Governance

## A Company Trusted by Society and Capable of Making Sustainable Growth

The chemical products we handle bring enrichment and happiness to society and our logistics business is the core of the chemical industry. We take pride in this and fulfill our social responsibility.

The NRS GROUP Corporate Code of Ethics is the foundation on which the NRS GROUP conducts its business activities. We aim to be widely supported by society as an excellent company through sensible and fair actions based on initiative and self-responsibility with ethical behavior, compliance with the law, and emphasis on safety as our basic principles.

Corporate Governance Basic Policy

We are committed to ethical business conduct, compliance with the law, and safety and quality. We respect diverse personalities and individuality, and build sound and fair relationships with all stakeholders, including customers, business partners, employees, and shareholders. In order to achieve these goals, we continue to strive for optimal corporate governance that enables us to make sound, transparent, fair, and prompt decisions.

Corporate Governance System
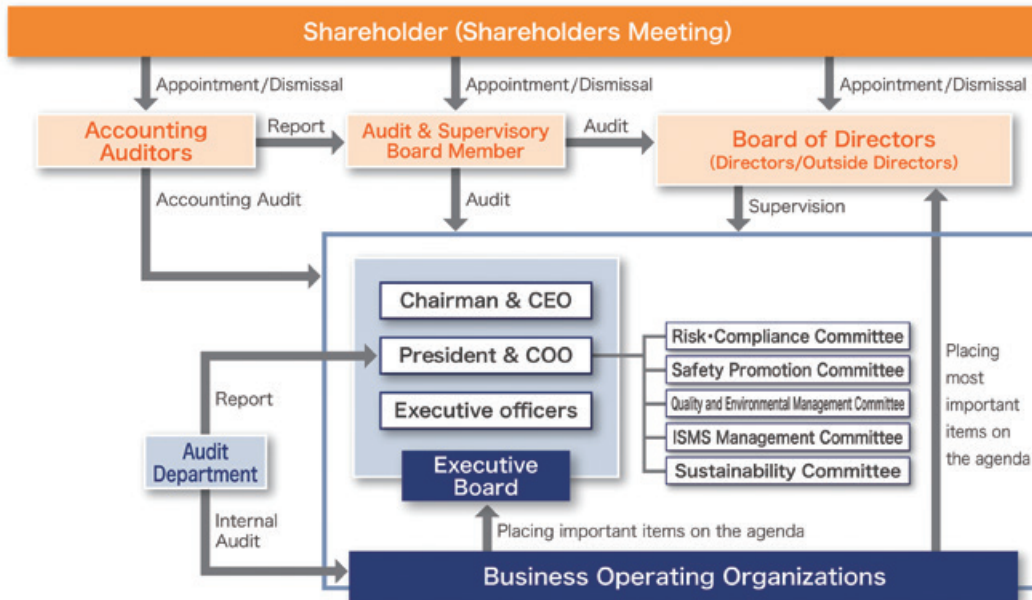
Board of Directors

The Board of Directors as the decision-making body for management, and implements important business decisions, management strategies, and policies. It supervises the execution of business by directors and is responsible for sound business operations, including the establishment of internal control systems.

Executive Board

The Executive Board deliberates regularly on matters other than those to be resolved by the Board of Directors for the purpose of prompt business execution. The results are reported to the Board of Directors.

26

Audit & Supervisory Board

The Board audits the business execution of directors and executive officers. It also audits whether appropriate management is being carried out in terms of compliance and accounting.

Audit Department

The Audit Department is responsible for the verification and evaluation of the legitimacy, efficiency, economy and effectiveness of business operations from the standpoint independent of business execution departments and reports the results to the Board of Directors. The Office assists the Audit & Supervisory Board in the execution of their duties in accordance with their instructions.

Internal Control, Legal Affairs, and Risk Management Department

The Internal Control, Legal Affairs, and Risk Management Department is responsible for the establishment, operation, and management of the NRS GROUP's internal control system, as well as the gathering and analysis of information related to management risks and overall management of efforts to respond to such risks.

Risk Management

NRS employs a risk management system directly supervised by the president for horizontal risk management throughout the organization. This system comprises the following committees: (1) the Risk and Compliance Committee, responsible for ensuring compliance and facilitating discussions on, as well as sharing, risk management in FY2023; (2) the BCM Committee, which reviews and establishes action policies and measures pertaining to business planning; and (3) the ISMS Management Committee, established to manage information security management system. We have obtained ISO 27001 certification for information equipment management.
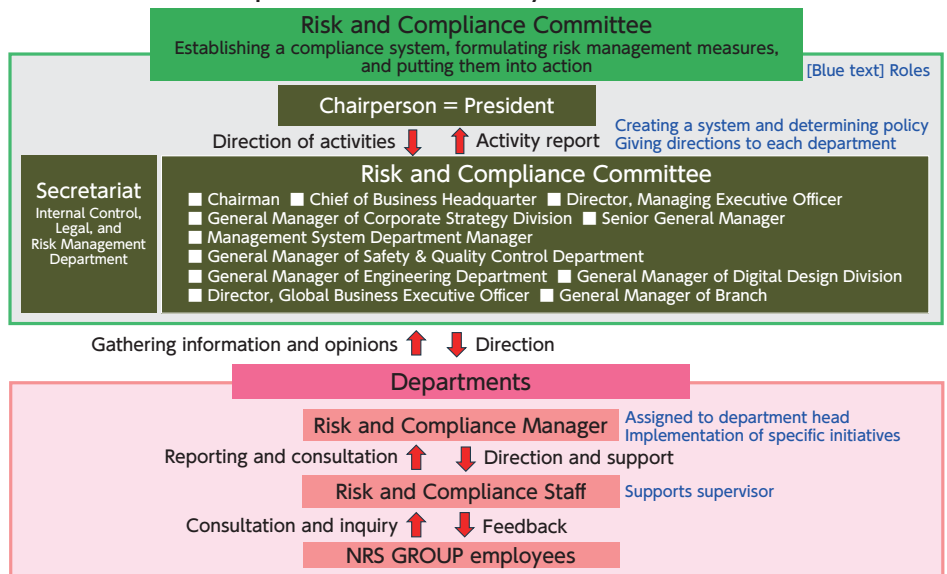
Risk and Compliance Committee

The Risk and Compliance Committee has been established to oversee the implementation of the following items 1 to 5 within the NRS GROUP.
1. Fostering awareness of risk management and compliance.
2. Establishing and implementing a compliance system.
3. Developing action policies for managing risks across the entire NRS GROUP.
4. Providing guidance to individual departments and reporting and confirming their activity status.
5. Maintaining and updating the Business Continuity Plan (BCP), providing education and training to enhance understanding of our initiatives, and conducting necessary management to ensure continuous improvement.

In the term ending September 30, 2024, the committee met twice a year and carried out the following initiatives, which were then reported to the Board of Directors.

- Sharing the main risks facing the entire NRS and updates on the progress of addressing these risks.
- Reviewing and discussing countermeasures for major risks (accidents related to the transportation of hazardous materials) identified by the committee.
- Establishing rules and regulations related to risk management.
- Reviewing BCP (both domestic and international).

NRS Risk and Compliance Committee system

Risk and Compliance Committee
Establishing a compliance system, formulating risk management measures, and putting them into action

[Blue text] Roles

Chairperson = President

Direction of activities ↓ ↑ Activity report

Creating a system and determining policy
Giving directions to each department

Secretariat
Internal Control, Legal, and Risk Management Department

Risk and Compliance Committee
■ Chairman ■ Chief of Business Headquarter ■ Director, Managing Executive Officer
■ General Manager of Corporate Strategy Division ■ Senior General Manager
■ Management System Department Manager
■ General Manager of Safety & Quality Control Department
■ General Manager of Engineering Department ■ General Manager of Digital Design Division
■ Director, Global Business Executive Officer ■ General Manager of Branch

Gathering information and opinions ↑ ↓ Direction

Departments

Risk and Compliance Manager
Assigned to department head
Implementation of specific initiatives

Reporting and consultation ↑ ↓ Direction and support

Risk and Compliance Staff
Supports supervisor

Consultation and inquiry ↑ ↓ Feedback

NRS GROUP employees

BCM Committee

The NRS GROUP holds one of the highest market shares in the industry for the transportation and storage of hazardous materials, chemical products, and chemicals, as well as tank container leasing. As a leading player in the industry, we consider the timely restoration and continuity of our operations, even during large-scale disasters or outbreaks of infectious diseases, to be our vital social responsibility. At the NRS GROUP, the Risk and Compliance Committee is leading Business Continuity Management (BCM) activities with the following objectives: (1) ensuring the safety of employees, their families, and visitors; (2) upholding our responsibility to provide continuous supplies to clients to maintain their trust; and (3) swiftly stabilizing business operations and securing employment. By regularly reviewing and updating the Business Continuity Plan (BCP), we are establishing a robust framework to ensure the uninterrupted supply of products and services to our customers.

Information Security

We obtained the ISO 27001 certification for information equipment management in 2020. Under the Information Security Policy, we have established an Information Security Management System (ISMS) and practice activities to maintain information security. In October 2022, we published the fifth edition of the Information Security Handbook to ensure that all employees understand the contents. In addition to account management using multi-factor authentication and measures on conventional endpoints, such as PCs and servers, we are planning to introduce zero-trust tools globally by September 2023 and will implement both human and mechanical measures. In July 2023, the NRS GROUP formulated its DX Strategy, concurrently implementing improvements to security and risk management. These enhancements align with the principle of bolstering integrity, confidentiality, and availability. We strive to further improve the level of security with the commitment of "never leaking important customer information" and "never stopping the systems that support advanced logistics."

Responding to Emergencies

NRS is instituting diverse training programs to ensure preparedness for emergencies. In collaboration with the Maritime Disaster Prevention Center, we carried out a simulation drill, which involved the actual setup of an emergency headquarters, to assess our response to emergencies. We have developed a system for quickly assessing our operational viability during emergencies. In the event of potential business discontinuation, our collaborative efforts within the Group aim to promptly restore operations and ensure a swift resumption of services and products for our customers.

Ensuring Compliance

Internal and external whistleblowing channels

We have established an internal whistleblowing desk to promptly identify and address any behavior that violates or may violate the moral code, laws, regulations, or internal policies. Additionally, we have set up external whistleblowing channels to quickly respond to and handle any actions taken by NRS executives that may violate compliance or human rights.
- Internal whistleblowing desk: The desk is established within attorney's offices both in Japan and overseas with contact information provided to employees. In Japan, desks are also established within the Internal Control, Legal, and Risk Management Departments.
- External whistleblowing channels: Contact information for attorney's offices in Japan and overseas is posted on the NRS GROUP's website.
- Protection of whistleblower rights: Outlined in the Whistleblower Protection Regulations, which are available on the company website.
- Guidelines for the Revised Whistleblower Protection Act: We conform to them.

Strengthening Security Trade Controls Through New Import/Export Control System

To acknowledge the crucial concern of the international community regarding the nonproliferation of weapons of mass destruction and associated cargo and to enhance security trade control, we have been operating under a new structure since November 2021.
1. Our Security Export Management Regulations outline the organizational structure, procedures, audits, education, and document control.
2. We streamlined export approval procedures under the name "Rakuraku Workflow Export Management" for the paperless management of documents, including import records on the Web.
3. Study sessions for new employees include regular online study sessions for all employees in Japan to enhance their awareness.
4. We gather information on revisions to laws and regulations and promptly disseminate the relevant notifications.
   We plan to enhance these processes through internal audits.

Questionnaire Survey

The Audit Department conducted a questionnaire survey of all employees based in Japan to gather their opinions on the internal control status within the NRS GROUP. Subsequently, we implemented necessary actions based on the survey findings.

Various training and e-learning

As our business continues to expand globally, it is essential to strengthen our awareness of anti-bribery, which is becoming an increasing concern worldwide. To address this, we have provided compliance training and anti-bribery e-learning for employees in Japan. We also provided training tailored to different job levels to enhance NRS GROUP employees' awareness of compliance.

Education on corporate ethics

FY 2024 e-learning : Anti-bribery (for all employees in Japan)
　　　　　　　　　　Compliance training for new employees
　　　　　　　　　　Compliance training for different job levels
FY 2023 e-learning : Training on misconducts and use of SNS (for all employees in Japan)