors, and details of compensation, and reports to the Board of Directors. The six members comprising the Committee are the Representative Director and President, who chairs the Committee, three Outside Directors, and two Outside Audit & Supervisory Board Members.

In addition, deliberation committees and a decision-making support body for the President are established in accordance with needs. The following deliberation committees are currently established.

[Deliberation committees established by the Board of Directors]

Sustainability Committee, Risk Management Committee, Investment and Financing Committee, Corporate

Ethics Committee, and Internal Control Committee

[Decision-making support body for the President]

Management Council

[Deliberation committees established by the Board of Corporate Officers]

Quality Management Committee

The current Corporate Governance System has been adopted with the rationale that soundness and accountability in management and execution of business operations are secured through these committees.

The Board of Directors met 13 times in fiscal 2021. Of the nine Directors, eight Directors and the four Audit & Supervisory Board Members attended all 13 meetings of the Board of Directors.

Mr. Yasushi Kawarasaki, who is an Inside Director, attended 12 of the meetings. The Audit & Supervisory Board met 19 times, and all four Audit & Supervisory Board Members attended all of the meetings.

Audit & Supervisory Board Members are auditing professionals such as an attorney at law and a Certified Public Accountant; a person with extensive experience in the Company's business with involvement in the finance and accounting, management planning, and logistics divisions in addition to a wealth of expertise and experience in the company's business and considerable knowledge of finance and accounting; and a person with abundant expertise and experience in business operations stemming from extensive participation in the operations of the Company at its business divisions over many years.

The Audit & Supervisory Board deliberated on the status of development and operation of internal control systems. In fiscal 2021, the Board also addressed the status of implementation of measures for achieving the corporate vision expressed in The Nisshin OilliO Group Vision 2030 and for achieving the medium-term management plan "Value UP+"; responses and progress reports on risk management with regard to information security, the effectiveness of BCP, intellectual property management, quality control, and other risks; the development and operational status of internal controls at individual Group subsidiaries; the execution status of roles and functions of the Directors in the business management/governance system; the operational status of important meeting structures such as Board of Directors meetings; the status of responses to the revised Corporate Governance Code; and the status of responses regarding timely and appropriate disclosures of information.

Audit & Supervisory Board Members conduct audits in accordance with the audit policy and audit plans established by the Audit & Supervisory Board as well as the assigned roles. Audit & Supervisory Board Members attend Board of Directors meetings and make proposals based on the Audit Report and Audit Findings while providing opinions as needed. In addition, opinions are exchanged and proposals are made at regular quarterly meetings with the Representative Director and President, and Statutory Auditor's Meeting of Group subsidiaries is held twice annually to share information on the status of audit implementation and findings at individual companies, exchange opinions, and enhance the internal controls of the Group. Audit & Supervisory Board Members hold quarterly meetings to exchange opinions with the accounting auditor and at other times as necessary to facilitate collaboration. With regard to key audit matters (KAM), they hold discussions with the accounting auditor in the process of identifying, narrowing, and selecting

themes, receive reports from the accounting auditor regarding the status of audit implementation, and request explanations as needed.

The Internal Audit Department (two full-time staff and two staff with additional duties) was established as the section with jurisdiction over internal audit capacities at the Company. An internal audit of the compliance status for business rules and regulations is conducted for the Company and each Group subsidiary based on the annual audit plan. The internal audit is intended to ensure that operations are executed in a sound and appropriate manner from the viewpoints of corporate governance and compliance. In addition, evaluations of the operational status for internal control systems pertaining to financial reporting are conducted.

The Company concluded an auditing agreement with Deloitte Touche Tohmatsu LLC for Deloitte to serve as a financial auditor for audits of matters relating to accounts, and the Company has undergone fair and lawful audits. No relationships of interest exist between Deloitte Touche Tohmatsu LLC, or its managing members, and the Company.

The information including the names of the Certified Public Accountants participating in the accounting audit for the current consolidated accounting period is as follows.

Continuous auditing period: 71 years from the fiscal year ended March 31, 1952

Certified Public Accountants who have been involved in the execution of audit engagements: Katsumi Takizawa, Yasuhiro Kawaguchi, appointed limited liability employees, managing members

Composition of assistants for audit engagements: 17 assistants for audit engagements

The assistants for accounting audit engagements at the Company are comprised of five Certified Public Accountants, two officers who have passed the Certified Public Accountant Examination, and 10 others.

Based on the provisions of Article 427 Paragraph 1 of the Companies Act, the Company has concluded an agreement with Outside Directors Mr. Isao Yamamoto, Ms. Emi Machida, Ms. Naomi Eto, and Outside Audit & Supervisory Board Members Mr. Tomotake Kusamichi and Ms. Sayaka Sumida, regarding liability for damages as stipulated in Article 423 Paragraph 1 of the Companies Act, to limit each liability to the higher amount of either five million yen or the minimum liability amount stipulated in Article 425 Paragraph 1 of the Companies Act, when acting in good faith and in the absence of gross negligence in the performance of their work duties.

### **3. Reasons for Adoption of Current Corporate Governance System**

Kindly refer to: I. 1. Basic Views, and II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System), regarding the rationale for adoption of the current corporate governance system.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

**Updated**

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Posting date for the Convocation Notice of the 150th Annual General Meeting of Shareholders: June 3, 2022 Also published early on the Company website in advance of posting, on May 30, 2022.
General Meeting of Shareholders scheduled to avoid days when many other companies hold their shareholders' meetings	Date for Annual General Meeting of Shareholders June 24, 2022 (date of last year's meeting: June 29, 2021)
Electronic Exercise of Voting Rights	Have introduced an exercise of voting rights system using the internet and other means since the 138th Annual General Meeting of Shareholders held on June 25, 2010.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Have participated in a platform for the electronic exercise of voting rights (TSE Platform) for institutional investors since the 138th Annual General Meeting of Shareholders held on June 25, 2010.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	Have published an English language version of the Convocation Notice (its Summary) for the 150th Annual General Meeting of Shareholders, which was held on June 24, 2022, early on the Company website in advance of posting, on May 30, 2022.
Other	Published convocation notices of the General Meeting of Shareholders on the Company website. In addition, endeavor to include information useful to all shareholders other than that prescribed by law.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a Representative Director or a Representative Corporate Officer
Formulation and Publication of Disclosure Policies	Published at the below. ( <a href="https://www.nisshin-oillio.com/assets/pdf/inv/ir/d_policy.pdf">https://www.nisshin-oillio.com/assets/pdf/inv/ir/d_policy.pdf</a> )	
Investor Briefings Held Regularly for Individual Investors	Hold briefings for individual investors hosted by securities companies and others.	Held
Regular Investor Briefings Held for Analysts and Institutional Investors	Hold quarterly financial results briefings.	Held
Online Disclosure of IR Information	Published financial information, financial results briefing, timely disclosure information other than financial results, etc. on the Company website. ( <a href="https://www.nisshin-oillio.com/english/">https://www.nisshin-oillio.com/english/</a> )	
Establishment of Department and/or Placement of a Manager in Charge of IR	Department in charge of IR: Corporate Communications Department Manager in charge of IR: Arata Kobayashi, Director and Managing Officer Stock Exchange communications liaison: Kotaro Ishibashi, General Manager of Corporate Communications Department	

## 3. Status of Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	They are stipulated in The Nisshin Oillio Group Code of Conduct revised as of April 1, 2022. “The mission of The Nisshin Oillio Group is to realize people’s happiness and to continue contributing to social and economic development, under the core concept of “good flavor, health, and beauty” and as a corporate group whose existence is valued by all stakeholders, including customers, business partners, shareholders and investors, employees, and society.”  Please refer to Appendix 2.
Implementation of Environment Preservation Activities	Starting in fiscal 2000, we compiled an environmental report. In fiscal 2006 we began issuing a corporate social responsibility (CSR) report, which included this environmental report. In fiscal 2015 we integrated this CSR report and our company

brochure into a corporate report. And then in fiscal 2021, on the occasion of the formulation of The Nisshin Oillio Group Vision 2030, we replaced this corporate report with the Integrated Report, which aims to convey our medium- to long-term initiatives to enhance the Group's corporate value. We also issue the Sustainability Data Book containing data relating to environmental, social, and governance (ESG) factors.

The Group continuously promotes initiatives toward the realization of a sustainable society. Among other things, we have signed the United Nations Global Compact and are in agreement with the Sustainable Development Goals (SDGs).

[The Nisshin Oillio Group Vision 2030]

In line with the corporate vision towards 2030 and our strategic guidelines that are indicated in The Nisshin Oillio Group Vision 2030 formulated in March 2021, we will make sustainable growth into the future and contribute to the realization of the sustainable society with a concept that the creation of shared values (CSV) that are diverse through the resolution of social issues shall be a driver for growth.

[https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030\\_en.pdf](https://www.nisshin-oillio.com/english/assets/pdf/vision2030/vision2030_en.pdf)

Progress on achieving the CSV targets in the six priorities mentioned in The Nisshin Oillio Group Vision 2030 is disclosed in the Integrated Report, the Company's website, the Convocation Notice of General Meetings of Shareholders, and securities reports.

[Initiatives relating to climate change and the environment]

Our business is based on plant-based resources and we believe that the protection of the global environment and resources constitutes business sustainability, and we undertake the following initiatives with the aim of achieving a decarbonized society and a recycling-based society.

Responses to climate change

- In March 2022, we analyzed our governance systems relating to climate change as well as risks and opportunities and disclosed response measures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Scope 1 and Scope 2 CO<sub>2</sub> emissions have been cut by 7.9% (compared to fiscal 2016) as a result of investment in new facilities installed at production sites in Japan and other measures.
- We introduced and began operating internal carbon pricing as decision-making criteria for investment.

Procurement of palm oil that takes sustainability into consideration

- In accordance with our Palm Oil Sourcing Policy, we are working to procure

	<p>certified palm oil that takes sustainability into consideration and to create traceable and transparent supply chains.</p> <p>Reduction of plastic containers and packaging</p> <ul style="list-style-type: none"> <li>• In addition to continuously reducing the weight of plastic containers, we are developing containers and packaging made from recycled plastic materials for home-use products, and expanding the scope of target products.</li> <li>• We decided to invest in filling lines for environmentally-friendly containers (Sakai Plant).</li> </ul> <p>[The Nisshin OilliO Group Human Rights Policy]</p> <p>In March 2022, we formulated The Nisshin OilliO Group Human Rights Policy based on the UN Guiding Principles on Business and Human Rights.</p> <p>In the future, we will address human rights issues throughout the entire supply chain by conducting human rights due diligence and creating and putting into practice mechanisms for responding to relief measures.</p>
<p>Formulation of Policies on Provision of Information to Stakeholders</p>	<p>We stipulate a disclosure policy and conduct timely and appropriate information disclosure.</p>
<p>Other</p>	<p>[Health management initiatives]</p> <p>Based on The Nisshin OilliO Group's Health Management Declaration announced in 2017, we position the health of employees as the foundation of their and their families' happiness and as the most important asset in achieving the sustained development of the Company. Therefore, we actively provide support toward the maintenance and promotion of employee health. Centered on the dedicated Health and Productivity Management Department, and in collaboration with each department, the health insurance association, and the labor union, the entire company comes together as one to promote initiatives. Specifically, our main targets are the prevention of lifestyle-related illnesses, no smoking, and mental health. We encourage individuals to independently change their behavior by pointing things out and providing opportunities for improvement, and we make plans and supply information with the aim of raising health literacy. The Company was selected as one of the "White 500" companies that conduct outstanding health and productivity management under the 2022 Certified Health and Productivity Management Organization Recognition Program operated by the Ministry of Economy, Trade, and Industry of Japan and the Nippon Kenko Kaigi.</p> <p>[Promotion of the advancement of women]</p> <p>The Company aims to create new value through the activities of diverse human resources, thereby improving the Company's competitiveness and growth potential. Regarding the promotion of women's advancement, we are expanding the stage for</p>

activities by female employees by encouraging their active participation in training programs to foster core human resources of the future and companywide projects. Also, our utilization of systems enabling flexible workstyles, such as working from home, flextime, and per-hour paid leave, has become entrenched. Furthermore, we make effective use of programs to support a work-parenting balance, including childcare leave (up to elementary school age), a short-time work system (up to the third grade of elementary school), and the reemployment of employees retiring due to marriage, childbirth, and so on. As an outstanding company in the promotion of women's activities and childcare support, the Company has received level-two Eruboshi and Platinum Kurumin certification from the Ministry of Health, Labour, and Welfare of Japan.

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development Updated

#### (1) Management Administration Organization

For an overview of the Board of Directors and other aspects of corporate governance, refer to II. 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System).

In addition, we have established the Sustainability Committee to spearhead business activities leveraged by the Group's own style of CSV (creating shared value). Through these efforts, we strive to realize sustainability, which will lead to sustainable growth of the Group and the sustainable development of society. In fiscal 2021 we deliberated on responses to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), The Nisshin OilliO Group Human Rights Policy (proposal for establishment), and The Code of Conduct of The Nisshin OilliO Group (proposal for revision) while monitoring the progress of CSV targets under The Nisshin OilliO Group Vision 2030.

Regarding our setup to ensure that Directors execute their duties and Corporate Officers execute their work efficiently, we have set up the Management Council as a body to assist the President's decision making. Standing members of the Audit & Supervisory Board attend meetings of the Management Council as observers. The Corporate Officers in charge of each division are responsible for achieving targets outlined in management plans. Toward achievement of our Group's medium-term management plan, supervision of the progress of divisional management plans is carried out in the Board of Corporate Officers, which meets every month.

Key investment and financing projects, such as capital investment, M&A, and business restructuring, including those related to subsidiaries, are referred to and deliberated in the Investment and Financing Committee. In fiscal 2021, we revised investment and financing regulations and reviewed investment and financing operations from perspectives including consistency with management strategies, investment profitability taking into consideration capital costs, medium- to long-term investment strategies, and business continuity.

#### (2) Compliance Setup

Regarding our compliance setup, we have set up the Corporate Ethics Committee and other bodies and collaborate with corporate legal counselors and others as necessary. Basic compliance that Directors should observe, penalties for violations, and other matters are stipulated in the Regulations on Ethics for Directors.

Furthermore, we work to disseminate The Nisshin OilliO Group Code of Conduct (revised April 2022), which are conduct guidelines for all officers and employees to carry out our corporate philosophy. We also accept whistleblower reports via a corporate ethics hotline. Such reports are discussed in the Corporate Ethics Committee, and efforts are made to prevent any reoccurrence. In October of every year, which we have designated as Corporate Ethics Month, we hold lectures on corporate ethics for Directors, Corporate Officers and employees of the Group. In addition, our legal affairs division keeps an eye on the Group's observance of laws and ordinances and implements legal affairs education.

### (3) Risk Management Setup

Regarding risk management, the Risk Management Committee comprehensively oversees Group-wide risks. When a risk does surface, this committee establishes emergency arrangements and responds to the crisis. The Risk Management Committee conducts an inventory of risks, compiles a risk matrix based on the degree of their impact and frequency, and administers countermeasures for specific risks. In addition, after the priority ranking of risks based on the degree of their impact if they arise, the committee selects them as important risks and implement risk management by means of the plan-do-check-act (PDCA) cycle centering on the supervisory division.

The Risk Management Committee reports to the Board of Directors about its assessment of Group-wide risks, response policy, conditions, and other matters. Standing members of the Audit & Supervisory Board have attended meetings of the Risk Management Committee as observers since fiscal 2021. In addition, a constant review of regulations on accounting, credit management, and information security management and other rules is conducted, and revisions are made or new regulations established as necessary. The Internal Audit Department supervises the status of compliance with regulations in business operation. Regarding our information management setup, from the perspective of ensuring a setup in which the Board of Directors can check the state of work execution by Corporate Officers, the Company has established rules and operation standards for the Board of Directors, operating rules for the Board of Corporate Officers, document management regulations, and so on. To enhance convenience in the collection of information by outside Directors and outside members of the Audit & Supervisory Board, we provide them with the same information system environment as that for internal Directors and Corporate Officers.

### (4) Ensuring the Appropriateness of Management in Our Corporate Group of Nisshin OilliO and Subsidiaries

The Corporate Planning Department engages in the overall management of subsidiaries and comprehensively evaluates strategies as a corporate group and the appropriateness of operations of each subsidiary. To clarify the structure of management responsibility, Corporate Officers are appointed to be responsible for each subsidiary from among our Corporate Officers. The responsible Corporate Officers provide guidance and supervision for the proper execution of business operation by subsidiaries. The Internal Audit Department periodically conducts internal audits of subsidiaries.

Regarding the management of subsidiaries, directors appointed by the parent company supervise the performance of business operation to both realize the development of the subsidiaries as independent companies and maximize their corporate value in the consolidated Group. In addition, regarding domestic subsidiaries in Japan, statutory auditors are appointed by the parent company and, even in cases where it is possible for the subsidiary concerned to set rules limiting the scope of audit, authority to audit operations is granted to statutory auditors. Regarding accounting audits for overseas subsidiaries, audits for Nisshin OilliO (China) Investment Co., Ltd. and seven other companies are commissioned to local offices of Deloitte Touche Tohmatsu Limited Group, to which our certified public accountants belong. Auditing of the financial statements of PT Indoagri Daitocacao is handled by the local office of Ernst & Young Global Limited.

## **2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development**

Regarding antisocial forces and unreasonable pressure, we will respond unyieldingly and resolutely as mentioned in The Nisshin OilliO Group Code of Conduct, and if necessary, on the premise of legal action. Specifically, we have designated the Personnel & General Affairs Department as our overall responding body. As well as collaborating with the police, we endeavor to improve the internal setup by, for example, regularly gathering information through participation in training sessions organized by the Special Violence Prevention Measures Association (Tokubouren) of the Tokyo Metropolitan Police Department.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation for Applicable Items

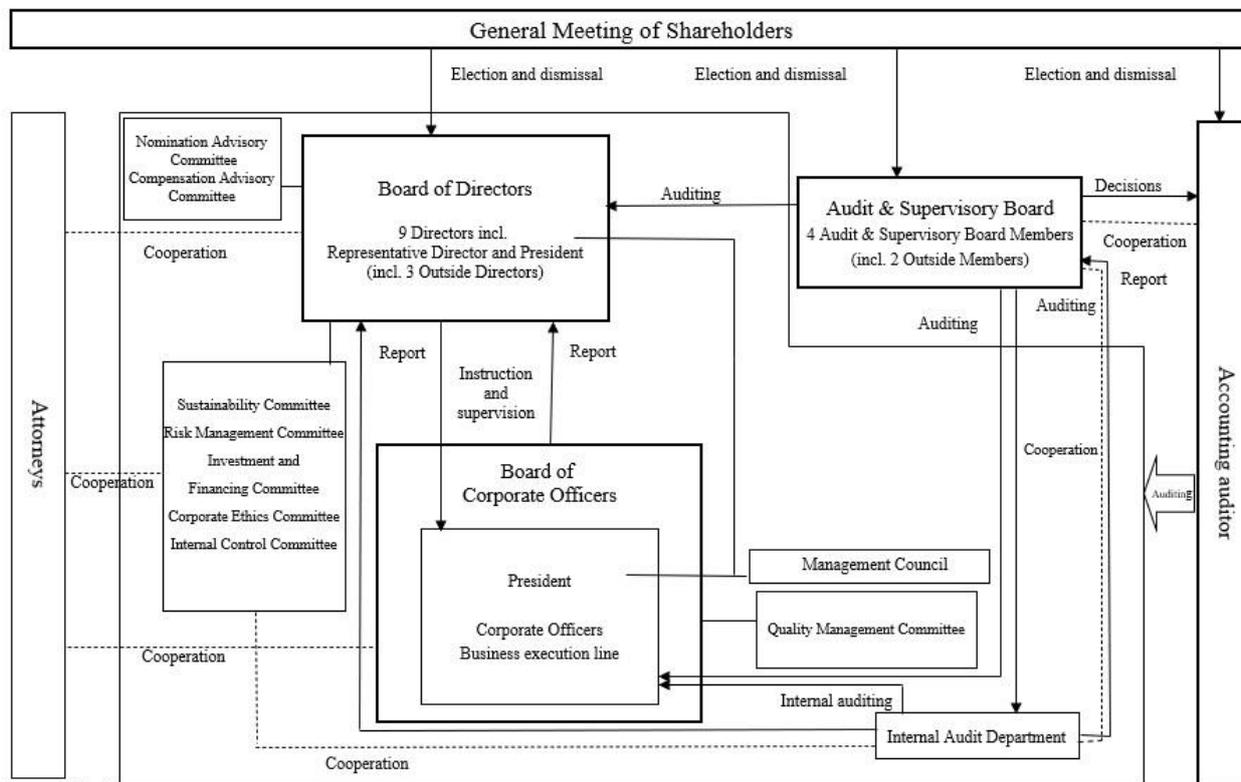
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After carefully checking the intentions of parties engaging in large-scale purchases of our company's shares, the Company provides adequate information for shareholders to properly judge the pros and cons of the large-scale purchase concerned (including the opinion of our Board of Directors respecting the views of independent Outside Directors). We also adopt appropriate measures within the scope allowed by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations, including efforts to ensure adequate time for consideration.

### 2. Other Matters Concerning the Corporate Governance System **Updated**

- (1) Regarding the internal control system based on the Financial Instruments and Exchange Act, we have set up the Internal Control Committee to decide policies for its improvement, operation, and so on; the Internal Audit Department is responsible for its evaluation. In addition, the Internal Audit Department implements internal auditing to ensure that business operations are executed soundly and appropriately from the perspectives of corporate governance and compliance.
- (2) We have issued an integrated report since last year and plan to issue this year's report in September (the English version will be released in December) with the aim of conveying our efforts to enhance The Nisshin OilliO Group's medium- to long-term corporate value.

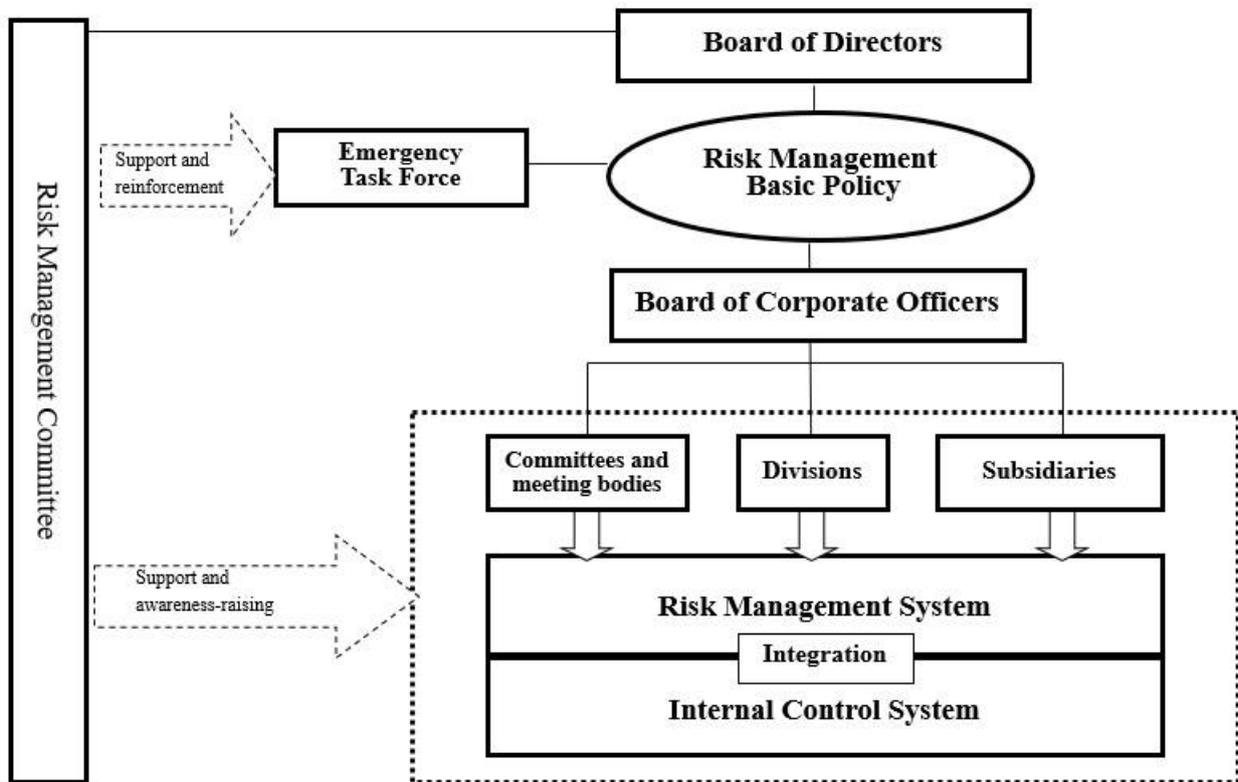
### Schematic Diagram of Corporate Governance and Internal Control System of The Nisshin Oillio Group



Notes:

1. The standing Audit & Supervisory Board Members attend Management Council meetings and Risk Management Committee as observers.
2. Aside from the above, a meeting body has been organized to secure the effectiveness of auditing, through activities such as regular information exchange and sharing between standing Audit & Supervisory Board Members and corporate staff divisions.

Schematic Diagram of Risk Management System





*Note: This document is a translation of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.*

## **Analysis and Evaluation of Effectiveness of the Board of Directors (FY2021)**

To ensure and enhance the effectiveness of the Board of Directors, each year the Company conducts an evaluation of the effectiveness of the Board of Directors by the Directors and Audit & Supervisory Board Members. The evaluation includes a self-evaluation using a questionnaire and interviews, and following discussions within the Board of Directors, the results are announced.

The evaluation of the effectiveness of the Board of Directors for fiscal 2021 was recently implemented, and the results were reported to and discussed by the Board. An overview is provided below.

### **1. FY2021 Board of Directors Actions to Enhance Effectiveness**

Based on the results of the evaluation in the previous fiscal year (fiscal 2020), the following actions were taken to further improve effectiveness.

#### **(1) Deepening of discussions on medium- to long-term corporate strategies**

The Board set deliberation topics for intensive discussion on important issues in management and engaged in active exchanges of opinions. In addition, division heads explained the strategies, issues, and so on regarding the medium-term management plan at a meeting separate from the Board of Directors to deepen awareness.

##### **Examples of Deliberation Topics**

- Optimal capital investment for achieving our Environmental Targets for 2030 and reducing CO<sub>2</sub> emissions
- Capital investment by Intercontinental Specialty Fats Sdn. Bhd.
- Measures to raise capital efficiency
- Measures to increase corporate value in light of demands from capital markets
- Disclosures pursuant to the Task Force on Climate-related Financial Disclosures (TCFD) framework
- Fiscal 2022 management plan

#### **(2) Further strengthening the monitoring functions of the Board of Directors, including risk management**

The following improvements are implemented, leading to strengthening of the monitoring functions of the Board.

- A new Board of Directors was inaugurated in April to create time for and invigorate discussion of the reports of various committees including the Sustainability Committee and Risk Management Committee

- Standing Audit & Supervisory Board Members attend meetings of the Risk Management Committee as observers to reinforce monitoring functions
- The status of dialogue with shareholders and investors is reported each quarter
- Operational improvements were made including the introduction of internal carbon pricing to reduce CO<sub>2</sub> emissions through the revision of investment and financing regulations, introduction of investment profitability evaluation taking into consideration capital costs, verification of medium- to long-term investment plans, and reinforcement of monitoring functions
- The Internal Audit Department reports the results of operation audits directly to the Board of Directors

## 2. Details of the FY2021 Evaluation of Effectiveness of the Board of Directors

To evaluate the effectiveness of the Board of Directors in fiscal 2021, we carried out a questionnaire-based survey with the content indicated below of the Directors and Audit & Supervisory Board Members who comprise the Board of Directors (13 persons in total) with support from external agency to ensure objectivity.

- (1) Composition of the Board of Directors
- (2) Operation of the Board of Directors
- (3) Deliberations by the Board of Directors
- (4) Monitoring functions of the Board of Directors
- (5) Performance of Inside Directors
- (6) Performance of Outside Directors
- (7) Structures for support of Directors and Audit & Supervisory Board Members
- (8) Training
- (9) Dialogue with shareholders (investors)
- (10) Self-initiated measures
- (11) Overall evaluation

Based on the survey results, the President held discussions with all Outside Directors and Audit & Supervisory Board Members, and then the Board of Directors discussed the results and made a final evaluation.

## 3. Evaluation Results

A determination was made that the effectiveness of Company's Board of Directors is generally achieved.

Individual topics relating to the evaluation results are discussed below.

- (1) Items with high evaluations
  - Fundamental sustainability policies including ESG and SDGs initiatives, efforts to improve them, and

disclosure

- Appropriate setting of KPI to achieve sustainable growth by the Company in both financial and non-financial areas
- (2) Items with room for improvement
- Provision of opportunities for training (acquisition of knowledge needed for roles and responsibilities, etc.) required for Directors and Corporate Officers
  - Fostering free and open discussion from a companywide perspective as management supervisors
- (3) Items to be deliberated
- Investigation from multiple perspectives to resolve PBR of less than 1
  - Deepening Groupwide risk management
  - Investigation of optimal governance structures including organizational design to achieve the Company's corporate vision

#### 4. Measures to Further Enhance Effectiveness

To further improve the effectiveness of the Board of Directors, we will work on improvement items and discussion issues based on the evaluation results, and in fiscal 2022 the Board will perform monitoring functions from all perspectives, particularly in light of the expected drastic changes in the business environment including supply chain disruptions due to the crisis in Ukraine and the resulting impact on raw material procurement and costs.

In addition, a new initiative in fiscal 2022 will be holding off-site meetings of Board of Directors members to intensively discuss management issues, and we will continuously enhance the effectiveness of the Board of Directors by deepening communication between Inside and Outside Directors.

## The Nisshin OilliO Group Code of Conduct

### Introduction

The mission of The Nisshin OilliO Group is to realize people's happiness and to continue contributing to social and economic development, under the core concept of "good flavor, health, and beauty" and as a corporate group whose existence is valued by all stakeholders, including customers, business partners, shareholders and investors, employees, and society.

In October 2002 the Group established The Nisshin OilliO Group Code of Conduct based on our Corporate Philosophy. Further recognizing our mission and responsibilities to society, we positioned it as a guideline in our endeavor to become a corporate group that is highly regarded by society and aims to realize a vibrant future.

Based on our Corporate Philosophy, this Code of Conduct is an action guideline, which clearly states that all of us in the Group will have a strong sense of responsibility, promote energetic business activities, comply with relevant laws and regulations as a member of society, and act in accordance with social ethics and norms.

In recent years the business environment surrounding the Group has faced accumulated social issues on a global scale, including environmental issues and human rights issues. Major changes have appeared in Japan as well, including the extremely low birthrate, rapid aging of society, and full-fledged population decline. Uncertainty about the future is mounting. Because of worldwide transformation in consumption and lifestyle patterns and their further diversification, conventional ways of doing business and thinking about things may no longer pass. Furthermore, as a corporate citizen, we are being required even more than before to contribute toward the realization of a sustainable society.

Amid these circumstances, in April 2021 we launched The Nisshin OilliO Group Vision 2030 with the purpose of achieving the sustained growth of the Group into the future and contributing to the realization of a sustainable society. We aim to continue growing by identifying priority areas among social issues that the Group will focus on and creating diverse shared value (CSV: Creating Shared Value) with society through the solution of these issues.

About 20 years have passed since we declared our Corporate Philosophy, Core Commitment, and Corporate Statement of "The Natural Power of Plants," yet they remain a good expression of the Group's reason for existing and are universal. In addition, to realize the Group's aspirations, we have established Values, which is a set of values that every one of us must cherish as the basis for his/her actions. In light of the relationship between our Corporate Philosophy and Values, we reviewed what actions we should take in the future from a more global perspective and set about revising our Code of Conduct accordingly. The accumulation of efforts by each and every one of us to behave in accordance with the Code of Conduct will enhance trust in the Group and give us the "power" to create diverse shared value with society.

Directors, officers, and employees of all companies constituting The Nisshin OilliO Group are required to fully understand the purposes of this Code of Conduct and to act with determination to comply with the code and to proactively implement it.

## The Nisshin OilliO Group Code of Conduct

### I. General Provisions

#### 1. Purpose and scope of application

This Code of Conduct sets forth basic standards for directors, officers, and employees of all companies comprising The Nisshin OilliO Group to be aware of their responsibilities and mission as Group companies and to carry out their duties with vitality based on our Corporate Philosophy.

#### 2. Encouragement of the Code

- 1) Directors, officers, and employees will perform their duties in accordance with the provisions of this Code.
- 2) Directors, officers, and employees in managerial positions will instruct and supervise all employees in their departments to carry out their work in accordance with this Code.

### II. Contribution to People, Society, the Environment, and the Economy through the Pursuit of Corporate Value

#### 1. Pursuit of customer value

- 1) The Group will constantly strive to maintain and improve the quality of our products and services so as to supply them with the best quality.
- 2) We will strive to thoroughly manage our supply system and make further improvements to provide a stable supply of safe and reliable products and services.
- 3) We will endeavor to disclose accurate and easy-to-understand information about our products and services and their supply and management systems as much as possible and to maintain and improve the transparency of product information and the status of our activities.
- 4) In the event of an unexpected situation, we will promptly sort out the possible effects on people, equipment, the environment, etc., and take measures to minimize the impact. At the same time, we will investigate the cause of the incident, take fundamental measures to prevent any recurrence, and endeavor to disclose as much information as possible.
- 5) We will constantly take all possible measures to increase value and reduce costs and endeavor to supply products and services that resonate with our customers.
- 6) From the perspective of customer satisfaction, we will endeavor to respond swiftly and sincerely to customer opinions and continue to create and propose new values that enrich customers' lives through communication.

#### 2. Pursuit of business partner value

We will build equal partnerships with our business partners to build mutually trustworthy relations, jointly develop products, services, and markets, and grow together toward the realization of a sustainable society.

### 3. Pursuit of shareholder value

- 1) We will meet the expectations of our shareholders by pursuing increased corporate value through sincere business activities, efficient use of management resources, and appropriate risk management.
- 2) In addition to disclosing information on the Group's activities, organizational structure, financial condition, and business performance, we will constantly strive to disclose management information in a timely manner, including our future growth strategies and initiatives to address issues related to sustainability, in order to contribute to appropriate decisions by our shareholders and investors.

### 4. Pursuit of employee value

- 1) Every employee, with a constant spirit of challenge, will strive to improve his/her work-related abilities and to positively improve and streamline operations. In addition, every employee cherishes the five Values of "Be Dedicated," "Integrate," "Master," "Pioneer," and "Be Resilient," and endeavors not only to respond to changes in society and the marketplace but also to bring about changes and provide new value to the marketplace and customers.
- 2) We will endeavor to respect the individuality and aptitude of every employee, foster a free and vibrant organizational culture where creativity can be fully exercised, build rewarding workplaces, and maintain and promote mental and physical health. We will also constantly strive to maintain and improve the safety and health of the workplace environment and to create a sense of security for our employees and their families.
- 3) We will respect the fundamental human rights and diverse values of every employee and eliminate unfair treatment and discrimination in the workplace. We will also strive to conduct fair evaluation and treatment based on self-realization and improved performance.
- 4) We will actively support the career development and skill development of each employee. In addition, we will strive to develop human resources who will be the core of the next generation with "rich creativity, advanced expertise, strong initiative, and problem-solving capabilities."

### 5. Contribution to people, society, and the economy

- 1) In accordance with social ethics, laws and ordinances, and rules, we will endeavor to create diverse shared value with society through the pursuit of value for stakeholders, realize people's happiness, and continue contributing to sustainability.
- 2) We will be aware of the responsibilities and roles that we must fulfill as a good corporate citizen, including participation in the activities of local communities and in relief and cooperation in the event of disaster, and will endeavor to contribute widely to society. We

will also respect the voluntary social contribution activities of individual employees and work to establish a system for this purpose.

- 3) As a member of the international community, we will comply with the laws and regulations of related countries, international agreements, and the principle of free trade and strive for the development of related countries, regions, and companies through good business practices and proactive communication with local communities.

## 6. Environmental initiatives

- 1) In order to hand over our irreplaceable Earth to the next generation, we will continue to engage in environment-friendly corporate activities by maximizing the “Natural Power of Plants.”
- 2) We will conduct corporate activities in compliance with environmental laws and voluntary standards throughout the Group’s entire supply chain.
- 3) We will promote carbon neutrality and contribute toward mitigating the environmental impact of climate change and the formation of a decarbonized society through the efficient use of resources and energy, the introduction of natural energy and new technologies, and other measures. Furthermore, we will protect biodiversity through the conservation of forest resources and the effective use of water resources.
- 4) We will reduce the environmental impact of our entire supply chain and contribute to the creation of a recycle-oriented society by implementing 3R (reduce, reuse, recycle) activities from the procurement of raw materials to the delivery of products and services to customers and after-use disposal and recycling.
- 5) We aim to establish a circular economy by developing and providing nature- and environment-friendly products and services that are safe, high quality, and considerate of resource conservation, energy saving, and recyclability.
- 6) We will endeavor to thoroughly implement education relating to our environmental initiatives and thinking and positively disclose information about our environmental activities in compliance with international standards with the aim of spreading understanding broadly among our stakeholders.

## III. Self-Innovation toward Creative and Viable Businesses

### 1. Activities in accordance with the Core Commitment

Constantly mindful of our Core Commitment, we will strive to enhance the brand value of the Group from all perspectives, including product development, services, sales activities, and public relations activities.

### 2. Posture of constant search, creation, and reform

- 1) Never neglecting self-study, the employee will strive to continue to grow as one whom the Group can be proud of.

- 2) We will always pursue “good flavor, health, and beauty” and strive not to miss any related information or business opportunities.
- 3) The employee will always act in consideration of what is best for the Group from a broad and long-term perspective, without being bound by experience or conventional wisdom.

### 3. Transformation into a more flexible organization and system

- 1) In order to continue creating new value and supplying it to society, we will proactively reform our organization, system, schemes, and processes and strive to transcend the framework of existing products and business domains.
- 2) Never satisfied with the current system, we will constantly work to transform ourselves and strive to continue displaying the Group’s potential to the fullest.

### 4. Constructive dialogue

- 1) We will strive to engage in constructive dialogue with all stakeholders, including customers, business partners, shareholders, employees, and society, to enhance the transparency of our corporate activities and increase the trust of society.
- 2) We will strive to maintain and improve stakeholder confidence and empathy by, among other things, accurately grasping society’s requests and expectations of the Group through dialogue and incorporating those opinions into our activities.

## IV. Action with a Sense of Mission as a Member of Society

### 1. Compliance with laws and social ethics

- 1) As a member of society, both publicly and privately, we will comply with laws and regulations and their spirit both domestically and internationally and will not engage in any conduct that is in conflict with the law, such as insider trading, bid rigging, misrepresentation, information leakage, fraud, and illegal labor.
- 2) We will maintain and respect social order, culture, and values in each country and take a firm stance against antisocial forces and unfair pressure, assuming legal action when necessary.
- 3) We understand and respect universal human rights and will eradicate discrimination and harassment based on gender, nationality, race, age, religion, belief, disability, sexual orientation, etc. Furthermore, in the areas of labor and employment relating to the Group, we will eradicate all forms of forced labor and child labor. These initiatives will be implemented throughout the Group’s entire supply chain.
- 4) We will not tolerate harassment of any kind.
- 5) In acquiring, using, and handling personal information, we will comply with laws and other regulations governing the protection of personal information.
- 6) We will endeavor to protect the Group’s intellectual property (such intellectual property rights as patents, trademarks, and copyrights, as well as confidential information), respect

the intellectual property of third parties, and prevent the infringement of such intellectual property rights from occurring.

- 7) As well as our dissemination of information as a company, individuals must have awareness and responsibility as members of the Group when using social media to disseminate information. Each employee will not engage in any acts that may harm the trust, honor, or brand of the Group or that may damage the dignity of individuals.

## 2. Fair business practices and anticorruption

- 1) We will maintain a fair and equal stance toward suppliers of raw materials and other materials at all times and will not unjustly disadvantage our suppliers by capitalizing on a superior position. We also will not request the provision of personal benefits or convenience.
- 2) We will maintain a fair and equal stance toward distributors at all times and will not engage in any improper conduct, such as exclusion, unjustly discriminatory treatment, or interference in business activities.
- 3) The exchange of hospitality and gifts with business partners does not deviate from the scope of sound business practices and social norms.
- 4) We will not extend or receive any bribery, benefits, conveniences, gifts, or other treatment lacking reasonable grounds to or from domestic and international parliamentarians, local government heads and assembly members, and officers and employees of government agencies and local governments.

## 3. Rigorous crisis management

We will thoroughly implement systematic crisis management in preparation for such threats as terrorism, cyberattacks, and natural disasters.

## 4. System for swift communication of information related to wrongdoing

- 1) In the event that an employee discovers an act that violates (or is suspected of being contrary to) laws and regulations, company regulations, or social ethics or norms, the employee will promptly report to or consult with his/her supervisor or superior.
- 2) If for any reason it is deemed inappropriate to conduct reports or consultations in the usual manner, one will endeavor to ensure speedy reporting and consulting via The Nisshin OilliO Group Corporate Ethics Hotline.
- 3) We will take a sincere stance toward information providers and adopt appropriate corrective measures in accordance with the information. We will also strive to protect information providers by strictly responding to any harassment caused by the provision of information and by fully protecting their privacy.

## V. Thorough Implementation of the Code of Conduct

- 1) Using every opportunity and occasion possible, we will endeavor to publicize and thoroughly instill the Code of Conduct and our stance toward it.
- 2) The Corporate Ethics Committee of The Nisshin OilliO Group, Ltd. has been positioned as the company-wide promotion body for initiatives related to the Code of Conduct and will promote company-wide initiatives, including those in Group companies.

## VI. Supplementary Provisions

1. The establishment, revision, and abolishment of this Code is subject to a resolution of the Board of Directors of The Nisshin OilliO Group, Ltd.
2. The supervisory department in charge of this Code shall be the Personnel and General Affairs Department of The Nisshin OilliO Group, Ltd.

Established	October 1, 2002
Revised	April 1, 2006
Revised	June 27, 2007
Revised	April 1, 2013
Revised	June 28, 2018
Revised	April 1, 2022