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NOK CORPORATION

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Securities Code: 7240

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

The corporate governance of NOK CORPORATION (the “Company”) is described below.

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

### 1. Basic Views

The NOK Group seeks not only to contribute toward the economic development of society by creating added value through fair competition, but also to develop management of which all its stakeholders can be proud and that encourages them to chase their dreams with us, and to make an effective contribution to society at large. In addition, the NOK Group develops its business plans with the objective of securing stable growth and profits over the medium to long term. For this reason, the NOK Group considers the continuous strengthening of corporate governance to be one of its business management priorities, and is committed to this approach.

Specifically, in addition to appropriately implementing the System for Ensuring Properness of Operations (the basic policy for the internal control system) in accordance with the provisions of the Companies Act, our basic policy is to maintain our commitment to continuously strengthen corporate governance in conformity with the Corporate Governance Code stipulated by the Tokyo Stock Exchange.

#### [Reasons for Non-compliance with the Principles of Japan’s Corporate Governance Code] Updated

The following information is presented in accordance with the Japan’s Corporate Governance Code as it stands after its revision in June 2021.

[Principle 2.4 Ensuring Diversity, Including Active Participation of Women]

Supplementary Principle 2.4.1

For matters regarding efforts to ensure diversity in the appointment of core personnel and policies on personnel development and improvement of work environments inside the Company relating to the promotion of such appointments, please refer to the Company’s ESG Data Book and Integrated Report (<https://www.nok.co.jp/en/csr/report.html>).

For matters not included in the Integrated Report etc., such as measurable targets for the appointment of non-Japanese employees and mid-career hired employees for positions of management, the Company plans to disclose such information in the future after further review.

The status of the Company’s initiatives to promote the advancement of women in the Company is also posted on the following website for projects commissioned by the Ministry of Health, Labour and Welfare.

- Work-life balance support website (Japanese only)  
<http://ryouritsu.mhlw.go.jp/index.html>
- A database of companies that promote the advancement of women  
[http://positive-ryouritsu.mhlw.go.jp/positivedb/en\\_index.html](http://positive-ryouritsu.mhlw.go.jp/positivedb/en_index.html)

#### [Disclosure Based on the Principles of Japan’s Corporate Governance Code] Updated

The following information is presented in accordance with the Japan’s Corporate Governance Code as it stands after its revision in June 2021.

[Principle 1.4 Cross-Shareholdings]

(1) Policy on cross-shareholdings

The Company has cross-shareholdings as assets based on the following views and verifies the suitability of holding the shares at regular intervals. Based on the results of the verification, the Company determines whether to continue or reduce the cross-shareholdings.

a. Purpose of holding funds

The Company believes that it is necessary to secure a certain amount of funds to prepare for unforeseeable events under the challenging business environment in our operation of the Electronic Product business with high volatility in the short term and the Seal business where there are concerns over a decrease in demand as electric vehicles and fuel cell vehicles become more popular in the medium to long term. Furthermore, to grow the Company and expand its business, the Company believes that it is necessary to secure funds on hand, separate from the usual working capital, as necessary funds for new investments that carry risk and funds to cover times when risks arise. Given the above reasons, the Company has determined that a certain amount of funds is necessary and is holding the funds as assets.

b. Purpose of cross-shareholdings

The Company believes that it is desirable to hold assets that provide three types of value, “financial value,” as well as “business value” and “value as an investment,” and has determined that listed shares of customers are appropriate. Although there are risks associated with listed shares, such as price fluctuation, the Company has the cross-shareholdings based on the Company’s view that out of the various kinds of assets such as government bonds, and real estate, only listed shares can be expected to contribute to business growth and revenue. When selecting cross-shareholdings, the Company determines which shares to hold based on the expectation that ownership of the shares will advance its business in terms of sales and purchasing activities, etc., including sales growth, stable procurement, consistent sourcing of funds, etc. by strengthening relationships with customers, as well as to grasp whether current state of business for each issuer is stable and the dividend yields of shares are kept at a certain level.

c. Verification of cross-shareholdings

Regarding cross-shareholdings, the Company confirms the purpose of holding each issuer’s stock individually at regular intervals, evaluates the cross-shareholdings at regular intervals based on the applicable standards of the evaluation standards that have been established, and verifies the necessity of the cross-shareholdings. According to the results of this verification, the Company believes that it is necessary to sequentially sell, or reduce the number of, the shares of issuers that are determined not to meet NOK’s purpose of cross-shareholdings or standards. The Company has established individual numerical values as the verification standards to determine whether the cross-shareholdings provide the three types of value, “financial value,” “business value” and “value as an investment,” evaluates individual issues of stock, and verifies the suitability of the cross-shareholdings. Specifically, the Company conducts annual checks on the state of transactions over the preceding three years, and also implements measures to grasp the current state of business for each issuer by means of indicators covering growth potential, profitability, investment safety and valuation issues. After the results have been verified by the Board of Directors, it provides confirmation as to the suitability of the cross-shareholdings. At the meeting of the Board of Directors held on April 19, 2023, the Company resolved to reduce by 25% the total market value of its cross-shareholdings as of March 31, 2023, during the period of its Medium-Term Management Plan running from FY 2023 to FY 2025.

(2) Standard for Exercising Voting Rights in Cross-Shareholdings

The Company takes decisions on the exercise of voting rights in cross-shareholdings, and exercises such rights, in accordance with the objective for which the shares are held. For proposals that are deemed to run counter to the objective for which the shares are held by the Company, the assessment of such proposals by external bodies will be taken into account, and an appropriate evaluation and decision will be taken.

[Principle 1.7 Related Party Transactions]

For transactions that cause conflicts of interest for Directors, the Company has created and applied provisions requiring such transactions to be reported to, and approved by, the Board of Directors.

Moreover, for sales of goods to or purchases of materials etc. from customers, including major shareholders, the Principles of Corporate Behavior in the NOK Charter of Corporate Behavior stipulate that transactions should be appropriate and characterized by fair, transparent and free competition. The NOK Charter of Corporate Behavior and the Principles of Corporate Behavior are presented in “IV. 1. Basic Views on Internal Control System and Status of Development,” to which readers are referred for more details.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

With regard to corporate pension funds, the Company has established a fund and manages the assets. In terms of managing the assets, we take into account that this affects both asset formation for employees and the Company’s own finances. Accordingly, as well as monitoring the organization managing the funds at regular intervals, we also take appropriate steps to ensure that human resources delegated to the pension fund are suited to the management, such as by taking a systematic approach to the appointment and assignment of personnel.

In terms of concrete management issues, important cases are decided by a body made up of representatives from the company and those insured, which may be a board of representatives, a board of trustees or an asset management committee, with the results being disclosed in internal company newsletters and websites.

[Principle 3.1 Full Disclosure]

(1) Business principles, business strategies and business plans

The Company has set out its business principles, etc. in the NOK Charter of Corporate Behavior. In addition, the Company drew up a three-year plan as a business plan for the medium to long term, which is included in financial results and in the notice of the annual shareholders’ meeting.

(2) Basic views and guidelines on corporate governance

Please refer to “I. 1. Basic Views” of this report.

(3) Policies and procedures in determining the remuneration to Directors

Please refer to “II. 1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” of this report.

(4) Policies and procedures in the nomination and dismissal of the candidates for Directors

Please refer to “II. 2. Matters Concerning Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.

(5) Explanations with respect to the individual nominations and dismissals

With regard to the nominations of Directors, career histories and reasons for their appointment are presented in the notice of the annual shareholders’ meeting.

With respect to the dismissal of Directors and Corporate Auditors, reasons for their dismissal will be presented in the notice of the annual shareholders’ meeting.

Supplementary Principle 3.1.3

- Sustainability initiatives, etc. -

The Company carries out sustainability initiatives in accordance with the NOK Group Sustainability Statement and the progress thereof is disclosed in our Securities Report (<https://www.nok.co.jp/ir/report.html>).

The Company has established a Sustainability Committee as an organization to conduct discussions, determine policies, and make decisions regarding the sustainability of the NOK Group. The Sustainability Committee is chaired by the Group Chief Executive Officer, and its members include the Group Chief Financial Officer and other executives. In addition to conducting discussions, determining policies, and making decisions regarding the promotion of sustainability measures, the Committee considers important matters that go to the heart of management and shares them among executives, as well as engaging in deliberations, and making proposals and submitting reports to the Board of Directors.

- Investments in human capital and intellectual property -

With regard to investing in human capital, the Company's management principle is "the Management has to run the Company based on feelings of love and trust in its employees," and we are working to create a workplace where employees can work vigorously without anxiety. During the period of the Medium-Term Management Plan starting from FY 2023, we will work on constructing a foundation for utilizing diverse human capital. In terms of key measures, we intend to (1) roll out a new personnel system under which each and every employee can contribute to the Company and achieve personal growth based on their own initiative and willingness to take on challenges, (2) invest in human resources development primarily by providing equitable development opportunities based on each person's qualities and abilities, and (3) implement DE&I initiatives in order to transform the Company's systems and corporate culture so that our diverse workforce can demonstrate its full potential.

Please refer to our Securities Report (<https://www.nok.co.jp/ir/report.html>) for more information about our human capital initiatives.

Regarding investment in intellectual property, the Company acquires and effectively utilizes intellectual property that contributes to its businesses, such as the seal business and the electronic components business, and has established the Anti-Counterfeit Committee to promote measures against counterfeiting overseas in order to protect NOK's brands.

Details on investment in human capital and intellectual property are posted in the Integrated Report issued by the Company (<https://www.nok.co.jp/en/csr/report.html>).

[Principle 4.1 Roles and Responsibilities of the Board (1)]

Supplementary Principle 4.1.1

Please refer to "IV. 1. Basic Views on Internal Control System and Status of Development, 3. System for securing the efficiency of the execution of duties by the Company's Directors" of this report.

[Principle 4.9 Independence Standards and Qualification for Independent External Directors]

Please refer to "II. 2. Matters Concerning Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of this report.

[Principle 4.10 Use of Optional Approach]

Supplementary Principle 4.10.1

The Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of further enhancing objectivity and transparency in matters related to nomination and remuneration. The Nomination and Remuneration Advisory Committee, of which the chair and a majority of members are Independent External Directors, provides periodical confirmation, which includes the viewpoints of diversity and skills, on particularly important matters, such as nomination and remuneration, including a succession plan, in addition to providing the Board of Directors with appropriate advice.

[Principle 4.11 Preconditions for Board of Directors and Board of Corporate Auditors Effectiveness]

Supplementary Principle 4.11.1

The Board of Directors stipulates the rationale on necessary knowledge, experience, ability, etc. in light of the management strategy, and draws up them as a list, a skills matrix, which is disclosed in the materials for the annual shareholders' meeting. In addition, the policy of the Company is for Independent External Directors to account for at least one in three members of the Board of Directors and Independent External Directors of the Company include those who have management experience at other companies. Furthermore, candidates are nominated from among individuals with diverse backgrounds in terms of such characteristics as age, sex, knowledge, experience, and internationality, thus reflecting the Company's concern for maintaining the diversity of the Board of Directors.

Matters concerning rationale on the overall balance, diversity and size of the Board of Directors, policy on appointment of Directors, etc. are presented in "II. 2. Matters Concerning Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" and "II. 3. Reasons for Adoption of Current Corporate Governance System" of this report.

#### Supplementary Principle 4.11.2

Concurrent positions held by Directors as officers of other companies are described in the notice of the annual shareholders' meeting.

#### Supplementary Principle 4.11.3

In order to enhance the objectivity and transparency of the Board of Directors and increase its effectiveness, the Company implements a self-evaluation questionnaire on the Board of Directors every May for all Directors, including External Directors. The results of the aggregated responses are shared with the Board of Directors. For the self-evaluation questionnaire implemented in May 2024, the Company analyzed the results and confirmed that, with positive responses accounting for the majority in all items, the effectiveness of the Board of Directors as a whole has been secured.

The items for evaluation are as follows:

<Evaluation items>

1. Questions regarding the composition of the Board of Directors (number of Directors, diversity)
2. Questions regarding the operation of the Board of Directors (frequency of meetings, matters relating to materials, time allocated to consider issues in advance, time spent deliberating, ease with which External Directors are able to make statements)
3. Questions regarding agenda items for the Board of Directors (appropriateness of agenda items, management of conflicts of interests)
4. Questions regarding supporting systems for the Board of Directors (ensuring opportunities for providing information, obtaining information, and training)

Based on the results of the evaluation of effectiveness, the Company will work to build an even more effective system of operations in FY 2024.

[Principle 4.14 Director Training]

#### Supplementary Principle 4.14.2

The Company's policy is to continuously provide Directors with opportunities to work diligently on acquiring and updating, as appropriate, the knowledge required to discharge their roles and responsibilities, and to provide training and other support as necessary. In order to deepen External Directors' understanding of the business of the Company, it also arranges various opportunities including inspection tours of Group facilities.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

#### (1) Systems

Please refer to "V. 2. Other Matters Concerning Corporate Governance System, Overview of the Timely Disclosure System" of this report.

#### (2) Initiatives

Please refer to "III. 2. IR Activities" of this report.

The opinions acquired during dialogue with shareholders (investors) are provided as feedback to the Board of Directors and to other committee bodies by the Director in charge, as necessary.

In addition, in compliance with the Timely Disclosure System based on (1) above, we do not disclose insider information to a subset of shareholders (investors). To be more specific, the period from the day following the date on which the quarterly accounts are settled to the date of the announcement of results is designated as a period during which the disclosure of information related to results is avoided.

[Management in consideration of capital costs and the share price] [Disclosed in English]

Our targets for ROIC and other financial metrics, as well as the measures being taken to achieve them, are presented and disclosed in our financial results briefing materials for FY 2023 ([https://ssl4.eir-parts.net/doc/7240/ir\\_material2/228809/00.pdf](https://ssl4.eir-parts.net/doc/7240/ir_material2/228809/00.pdf)) and our Integrated Report (<https://www.nok.co.jp/csr/report.html>).

[Dialogue with shareholders]

Information about how we are engaging in dialogue with shareholders is presented and disclosed in “III. 2. IR Activities” of this report, as well as in our Integrated Report (<https://www.nok.co.jp/csr/report.html>).

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Freudenberg SE	43,457,500	25.93
The Master Trust Bank of Japan, Ltd. (Trust account)	16,039,200	9.57
Custody Bank of Japan, Ltd. (Trust account)	10,296,500	6.14
Seiwa Jisho Co., Ltd.	8,773,000	5.23
The Dai-ichi Life Insurance Company, Ltd.	8,000,000	4.77
Sumitomo Mitsui Banking Corp.	4,270,000	2.55
NOK Stock Ownership Association	3,677,888	2.19
Sompo Japan Insurance Inc.	3,035,500	1.81
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation retirement benefit trust account)	3,000,000	1.79
SSBTC CLIENT OMNIBUS ACCOUNT	2,990,146	1.78

Controlling Shareholder (except for Parent)	—
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Parent	N/A
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Supplementary Explanations Updated

Nomura Securities Co., Ltd. made available the report of large volume holding for public inspection (the revised report) on February 22, 2024 as described below, however, as the Company cannot confirm the number of such shares substantially owned as of March 31, 2024, the details are not included in the status of major shareholders in the above table.

[Name (number of shares owned and ownership percentage to the total number of issued shares)]

Nomura Asset Management Co., Ltd. and other one company (10,716,110 shares, 6.19%)

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Transportation Equipment
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 50 to less than 100

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

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### 5. Other Special Circumstances which may have a Material Impact on Corporate Governance **Updated**

Eagle Industry Co., Ltd., (“Eagle Industry”) is a listed company that is an affiliate of the Company accounted for using the equity method. The Company and Eagle Industry have maintained proper compliance systems since the latter was first established while at the same time maintaining a structure to generate synergies for both sides through mutual cooperation, and the two seek to promote interchanges of personnel and resolve social issues through appropriate collaboration in the areas of technology and sales.

The reason for Eagle Industry being listed is that it is involved in areas that have a significant element of social contribution and public benefit, such as nuclear power and aerospace, and because the Company believes that in order for Eagle Industry to achieve sustainable growth it is desirable that it operate with a certain level of transparency as a listed company. Because it also enables more diverse approaches to raising funds, enhances its profile and creditworthiness, and facilitates recruitment of outstanding human resources, the Company believes that maintaining the listing of Eagle Industry is reasonable.

As a listed company itself, Eagle Industry takes an autonomous approach to investigating and making decisions on the building and operation of its governance system. NOK respects Eagle Industry’s independence regarding this content and process, and has no particular involvement in such matters.

With regard to the relationship with Eagle Industry, while bearing in mind such factors as possible changes in the business situation going forward, the Company will continue to explore a structure that helps to enhance corporate value.

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

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation <b>Updated</b>	11
Directors’ Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board <b>Updated</b>	President
Number of Directors <b>Updated</b>	9

Appointment of External Directors	Appointed
Number of External Directors <b>Updated</b>	4
Number of Independent Officers Designated from among External Directors <b>Updated</b>	4

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Makoto Fujioka	From another company											
Naoki Shimada	From another company											
Motoko Imada	From another company											
Atsushi Kajitani	Attorney at law											

\* Categories for "Relationship with the Company."

("○" 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.)

a. Person who executes business of the Company or its subsidiary

b. Person who executes business or a non-executive Director of a parent of the Company

c. Person who executes business of a fellow subsidiary of the Company

d. Person/entity for which the Company is a major client/supplier, or a person who executes business for such person/entity

e. Major client/supplier of the Company or a person who executes business for such client/supplier

f. Consultant, accounting expert, or legal expert who receives large amounts of monetary consideration or other property in addition to officer remuneration from the Company

g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)

h. Person who executes business for a client/supplier of the Company (excluding persons categorized as any of d., e., or f. above) (applies to the Director himself/herself only)

i. Person who executes business for another company to which external officers are mutually appointed (applies to the Director himself/herself only)

j. Person who executes business for an entity receiving a donation from the Company (applies to the Director himself/herself only)

k. Other



External Directors' Relationship with the Company (2) **Updated**

Name	Membership of Audit & Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Makoto Fujioka	○	○	-----	<p>The Company proposed that Mr. Makoto Fujioka be elected because it has decided that he is able to give advice on the business activities of the Company from objective, broad and sophisticated viewpoints. The Company believes he can do so based on his extensive experience and deep insights in industrial policy and foreign affairs, as well as his track record in corporate management. In addition, the Company has determined that there are no conflicts of interest with the Company that would affect decision-making, and that he is able to maintain a neutral and fair perspective.</p>
Naoki Shimada	○	○	-----	<p>The Company proposed that Mr. Naoki Shimada be elected because it has decided that he is able to give advice on the overall management of the Company from his extensive experience in corporate management as a business manager and as a consultant. In addition, the Company has determined that there are no conflicts of interest with the Company that would affect decision-making, and that he is able to maintain a neutral and fair perspective.</p>

Name	Membership of Audit & Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Motoko Imada	○	○	-----	The Company proposed that Ms. Motoko Imada be elected because it has decided that she is able to give a wide range of advice on the management of the Company, including strengthening the communication functions and initiatives for DE&I. The Company believes she can do so based on her extensive experience in global corporate management, including success in providing a wide range of media services. In addition, the Company has determined that there are no conflicts of interest with the Company that would affect decision-making, and that she is able to maintain a neutral and fair perspective.
Atsushi Kajitani	○	○	Mr. Atsushi Kajitani is a lawyer affiliated with the legal firm that advises the Company, but he has no record of involvement, now or in the past, in cases related to the Company. Moreover, the value of the legal firm's transactions with the Company is negligible relative to the scale of the legal firm or to the Company's consolidated net sales for the term in question.	The Company proposed that Mr. Atsushi Kajitani be elected because it has decided that he is able to give advice on the overall management of the Company from broad perspectives. The Company believes he can do so based on his extensive experience and expansive knowledge regarding corporate legal affairs as a lawyer. In addition, the Company has determined that there are no conflicts of interest with the Company that would affect decision-making, and that he is able to maintain a neutral and fair perspective.

**[Audit & Supervisory Committee] Updated**

Composition of Audit & Supervisory Committee and Attributes of the Chairperson

	Total Committee Members	Full-time Members	Inside Directors	External Directors	Chairperson
Audit & Supervisory Committee	5	1	1	4	Inside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee **Updated** Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers **Updated**

The Company assigns employees to assist with the duties of Audit & Supervisory Committee. Such employees are appointed after discussions with the Audit & Supervisory Committee regarding their operational authority and their selection, and they shall follow the directions and orders of Audit & Supervisory Committee Members when assisting them in tasks and shall not take directions and orders from Executive Directors.

Cooperation among Audit & Supervisory Committee, Independent Auditor and Internal Audit Department **Updated**

Audit & Supervisory Committee shall cooperate with audit departments to conduct systematic audits. The audit departments audit the System for Ensuring Properness of Operations at the Company and its subsidiaries at regular intervals, based on the Internal Control Rules, and reports the results to the Audit & Supervisory Committee. Moreover, the Audit & Supervisory Committee exchanges opinions with the Independent Auditor and the audit departments on a regular basis.

### [Voluntary Established Committee(s)]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson) **Updated**

	Committee's Name	Total Committee Members	Full-time Members	Inside Directors	External Directors	External Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nominating Committee	Nomination and Remuneration Advisory Committee	5	0	1	4	0	0	External Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	5	0	1	4	0	0	External Director

Supplementary Explanation **Updated**

The Company has established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of addressing important management issues, including enhancement of objectivity and transparency in matters related to nomination and remuneration. It provides periodical confirmation on particularly important matters such as nomination and remuneration in addition to providing the Board of Directors with appropriate advice. The Nomination and Remuneration Advisory Committee is a committee body whose chair and a majority of the constituent members are Independent External Directors. Its members consist of the President and Representative Director Masao Tsuru and four External Directors (Makoto Fujioka, Naoki Shimada, Motoko Imada and Atsushi Kajitani).

In FY 2023 the Management Supervision Meeting, which was the predecessor to the Nomination and Remuneration Advisory Committee, met a total of four times with all constituent members (the Chairman of the Board & Representative Director Masato Tsuru, the President and Representative Director Masao Tsuru, and External Directors Kensaku Hogen, Makoto Fujioka and Naoki Shimada) attending four out of four meetings.

### [Independent Officers]

Number of Independent Officers <b>Updated</b>	4
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Matters relating to Independent Officers

External Directors are selected in accordance with the requirements for independence prescribed by the Companies Act as well as the criteria for independence stipulated by the Tokyo Stock Exchange, and External Directors who fulfill the requirements for Independent Officers have all been designated Independent Officers.

### [Incentives]

Implementation Status of Measures Related to Incentives Granted to Directors	Introduction of Performance-Linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

For details regarding performance-linked remuneration for Directors, please refer to “II. 1. [Director Remuneration]” of this report.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

### [Director Remuneration]

Status of Disclosure of Individual Directors' Remuneration	No disclosure for any directors
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Supplementary Explanation for Applicable Items **Updated**

Amount paid as remuneration to Directors: ¥366 million

Policy for Determining Remuneration Amounts or Calculation Methods Thereof <b>Updated</b>	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

The Company has established policies in relation to determining the details of remuneration, etc. for Directors, as presented below. Based on the Policy, the Board of Directors determines remuneration for Directors, within the total value determined at the annual shareholders' meeting.

- Basic policies

In order to improve the medium- and long-term corporate value of the NOK Group and increase stakeholder satisfaction, we believe it is necessary to promote the motivation to achieve targets among management,

including the Directors of core companies in the NOK Group, through their remuneration. For this purpose, for the management of core companies in the NOK Group, we have introduced share-based remuneration that varies according to the level of KPI achievement, which is a priority implementation measure in the Medium-Term Management Plan of the NOK Group. Together with monetary remuneration that varies depending on the level of achievement of performance targets in a single fiscal year, this is intended to improve medium- and long-term corporate value and increase stakeholder satisfaction.

- Policies for determining amounts or calculation methods for individual remuneration, etc.

Remuneration to Directors who are not Audit & Supervisory Committee Members consists of a fixed remuneration portion, a remuneration portion for short-term expected achievements, and a remuneration portion for long-term expected achievements, with consideration given to Directors' responsibilities to improve business results each fiscal year and to increase the corporate value from a medium- to long-term perspective. The Company classifies the remuneration in three types: (1) basic remuneration (monetary), (2) short-term performance-linked remuneration (monetary), and (3) medium- to long-term performance-linked remuneration (shares). When the remuneration for short-term and long-term expected individual achievements are the standard amounts, levels are established in the total amount of remuneration using ratios within the range of approximately 1 to 1.9 according to the individual's official responsibilities.

On the other hand, because Directors who are Audit & Supervisory Committee Members are responsible for audits and supervision of the conduct of official duties throughout the NOK Group, based on their positions, they receive only basic remuneration (monetary) according to their roles.

In addition, with respect to the payment of remuneration, the remuneration may be temporarily reduced or not paid in case of a sudden deterioration in business performance or a situation that damages corporate value.

- Policies for determining the components of performance-linked remuneration, etc.-related performance indicators, etc., and calculation methods of amounts and/or numbers therein

In accordance with the bonus provisions and share delivery provisions approved by the Board of Directors, performance-linked remuneration is paid within a range from 0% to 200% according to the level of achievement of the evaluation items.

The evaluation indicators related to short-term performance-linked remuneration utilize financial indicators aimed at achieving both expansion of business scale and ensuring profit levels (net sales and operating income) and individual evaluations which appropriately apply individual results. The amount to be paid is decided with consideration for other matters that may have an impact on business performance (natural disasters, extraordinary income and loss, etc.). The evaluation weighting of each indicator is [sales: operating income: individual evaluation] = [15%:35%:50%] ([30%:70%:0%] for the President and Representative Director).

In order to ensure objectivity and transparency, target settings and evaluations for individual evaluations are decided by the Board of Directors based on a report from the Nomination and Remuneration Advisory Committee.

For indicators related to medium- to long-term performance-linked remuneration, for reasons of increasing the overall profitability of the NOK Group and also carrying out management with consideration for ESG, ROA is used as the financial indicator and the FTSE Russell's ESG Ratings are used as the non-financial indicator. The evaluation weighting of these indicators is [90%:10%].

- Policies for determining the details of non-monetary remuneration, etc., and calculation methods of amounts and/or numbers therein

Regarding the medium- to long-term performance-linked remuneration, the Company utilizes a Board Incentive Plan (BIP) trust scheme in order to increase the motivation of Directors to contribute to improving business results and increasing corporate value of the NOK Group over the medium to long term. For the eligible Directors (excluding Directors who are Audit & Supervisory Committee Members, External Directors, and those who are non-residents of Japan), and Operating Officers (excluding those who are non-residents of Japan), this plan delivers or grants the number of the Company's shares and the amount of money equivalent to the converted value of the Company's shares (the "Company's Shares, etc.") corresponding to the number of points calculated according to the position and time in office, the level of achievement of medium-term targets, etc.

- Policies for determining the proportion (ratio) of amounts for individual remuneration, etc. for each type

In consideration for the fact that the Company manufactures and sells components for automobiles, electronic equipment, and other products, and performance is highly susceptible to trends in the industry, short-term performance-linked remuneration and medium- to long-term performance-linked remuneration of Directors have been set at 20% and 20% of total remuneration, respectively.

- Policies for determining the timing and conditions for providing remuneration, etc.

For the basic remuneration, the monthly amount for one year starting in the month following the annual shareholders' meeting is determined at a meeting of the Board of Directors that is held after the annual shareholders' meeting, and a fixed amount is paid on a certain date every month. For the short-term performance-linked remuneration, the amount is determined at a meeting of the Board of Directors in line with "Policies for determining the components of performance-linked remuneration, etc.-related performance indicators, etc., and calculation methods of amounts and/or numbers therein" above according to the year-end financial results, and is paid prior to the annual shareholders' meeting for the settlement of accounts. For the medium- to long-term performance-linked remuneration, fixed points calculated according to the position and time in office and performance-linked points for the purpose of increasing the incentives for achieving the targets in the Medium-Term Management Plan, etc. are granted at a certain time each year. In principle, when the Medium-Term Management Plan ends, the Company's Shares, etc. corresponding to the accumulated number of fixed points and the Company's Shares, etc. corresponding to the number calculated by multiplying the accumulated number of performance-linked points by the performance-linked coefficient according to the level of achievement of the medium-term targets are delivered or provided.

- Methods for determining the details of individual remuneration, etc.

The amounts of remuneration, etc. for individual Directors who are not Audit & Supervisory Committee Members or the calculation methods for those amounts are determined at a meeting of the Board of Directors when the proposal regarding corporate officer remuneration is presented to the Board of Directors by the Director and Chief Executive Officer, who serves as chairperson of the Board of Directors, based on advice from the Nomination and Remuneration Advisory Committee.

The amounts of remuneration, etc. for Directors who are Audit & Supervisory Committee Members are decided by a meeting of the Directors who are Audit & Supervisory Committee Members.

- Other important matters concerning the determination of the details of remuneration, etc. for individual Directors

For remuneration, etc. to Directors of the Company, it was resolved at the 118th Annual Shareholders' Meeting held on June 26, 2024 that the maximum amount of remuneration, etc. to Directors who are not Audit & Supervisory Committee Members would be ¥450 million per year (excluding employee salaries, and including ¥20 million per year for External Director), and that the maximum amount of remuneration, etc. to Directors who are Audit & Supervisory Committee Members would be ¥90 million per year.

In addition to the above, the 116th Annual Shareholders' Meeting held on June 24, 2022 passed a resolution introducing a performance-linked share-based remuneration plan that prescribes upper limits of ¥345 million per fiscal year contributed by the Company to a trust and 320,000 shares granted by the Company per fiscal year. Following the transition to a company with an Audit & Supervisory Committee, it was resolved at the 118th Annual Shareholders' Meeting held on June 26, 2024 to partially revise the plan so as to designate as eligible Directors "Directors (excluding Directors who are Audit & Supervisory Committee Members, External Directors, and those who are non-residents of Japan)," with other matters left unchanged from the time of the introduction in 2022.

### [Supporting System for External Directors] Updated

External Directors are provided with support via the CEO office, which is responsible for the Board of Directors Secretariat. The Company also allocates staff to augment the work of the Audit & Supervisory Committee Members, who assist in investigations of laws and regulations etc., or in the audit operations of the Audit & Supervisory Committee Members. When meetings of the Board of Directors are held, the CEO office sends materials and provides explanations related to the proposals to External Directors beforehand.

**[Status of Persons Who Have Retired from a Position Such as Representative Director and President]**

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

**Updated**

Name	Title/Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
Masato Tsuru	Senior Executive Advisor	Provides consultation and advice based on requests from the current management	(Part-time, Paid)	June 26, 2024	1 year
Kiyoshi Doi	Advisor, Nippon Mektron, Ltd.	Provides consultation and advice based on requests from the current management	(Part-time, Unpaid)	March 31, 2021	1 year

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company **Updated**

2

Other Related Matters

Persons holding advisory or other positions in the Company and its subsidiaries provide advice, etc. based on requests from the current management, etc. However, they have no rights to influence management decisions of the Company. In addition, although persons holding advisory or other positions in the Company may serve concurrently as officers of the Company's subsidiaries, their execution of duties is audited and supervised by the Company and the Company does not believe that they have an opportunity to influence its management.

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

In addition to adopting an Audit & Supervisory Committee system and delegating decisions for some important matters of business execution to Executive Directors, the Company has delegated authority for execution of such matters to Operating Officers in order to separate supervision from execution and enable speedier decision-making. On the other hand, supervision of business execution from a neutral standpoint by the Audit & Supervisory Committee, a majority of whose members are External Directors, enables a governance structure that achieves a balance between flexible business execution and the monitoring of the same.

The Company has also established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of addressing important management issues, including enhancement of objectivity and transparency in matters related to nomination and remuneration of corporate officers. The Nomination and Remuneration Advisory Committee is a committee body whose chair and a majority of the constituent members are Independent External Directors, and which provides periodical confirmation on particularly important matters such as nomination and remuneration of corporate officers in addition to providing the Board of Directors with appropriate advice.

The audit departments audit the System for Ensuring Properness of Operations at the Company and its subsidiaries at regular intervals, based on the Internal Control Rules, and reports the results to the Board of Directors and the Audit & Supervisory Committee.

While driving governance through the Board of Directors, the Audit & Supervisory Committee, and the Nomination and Remuneration Advisory Committee on the one hand, in terms of business execution the Company has established an Operating Officer system that includes CEO, CFO, CTO, and other CxO roles considered necessary for a manufacturing corporate group, and has delegated appropriate authority and organized authority of their duties, thus putting in place a structure that enables speedy decision-making and efficient management for the Group as a whole.

The policies concerning the remuneration of Directors are presented in “II. 1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof” of this report.

With regard to nominations for the roles of Director, the basic approach is to nominate candidates as follows, by making a comprehensive assessment of their abilities, insights and character etc., and have the Board of Directors take a decision.

In respect of the execution of duties by Directors, based on the concept that it is essential that Directors intimately familiar with the operations of the NOK Group are involved in determining important business matters, candidates are nominated after consideration of their individual career histories.

Candidates for non-executive Directors are nominated after taking into account their individual career histories, with the basic expectation that they will be able to provide advice, oversight and supervision on the business activities of the Company from objective, broad and sophisticated viewpoints, based on their specialist knowledge, extensive experience and deep insights.

In addition to the above approach, candidates nominated for External Director must not only comply with the requirements for independence prescribed by the Companies Act, but also fulfill the criteria for independence stipulated by the Tokyo Stock Exchange, with the basic approach followed being to nominate candidates so as to avoid the risk of conflicts of interest arising with general shareholders.

The policy with respect to the dismissal of Directors is to dismiss in cases where wrongdoing, or execution of duties that infringes the above-mentioned nomination policy, is recognized.

The Company has entered into an agreement with each External Director to limit their liability provided for in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of the liability for damages based on the said agreement is the amount prescribed in laws and regulations.

Nihombashi Corporation Certified Public Accountants has been appointed as Independent Auditor, with Hidekazu Takahashi and Hitoshi Watanabe being the certified public accountants designated to execute the work. The audit was implemented by 12 certified public accountants and seven other assistants. Also, the Corporate Auditors have implemented a mechanism for mutual cooperation with the Independent Auditor, such that information is constantly being exchanged.

The Board of Directors met 13 times in FY 2023. As for the attendance of each Director, External Directors Kensaku Hogen and Makoto Fujioka attended 12 out of 13 meetings, while all other members attended 13 out of 13 meetings. Specific matters deliberated by the Board of Directors in FY 2023 include items concerning management strategies, such as investments including those involving Group companies, financing, medium- to long-term management plans, and measures for addressing business risks, as well as items concerning corporate governance, such as the decision to convene shareholder meetings, evaluating the effectiveness of internal controls, appointment of key personnel, and the election of Representative Directors. The Board of Directors is also engaged in overseeing the execution of duties by Directors by receiving business execution reports once every three months from the Representative Directors and Directors that execute duties, as well as business segment reports and policy reports and the like from each segment.

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

In order to develop and provide products and services from the standpoint of the customer in a business environment characterized by violent change in technological innovation and in the needs of end-users, the NOK Group believes that it must not only achieve efficient and flexible business execution through speedier decision-making but also further clarify the roles of supervision and execution, and allow the Board of Directors to focus on determining important management policies and plans as well as on the supervision of business execution. To this end it has adopted an Audit & Supervisory Committee system. In addition to delegating decisions for some important matters of business execution to Executive Directors, the Company has delegated authority for execution of such matters to Operating Officers in order to separate supervision from execution and enable speedier decision-making. On the other hand, supervision of business execution from a neutral standpoint by the Audit & Supervisory Committee, a majority of whose members are External Directors, enables a governance structure that achieves a balance between flexible business execution and the monitoring of the same.



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

#### 1. Measures to Energize General Shareholders Meetings and Facilitate Exercise of Voting Rights

Updated

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Notice of the annual shareholders' meeting is sent out three days before the statutory deadline.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The 118th annual shareholders' meeting was held on Wednesday, June 26, 2024.
Electromagnetic Means for the Exercise of Voting Rights	The Company has made it possible for shareholders to exercise their voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in the electronic voting platform operated and administered by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	An English translation of the notice of the annual shareholders' meeting is provided.
Other	<p>In order to facilitate the understanding of shareholders with regard to the content of the matters being reported, we create visualizations for the shareholders' meeting (PowerPoint materials disclosed at the meeting venue).</p> <p>In addition, we make the attachment to the notice of the annual shareholders' meeting available separately (Business Report, Financial Statements, etc.)</p> <p>Reference materials and other information for the 118th Annual Shareholders' Meeting held on Wednesday, June 26, 2024 were provided electronically, commencing on Tuesday, June 4, 2024.</p>

## 2. IR Activities Updated

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	We host presentations every six months, after the announcement of interim and full-year results. We also accept individual visits requests.	Held
Regular Investor Briefings for Overseas Investors	We participate in conference calls, etc. hosted by securities companies.	Not Held
Online Disclosure of IR Information	Japanese: <a href="https://www.nok.co.jp/ir/index.html">https://www.nok.co.jp/ir/index.html</a> English: <a href="https://www.nok.co.jp/en/ir/index.html">https://www.nok.co.jp/en/ir/index.html</a> <b>Contents</b> Financial statements, materials for financial results presentation meeting, financial highlights, securities reports, business reports, IR calendar, stock information, company information, Integrated Report	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company's Investor Relations Department, CEO office is responsible for these duties.	

## 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules, etc. for Ensuring Due Respect for the Position of Stakeholders	We have created the NOK Charter of Corporate Behavior, the NOK Group Sustainability Statement, and the Basic Policies on Environmental Conservation.
Implementation of Environmental Preservation Activities, CSR Activities, etc.	In April 2021 we signed the United Nations Global Compact to demonstrate to the world and our stakeholders that as a corporation that operates globally, we are committed to addressing issues affecting human rights, labor, and the environment with a view to bringing about a sustainable society. As a corporation, we are earnestly tackling global environmental and societal issues and we aim to help realize a sustainable society by harnessing our own unique value. We will also produce and publish our integrated reports and ESG data books as a way to improve communication with our stakeholders.  Moreover, to promote our style of environmental management, we are focusing our efforts on environmental conservation activities based on the NOK Twin Green Plan 2030, our long-term vision for the year 2030. In particular, as part of our efforts to protect biodiversity, we are currently volunteering in the community and participating in tree-planting initiatives.  We have obtained ISO14001 certification.
Other	We facilitate communications with society by means of displays at exhibitions, volunteering in the community, and participation in industry organizations (Japan Auto Parts Industry Association), etc.

## **IV. Matters Concerning the Internal Control System Updated**

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

1. System for storing and managing information regarding the execution of duties by the Company's Directors

In accordance with the relevant laws and regulations, the Articles of Incorporation and other rules established by the Company, departments in charge shall record and file minutes of meetings, including Annual Shareholders' Meetings and Board of Directors meetings, as well as approval documents and other authorizations. Directors shall ensure a system that allows to inspect such documents.

2. Rules and other systems concerning loss risk management of the Company

In accordance with the Risk Management Rules established by the Company, the Risk Management Committee shall take the initiative in identifying and analyzing underlying risks and promoting a cross-organizational risk management system. The Risk Management Committee shall report to Directors regarding the implementation status of said system on a regular basis and revise the system as necessary.

3. System for securing the efficiency of the execution of duties by the Company's Directors

Directors shall hold Board of Directors meetings in accordance with Board of Directors Regulations. At these meetings, they shall determine allocation of their duties and important matters such as business strategies and management policy and appoint Operating Officers responsible for implementation of operations at individual divisions. In addition to delegating decisions on some important matters of business execution to Executive Directors, the Board of Directors shall delegate authority for execution of such matters to Operating Officers to ensure that business execution is performed promptly and that targets are achieved, and provide supervision to that end. Furthermore, the Directors shall clarify operational authorities and rules on decision-making in the Rules concerning the Operational Authorities of Upper Management. They shall ensure a system to execute their respective duties in an appropriate and efficient manner by monitoring the progress of business plans, managerial policies, and operational implementation plans at regular Management Committee meetings.

In order to ensure efficiency in the execution of duties by Directors, the Audit & Supervisory Committee shall conduct audits after coordinating appropriately with audit departments.

4. System for ensuring compliance in the execution of duties by the Company's Directors and employees with the relevant laws and regulations and the Articles of Incorporation

Pursuant to the NOK Charter of Corporate Behavior, the Company shall clearly state that it places priority on compliance in its business activities. In accordance with compliance rules and Behavioral Guidelines Concerning Employee Compliance, the Company shall also provide training programs for its employees, thereby establishing and promoting a framework for compliance that conforms with the relevant laws and regulations, the Articles of Incorporation, and other rules established by the Company.

5. System for ensuring properness of operations of the Group consisting of the Company and its subsidiaries

In accordance with the provisions of the Internal Control Rules, the Company shall establish the following systems for its subsidiaries to ensure the properness of operations of the Group as a whole.

In addition, the Company, under the provisions of the Internal Control Rules regarding Financial Reporting, shall monitor the properness of operations based on Directors' instructions to ensure the credibility of the financial statements of the Company and its subsidiaries.

- (i) System regarding reporting from subsidiaries to the Company regarding execution of duties by Directors, etc.

In accordance with the provisions of the Internal Control Rules, the division responsible for supervising subsidiaries shall monitor the status of management of subsidiaries. The Business Administration Department shall give necessary instructions and support to subsidiaries regarding operations under their supervision and monitor the implementation status of the system.

- (ii) Rules and other system concerning loss risk management of subsidiaries

In accordance with the Internal Control Rules, the Business Administration Department shall have subsidiaries establish a risk management system and report to the Business Administration Department

and the divisions responsible for supervising subsidiaries regarding the implementation status of the system on a regular basis, and give instructions to subsidiaries to revise the system as necessary.

(iii) System for securing the efficiency of the execution of duties by Directors, etc. of subsidiaries

The management teams and managers of subsidiaries shall hold the Management Committee meetings on a quarterly basis to share information and promote managerial transparency. At these meetings, attendees shall report on and discuss the progress of the Group's managerial policies and business plans, thereby ensuring efficiency in the management of the Group as a whole.

(iv) System for ensuring compliance in the execution of duties by Directors, etc. and employees of subsidiaries with the relevant laws and regulations and the Articles of Incorporation

In accordance with the Internal Control Rules, the Business Administration Department shall require the subsidiaries to establish a charter of corporate behavior, compliance rules and behavioral guidelines concerning employee compliance to clearly state that they place priority on compliance in their business activities. In addition, the Business Administration Department shall also require the subsidiaries to establish and promote a framework for compliance that conforms with the relevant laws and regulations, the Articles of Incorporation, and other internal rules, and monitor the implementation status.

6. Matters concerning assistant employees in cases where the Company's Audit & Supervisory Committee request the Company to assign employees to assist them with their duties

Regarding the employees who are required to assist the Audit & Supervisory Committee with their duties, the Company shall assign personnel with expertise of laws and regulations who are capable of providing assistance to the Audit & Supervisory Committee, upon discussions with the Audit & Supervisory Committee on the selection of assistant employees and the operational authorities thereof.

7. Matters regarding the independence of employees provided for in the preceding paragraph from the Company's Directors who are not Audit & Supervisory Committee Members and ensuring the effectiveness of instructions by the Company's Audit & Supervisory Committee to said employees

Employees assigned to assist the Audit & Supervisory Committee with their duties shall follow the directions and orders of the Audit & Supervisory Committee in the execution of duties, attend the Audit & Supervisory Committee meetings and other related important meetings to execute instructions from the Audit & Supervisory Committee. The Company shall have discussions with the Audit & Supervisory Committee regarding changes of said assistant employees.

8. System for reporting to the Company's Audit & Supervisory Committee by the Company's and its subsidiaries' Directors who are not the Audit & Supervisory Committee Members and employees and other system for reporting to the Company's Audit & Supervisory Committee

The audit departments shall, in accordance with the Internal Control Rules, conduct periodical internal audits on the state of the system to ensure the appropriateness of the Company's and its subsidiaries' operations, and report the results thereof to the Audit & Supervisory Committee.

9. System for ensuring that the person who made the report provided for in the preceding paragraph shall not be subject to unfavorable treatment for reason of having made such report

The Company shall prohibit unfavorable treatment of a person who made the report provided for in the preceding item for reason of having made such report, and communicate to that effect widely across the Company and its subsidiaries.

10. Matters regarding the policy for handling expenses or payables in relation to execution of duties of the Company's Audit & Supervisory Committee Members (limited to execution of duties related to the Audit & Supervisory Committee), such as procedures for advance payment or reimbursement in relation to execution of such duties

In accordance with the audit policy and audit plan formulated at the Audit & Supervisory Committee meetings pursuant to the Regulations of Audit & Supervisory Committee, the Company shall secure expenses to enable the Audit & Supervisory Committee Members to execute their duties appropriately.

#### 11. Other systems for securing effective audits by the Audit & Supervisory Committee

In order to supervise the execution of duties by Directors who are not Audit & Supervisory Committee Members, in accordance with the audit policy and audit plan formulated at the Audit & Supervisory Committee meetings pursuant to the Regulations of Audit & Supervisory Committee, the Company shall maintain a system that allows the Audit & Supervisory Committee Members to attend the Board of Directors meetings and other important meetings and to investigate the Company's operational and financial conditions.

The audit departments and the Independent Auditor and the Audit & Supervisory Committee shall exchange opinions on a regular basis.

In addition, Representative Directors and the Audit & Supervisory Committee Members shall exchange opinions on a regular basis.

#### NOK Charter of Corporate Behavior

We, NOK CORPORATION, are committed to being an entity that fulfills the role of driving efforts toward the realization of a sustainable society according to the Management Principles under the NOK spirit. We will pursue this through developing the Management Policies in such a way that all our stakeholders are proud of us and chase their dream with us; and, while upholding the principle of fair and free competition, through creating added value that is socially useful, generating employment, and acting autonomously and responsibly. In order to achieve this realization, we will behave according to the eleven principles set forth below in the Principles of Corporate Behavior in both domestic and overseas operations, so as to respect human rights, comply with related laws, regulations, and international rules as well as the spirit behind those, and discharge our social responsibility with a strong sense of ethical values.

##### [Management Principles]

1. The Management has to run the Company based on feelings of care and trust in its employees.
2. The Management has to run the Company while uniting to ensure full ventilation without forming any cliques.
3. The Management has to run the Company while making absolutely incredible efforts against all odds and risks.
4. The Management has to run the Company while pursuing dreams with management plan.

##### [Management Policies]

1. We are committed to be a strong and unique parts supplier while focusing its managerial resources on core business areas.
2. We are committed to be a profitable and robust company while fulfilling company-wide cost reduction programs ranging from front-line sales to manufacturing floor.
3. We are committed to continuously improving our quality while producing and selling our products that are proven to be technologically unique and socially useful, on a global scale.

##### [Principles of Corporate Behavior]

1. Provision of Socially Useful Products

We will develop and provide socially useful and safe products through the creation of new value, and provide pertinent information regarding products and have sincere dialogues with end users and customers while also working to achieve sustainable economic growth and solve social issues, thereby gaining their satisfaction and deeper trust.

## 2. Fair and Appropriate Trade

We will ensure that we engage in fair, transparent, and free competition, that transactions are appropriate, and that responsible procurement is carried out, when selling products and purchasing materials. Also, we will maintain a sound and proper relationship with political bodies and government agencies.

## 3. Proper Disclosure and Management of Information

We will disclose accurate information about the Company timely and appropriately, and have constructive dialogues with the various stakeholders who surround our business in order to increase the corporate value. Also, we will protect and properly manage personal and customer data and other types of information as well as intellectual property rights.

## 4. Thorough Risk Management and Severance of All Relations with Antisocial Forces and Groups

We will resolutely provide systematic risk management to prepare against activities of antisocial forces, terrorists, cyberattacks, natural disasters, and other elements that threaten the lives of the public and business activities. In particular, we will resolutely confront any antisocial force or group and sever all relations with such groups.

## 5. Commitment to Environmental Conservation

We will proactively initiate environmental conservation activities while taking into account the fact that commitment to solving environmental issues is a prerequisite for a company to engage in business activities as a going concern.

## 6. Promotion of Social Contribution Activities

As a good corporate citizen, we will actively participate in communities and contribute to their development.

## 7. Cooperation with the International Community

As a global corporation, we will comply with laws and regulations of the countries and regions where our business operations are based, and respect human rights and other international norms of behavior (e.g. prohibition of child labor and forced labor). Also, conduct business by taking into consideration the local culture and customs as well as the interests of stakeholders, and contribute toward the development of the local economy and society.

## 8. Respect for Human Rights

We will carry out management that respects the human rights of all people.

## 9. Provision of Safe and Comfortable Working Environment

We will realize a work style that enhances the abilities of employees while respecting their diversity, character and personality, and by drawing a line between public and private matters, and maintaining order in the workplace, we will realize a comfortable working environment that takes cleanliness, health, and safety into consideration.

## 10. Responsibilities of Our Officers

Our officers, while carrying out management with the recognition that it is their role to realize the spirit of this Charter, will establish effective internal control systems, and will take the lead in an exemplary manner to implement the Charter within the entire NOK Group, while encouraging our business counterparts to act in a manner consistent with this Charter. In addition, our officers will constantly listen to opinions from both within and outside the Company to effectively improve the internal structure and ensure compliance with business ethics.

## 11. Response to Problems

In the event that a matter in noncompliance with this Charter arises, which causes society to lose trust in us, our officers will take steps such as taking the lead in solving the problem, identifying the cause, and taking measures to prevent the recurrence of similar problems, thus fulfilling their responsibilities. Moreover, they will publicly disclose relevant information promptly and appropriately, fulfill their accountability requirements, indicate those who are in authority and those who are responsible, and severely punish those involved, including themselves.

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

In order to conform to “Principles of Corporate Behavior 4. Thorough Risk Management and Severance of All Relations with Antisocial Forces and Groups,” the NOK Group has prescribed Behavioral Guidelines Concerning Employee Compliance as follows, which we have worked to disseminate thoroughly among employees.

- (1) No relationship whatsoever is permitted with antisocial forces and groups that threaten the lives of the public and business activities, and hinder economic activities.
- (2) In the event that unreasonable demands are received from antisocial forces and groups, easy concessions through the use of money, etc. must not be entered into.
- (3) Even if transactions with antisocial forces or groups are legal, no transactions of any kind shall be conducted with them. Also, if a customer is discovered to be an antisocial force or group, transactions with the customer must be discontinued immediately.
- (4) The influence of antisocial forces or groups must never be used.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation for Applicable Items

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

— Overview of the Timely Disclosure System —

As well as aiming to enhance transparency through the timely, appropriate, and impartial disclosure of information to all our stakeholders, including customers, shareholders, employees, and moreover our suppliers, NOK seeks to become a company of which our stakeholders can be proud. We conduct the timely disclosure of material information in accordance with laws and regulations such as the Financial Instruments and Exchange Act, and in compliance with the regulations of the securities exchanges on which the Company’s shares are listed.

Material information such as decisions made or events occurring in relation to results or operation of the business is first brought together in the various specialist departments within Group companies, then shared with the Investor Relations Department for timely disclosure. The Investor Relations Department then makes a judgment as to whether or not to disclose this information in accordance with various laws and regulations. After the accuracy of the content has been confirmed with specialist departments, information to be disclosed is reported to the Board of Directors or the Representative Director, based on the decisions of whom the Investor Relations Department announces it via the Timely Disclosure network (TDnet) system provided by the Tokyo Stock Exchange, and makes it available on the corporate website.

# Diagram of Corporate Governance System

