

# Governance

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

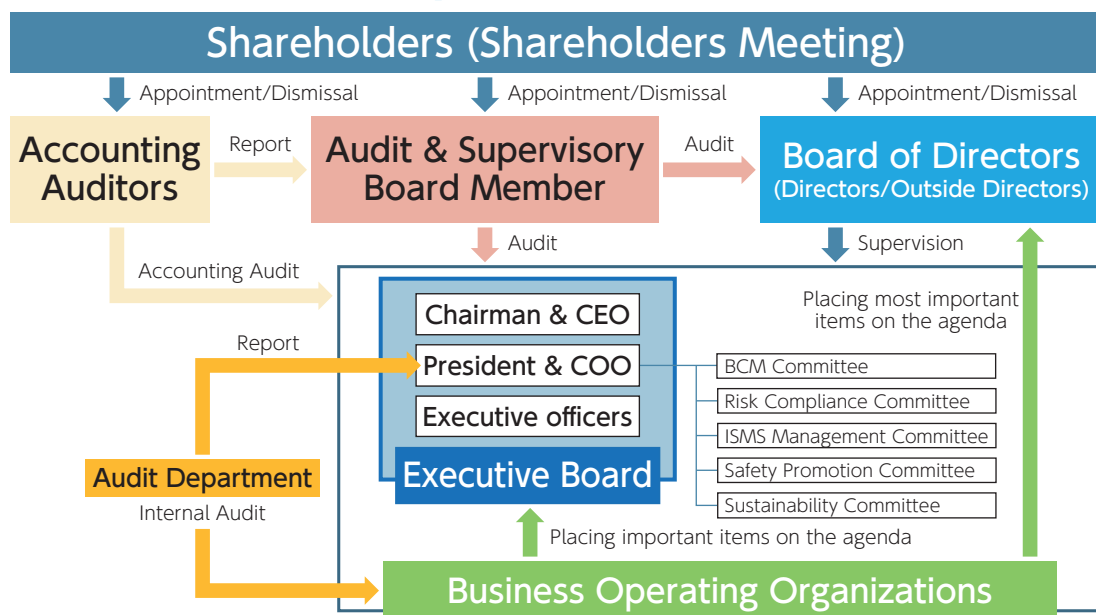
The chemical products we handle bring enrichment and happiness to society and our logistics business is the core of the chemical industry. We take pride in this and fulfill our social responsibility.

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.



## 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 Compliance Committee

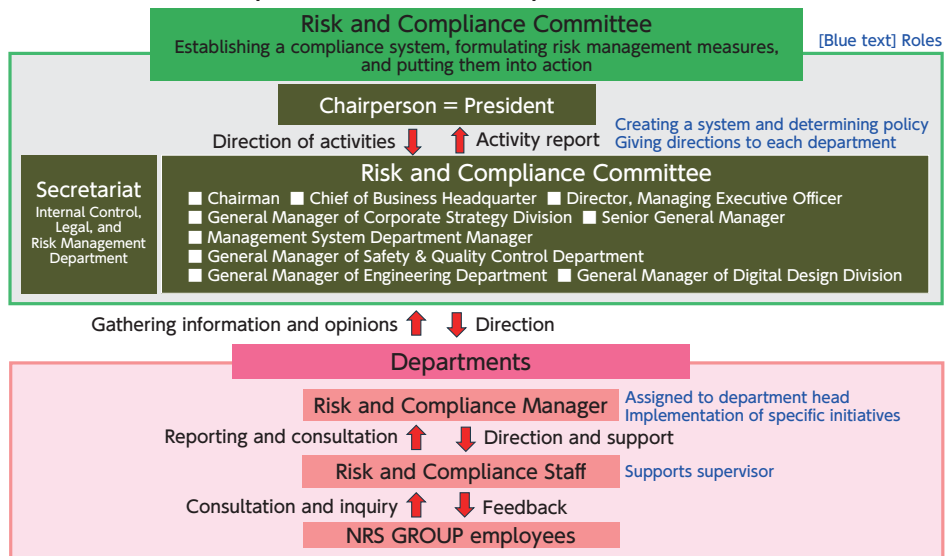
The Risk and Compliance Committee is a newly established entity and replaces the Compliance Committee with the aim of implementing items 1 to 4 within the NRS GROUP.

1. Fostering awareness of risks and compliance
2. Establishing and executing compliance system
3. Determining action policies to manage risks across the entire group
4. Guiding the actions of individual departments and reporting on and confirming their activity status

During FY 2023, the committee was held twice a year and undertook the following initiatives, subsequently presenting them to the Board of Directors.

- Sharing the main risks that the entire NRS faces and updates the progress of addressing these risks
- Reporting and deliberating on the outcomes of the study on countermeasures for the major risks identified by the Committee
- Sharing of the most recent information on country risks and the formulation of rules and regulations related to risk management

### NRS Risk and Compliance Committee system



## BCM Committee

The NRS GROUP, which has the industry's leading market share in the transportation and storage of hazardous materials, chemical products, as well as tank container leasing, considers the early restoration and continuation of its operations in the event of a large-scale disaster or under the risk of infectious diseases to be an important social responsibility. Based on discussions by the BCM Committee, chaired by the president, we inspect and review the Business Continuity Plan (BCP) of each business site to ensure that we can continuously provide services and products 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 Reporting Desk

We have set up an internal reporting desk to promptly identify and address any breaches or suspected violations of the Code of Ethics, laws, regulations, and internal rules.

- Internal Reporting Desk: Installed both within NRS and externally (located at an attorney's office) for employees based in Japan

Additionally, an external internal reporting desk was established for employees outside of Japan on April 1, 2023.

- Protection of the rights of whistleblowers: Stipulated in the Whistleblower Protection Regulations

- Guidelines for the Revised Whistleblower Protection Act: Conforming.

### 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

To enhance employees' awareness of compliance, e-learning sessions were held twice, along with training tailored to specific job levels.

