

INTEGRATED REPORT

2018

FISCAL YEAR ENDED 31 MARCH 2018



The NSG Group is one of the world’s largest manufacturers of glass and glazing products for the Architectural, Automotive and Technical Glass sectors.

With around 27,000 permanent employees, we have principal operations in 27 countries and sales in over 100.



Editing Policy

This is the NSG Group's first "Integrated Report" to replace the "Sustainability Report" and "Annual Report" each of which has been published separately.

The new Integrated Report is aimed at describing to our stakeholders how our stated goal of transforming into a “VA Glass Company” would enable sustainable growth through the expansion of glass products and service based on our unique technology and core strength.

Specific financial and non-financial data can be found in the Annual Consolidated Financial Statements, Sustainability Data Book and www.nsg.com.

Reference Guidelines

- GRI Sustainability Reporting Guidelines

Our Vision

'Making a Difference to our World through Glass Technology'

Our Mission

'To be the global leader in innovative high-performance glass and glazing solutions, contributing to the conservation and generation of energy, working safely and ethically'

Our Values

People are our most important asset.

We value:

- ▶ Trust and mutual respect
- ▶ Integrity and professionalism
- ▶ Teamwork and mutual support
- ▶ Open communication
- ▶ Initiative and creativity
- ▶ Passion and resilience
- ▶ Individual and social responsibility
- ▶ Sustainability

Our Guiding Principles

We will achieve success by:

- ▶ Ensuring that all our actions add value and make our company sustainable
- ▶ Being obsessed with safety, in the belief that all accidents are preventable
- ▶ Following the highest standards of social and environmental responsibility in everything we do
- ▶ Developing the potential, motivation and commitment of every individual
- ▶ Achieving defined quality standards to satisfy all our customers
- ▶ Staying ahead by constantly developing advanced technologies, innovative products and applications
- ▶ Making decisions based on data, facts and analysis, working closely with operations, development and commercial teams
- ▶ Exploiting synergies and eliminating waste, to ensure competitiveness
- ▶ Striving for continuous improvement - in all our activities

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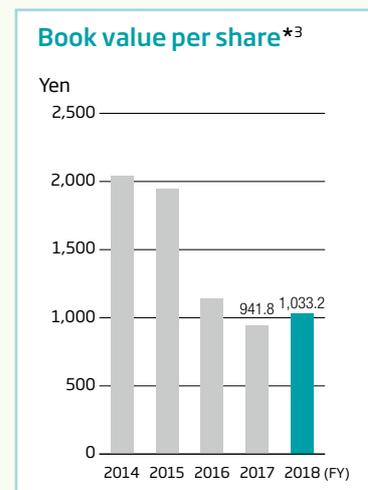
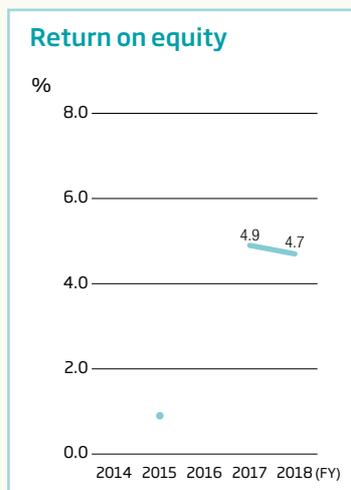
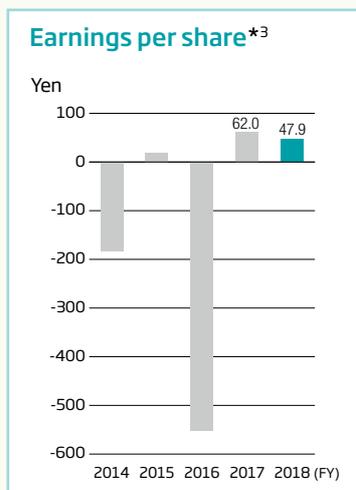
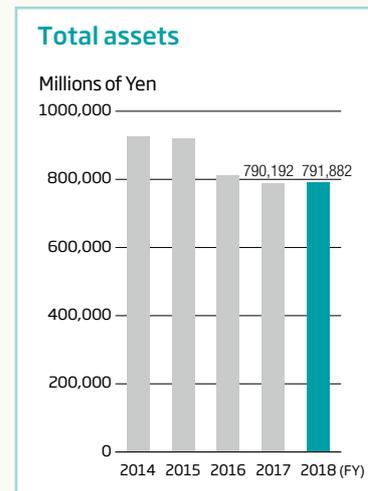
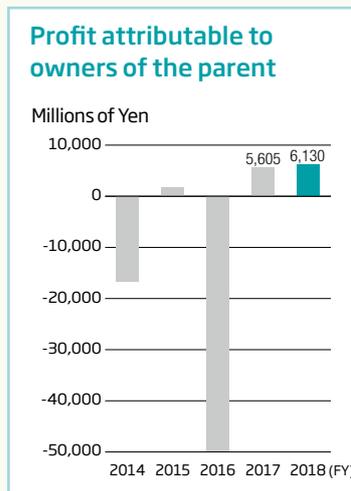
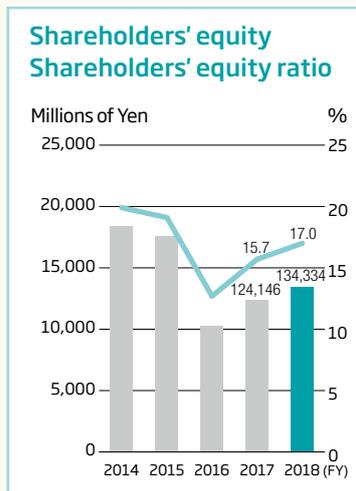
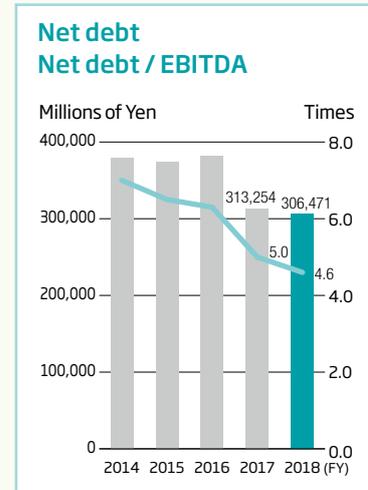
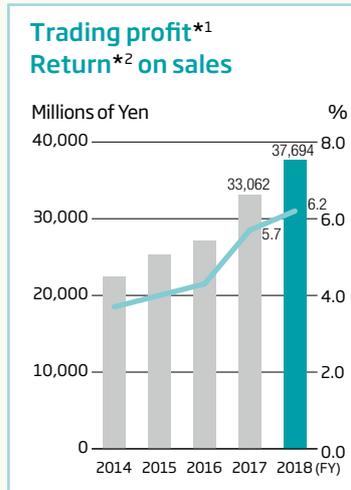
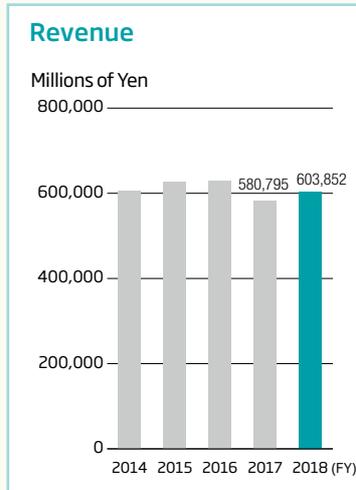
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FINANCIAL HIGHLIGHTS

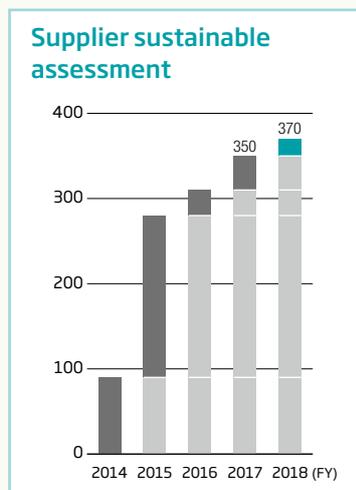
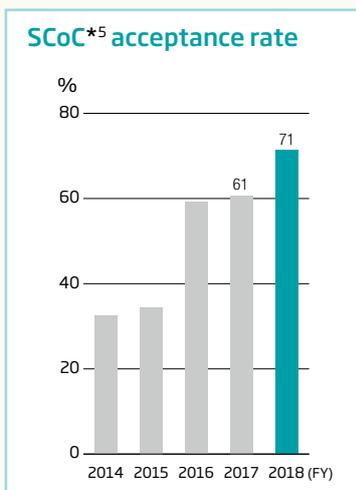
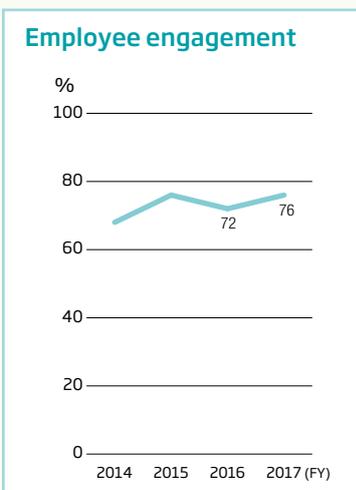
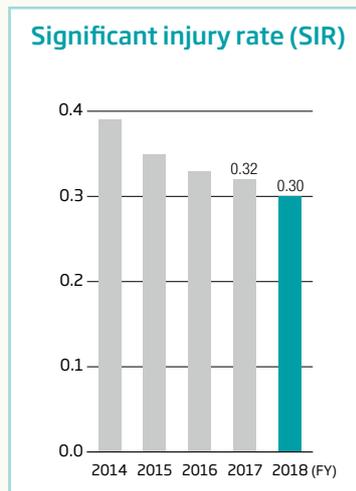
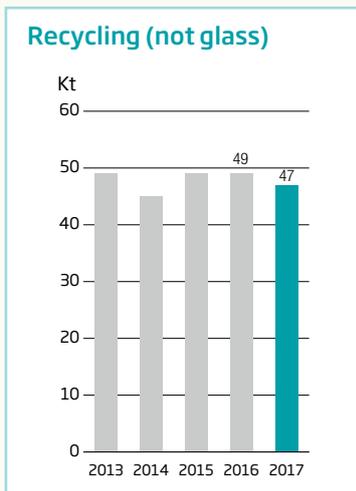
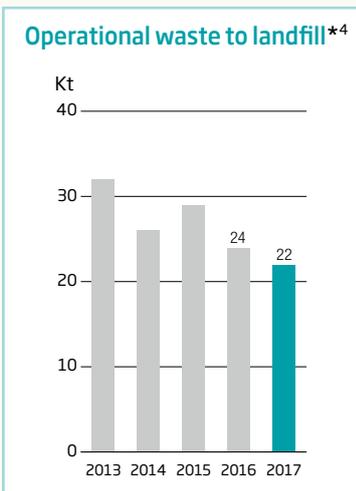
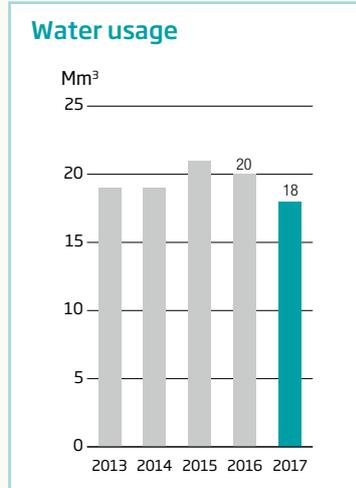
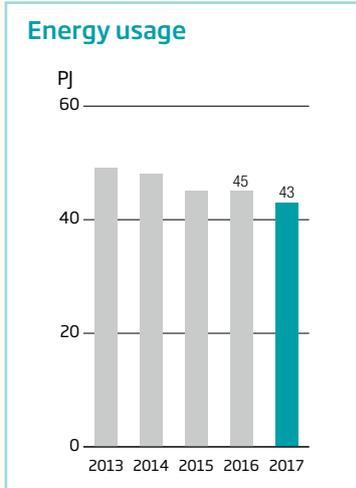
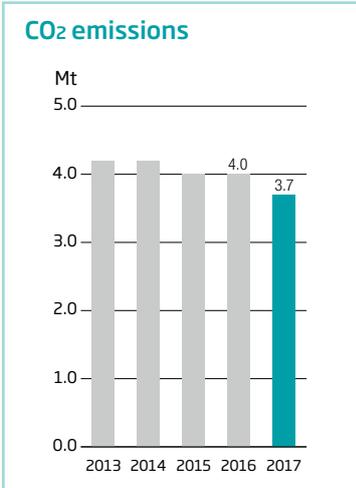


*1 Operating profit before the amortization of intangible assets arising on the acquisition of Pilkington plc

*2 Trading profit

*3 Effective as from 1 October 2016, the Company conducted a share consolidation in which every ten common shares were consolidated into one share. The per-share data has been adjusted retrospectively to reflect the share consolidation for all periods presented.

NON-FINANCIAL HIGHLIGHTS



■ Additional sustainability assessments for key suppliers

*4 Indicates total amount of glass and non-glass landfill waste

*5 Supplier Code of Conduct

NSG GROUP - CORPORATE HISTORY

In 2018, the NSG Group will mark the 100th anniversary. Since its foundation in 1918, the NSG Group has continued to evolve. While sharing the 400-year-old Sumitomo Spirit, we are operating in markets around the world where our products have established a major presence in architectural, automotive and technical glass sectors.



Maizuru Plant in Kyoto, Japan

1920

Flat glass production begun in Fukuoka, Japan.



Futajima Plant in Fukuoka, Japan

1920s-1940s

Capacity expanded in line with domestic glass demand growth.

- New capacity added at the Futajima plant in 1920s.
- A new plant was built in Yokkaichi, Mie, in 1935.

1950s-1960s

The Company increased the production capacity and expanded into the Automotive business.

- A new plant was built in Maizuru, Kyoto, in 1951.
- A new plant was built in Chiba in 1963.

1918

America Japan Sheet Glass Co., Ltd. was established in Osaka, Japan.

1910

1920

1930

1940

1950

1960

1931

The Company name was changed to Nippon Sheet Glass Co., Ltd.



First piece of float glass ever made in Asia

1950

The Company listed its shares on the Tokyo and other stock exchanges in Japan.

1965

The Company started the first float glass production in Asia, with the technology licensed from Pilkington. (Inventor of float process)



Vietnam Float Glass Co., Ltd.

1970s-1980s

The automotive glass business grew and, in parallel, the Company began globalizing its architectural and automotive glass businesses.

- Manufacturing footprints were expanded in Kanagawa and Kyoto in 1970.
- The first overseas investment was made in Malaysia in 1971.
- Two automotive glass joint ventures were established, one in Mexico in 1975 and another in the USA in 1986.

1990s-2000s

Business expansion in Asia continued.

- An automotive glass joint venture was established in China in 1995.
- Two architectural glass joint ventures were established in Vietnam, one in 1995, another in 2007.

2006 ~

With the acquisition of Pilkington plc, the Company fully globalized its architectural and automotive glass businesses. The integrated NSG Group has principal operations around the world and sales in 100 countries. (As of March 31, 2018)

1970

1980

1990

2000

2010



The SELFOC is still core technology in NSG.

1970s-2000s

The Company focused on developing new products and technology. While setting up manufacturing sites in Japan, the Company also invested overseas building the foundation for the Technical Glass business.

- SELFOC® was developed in 1968.
- The production of thin glass, UFF™, started in 1978.
- The glass fiber business was launched in 1979.
- The battery separator business was expanded through an acquisition in 2001.

1990s-2000s

The Company built closer relationship with Pilkington.

- In 1990, the Company acquired a 20% stake in LOF, then subsidiary of Pilkington.
- The Company acquired a share in Pilkington while divesting its stake in LOF in 2000.
- In 2001, with the increase in shareholding to 20%, Pilkington became an affiliate of the Company.

2008-2010s

The Company adopted the governance structure with "Three Committees" in 2008.

- The NSG Group Corporate Governance Guidelines were issued in 2015.

2009

The Company revealed the NSG Group Sustainability Policy and established NSG Group Sustainability Committee.

2012

The Company participated in the UN Global Compact.

2014

In May 2014, the Company announced the Long-term Strategic Vision and launched the Medium-term Plan (MTP).

2015

The Company revised the NSG Group Code of Ethics.

2017

After a thorough review, the Company redefined the MTP and began MTP Phase 2 covering the three-year period from FY2018 to FY2020.



Lathom site, UK

2004

The Company moved its registered headquarters from Osaka to Tokyo.

1979

The NSG Foundation was established to commemorate the 60th anniversary of the Company.

CEO MESSAGE TO OUR STAKEHOLDERS



Shigeki Mori
Representative Executive Officer,
President and CEO, NSG Group

With a variety of VA (value-added) products, NSG Group is well positioned to help mitigate the impact of climate change while improving safety and comfort in our living spaces.

NSG Vision, Principles and Medium-Term Plan Phase 2

In keeping with our corporate vision of “Making a Difference to our World through Glass Technology,” the NSG Group aims to be a company that contributes to realizing a sustainable society by providing a variety of value-added (VA) products in our Architectural, Automotive and Technical glass businesses that help mitigate the impact of climate change and enhance people’s safety and comfort in our living spaces.

Furthermore, in adhering to our principles of “People are our most important asset,” we have made efforts to be recognized as the best company not only by our employees, but also by other stakeholders including customers, shareholders, suppliers and local communities.

In October 2016, the NSG Group announced its Medium-term Plan (“MTP”) Phase 2, which is based on the Long-term Strategic Vision of “Transform into a VA Glass Company” announced in 2014. Spanning the three-year period from FY2018 through FY2020, MTP Phase 2 incorporates two fundamental aims currently representing crucial issues for the NSG Group. These are to “achieve financial sustainability” and “start the transformation into a VA Glass Company.”

Under MTP Phase 2, we have set clear financial targets for a Return on Sales (ROS) of greater than 8 percent*¹ and Net Debt/EBITDA of 3x. Following the achievement of these targets, the Group expects a Return on Equity (ROE) of greater than 10 percent and an equity ratio of 20 percent.

*¹ Note: Calculated based on trading profit (before exceptional items and amortization relating to the acquisition of Pilkington plc).

During MTP Phase 2, we will prioritize our strategies and proactively add new measures to better ensure the attainment of the MTP targets.

Our basic policies under MTP Phase 2 are to:

- Accelerate and evolve the VA strategy to build a robust profit base for sustainable growth
- Review all work processes to create a leaner business structure

Specifically, we will implement the following four key measures.

1. **Drive VA No.1 Strategy** to win a leading position in “high growth potential areas” and “areas of core strengths.”
2. **Establish growth drivers** for quickly creating focus areas for new profit growth through selection and concentration.
3. **Promote business culture innovation** for optimizing all business processes and building a lean business structure.
4. **Enhance global management** to achieve the overall Group’s optimization, advancing global management effectiveness.

As part of our efforts to achieve financial sustainability, the Company issued a total of ¥40 billion in Class A shares on 31 March 2017. By doing so, the Company enhanced its equity, enabling a reduction in interest expenses as well as securing funds for investment to execute the VA No. 1 Strategy.

Progress Status of MTP Phase 2

FY2018 marked the first year of MTP Phase 2. Operating profits were in line with our initial forecast despite disparities among regions and businesses in the pace of progress toward improving profitability. Operating profitability represents the fundamental driver to achieve financial stability, and in FY2018 the Group recorded a fifth consecutive year of improved operating profit. Although profit attributable to owners of the parent fell short of our initial forecast, due to a revaluation of deferred tax assets following a reduction in U.S. federal corporate tax rates, it still exceeded the amount recorded in the previous fiscal year. For the second consecutive year, the Group generated free cash flows in excess of ¥10 billion, which exceeded our initial forecast.

The following shows the progress of the actual business results towards the FY2020 targets set under MTP Phase 2.

- Return on Sales (ROS) target: greater than 8 percent
Actual results in FY2018: 6.2 percent
- Net debt/EBITDA target: 3x
Actual results in FY2018: 4.6x

In view of the improvements we are making toward building a financial structure capable of generating stable profits and cash flow, at the Board of Directors Meeting held on May 11, 2018 the Company resolved to resume the payment of cash dividends on ordinary shares for the first time in six fiscal periods.

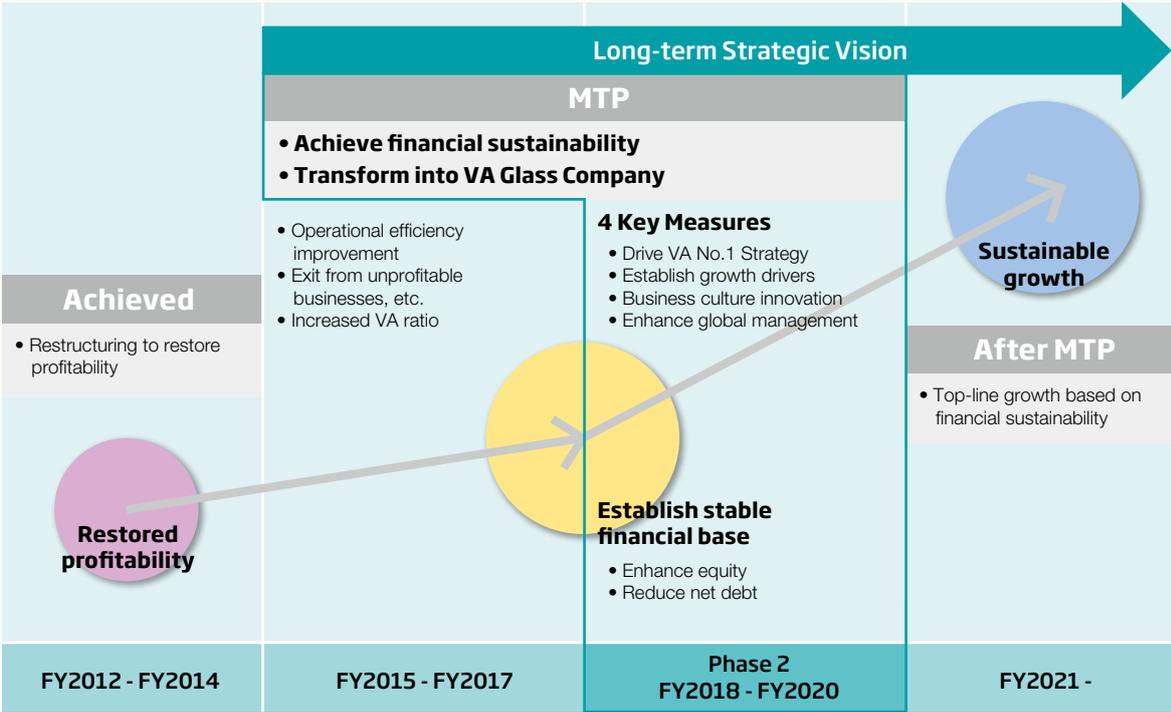
For the fiscal year ending March 2019, amid expected moderate economic growth globally, the NSG Group will continue implementing its VA strategy, improving operating efficiency and reducing costs in each business and geographic region, and anticipates these efforts will lead to increases in operating profit and profit attributable to owners of the parent.

As one concrete example of efforts to “Establish growth drivers,” which is a key measure of MTP Phase 2, we are establishing a new Business Innovation Center (BIC) is being established as organization for managing the NSG Group’s growth strategy and accelerating the launch of new products and businesses.

On the financial front, we will strive to further improve financial sustainability by generating cash through further increases in business profitability and ongoing strict management of working capital and capital investment.

Meanwhile, in April 2018 the NSG Group entered into a long-term supply agreement for coated glass with First Solar Inc., a major U.S. company in solar energy systems. In conjunction, the Group decided to increase and strengthen solar glass production capacity in the United States and Vietnam. The Group has maintained strong commercial relations with First Solar over many years both

Summary of MTP Phase 2





as a valued customer and business partner. We expect the recently concluded supply agreement to contribute significantly to the Group’s future growth.

Initiatives for Realizing a Sustainable Society

Initiatives for realizing a sustainable society globally are becoming more crucial than ever before. Responsibility for implementing these initiatives must not be fulfilled by international organizations and national governments alone, but should also be shared by companies as responsible members of society. The NSG Group has positioned this as an important management issue and is undertaking a variety of initiatives.

In September 2015, the Sustainable Development Goals (SDGs) were adopted by the United Nations and shared goals of the international community to be resolved by 2030 were decided. Concurrently, the Paris Agreement, new international rules to combat global warming, went into force in November 2016. As the strengthening of environmental regulations gathers pace in this manner, the importance of the role of the NSG Group increases ever more. As a member of the UN Global Compact, we support the advancement of the Compact’s principles.

In 2016, the NSG Group determined materiality and incorporated this into our sustainability goals based on the significant environmental, social and economic impacts of

our activities as well as on stakeholder feedback throughout the year. Within materiality, we included strong impacts on stakeholders and CO₂ reductions as an environmental-related initiative of high importance in undertaking business activities.

Many of the Group’s energy-saving, energy-creating and safe products and technologies can help improve people’s lives and we believe they contribute to making a sustainable society and environment in the future. In addition, we are also proactively working to reduce emissions of CO₂ generated during the glass production process. Through such activities, we aim to contribute to realizing a sustainable society over the medium and long terms.

The NSG Group will work to help solve issues in various environmental domains by offering high value-added glass. As initiatives by business sector, our Architectural business provides products such as glass for photovoltaics that contribute to energy creation, low-emissivity (Low-E) coated glass and vacuum glazing glass Spacia® that contribute significantly to energy savings, and fire protection glass. In the Automotive business, we offer lightweight laminated glass and solar control glass that reduce CO₂ emissions of vehicles and improve energy efficiency of vehicles as well as a high surface accuracy windshield for HUD (Heads Up Display) and acoustic laminated glass that contribute to safe and comfortable driving. Meanwhile, the Technical Glass sector provides Idling Stop and Start (ISS) system battery separators and high-tensile strength lightweight glass cords that improve the energy efficiency of vehicles

and the SELFOC® Lens Array (SLA®) that enables compact and lightweight electronic devices such as printers.

The NSG Group will ceaselessly promote the education and development of our human resources on a Group-wide basis. Based on the recognition that “the key to our business is the power created by our diverse human resources,” the NSG Group has declared that we will promote diversity and inclusion as a management commitment. In keeping with this commitment, the NSG Group holds “Inclusion and Diversity Workshops” for managers and undertakes awareness-building activities covering such topics as “unconscious bias” and “effective use of inclusion and diversity.” In parallel, we have identified and set numerical targets for “promoting active roles of women” and “promoting the employment of persons with disabilities” and will work to attain these targets.

The NSG Group has also established a structure to ensure compliance with laws and regulations and promote ethical behaviour in general. This includes the implementation of the Code of Ethics and also a Supplier Code of Conduct compliance assurance program. Such activities will help us fulfil our social mission and responsibilities as a good corporate citizen. Moreover, the NSG Group has positioned the assurance of high-level corporate governance as an indispensable element of sustainability activities.

In May 2015, the NSG Group established the NSG Group Corporate Governance Guidelines in support of Principles of the Tokyo Stock Exchange Corporate Governance Code. These Guidelines provide the basic principles and framework concerning a governance system to enable the NSG Group to enhance our corporate value in a sustainable way over a medium- to long-term period and thus increase the value of the Group for our various stakeholders, including our shareholders.

Through initiatives for the environment (E) and society (S), along with the unceasing pursuit of transparent, objective and effective governance (G) that supports the implementation of E&S initiatives under the supervision of the Board of Directors, we will continue our persistent improvement efforts to help achieve a sustainable society.

In Closing

In November 2018, the NSG Group will celebrate its 100th anniversary. This milestone was reached with the support of all stakeholders for our continuing efforts to make meaningful contributions to the realization of a sustainable society. As we advance toward that goal, we look forward to your continued support.



Shigeki Mori

Representative Executive Officer,
President & CEO, NSG Group



Kenichi Morooka
Chief Financial Officer

The Group's operating profitability reflects the results of our business initiatives, with support from robust European markets, improving profitability in Technical Glass and further improvements in operational performance. Our bottom-line profit improved from the previous year, despite being hit by a significant one-off accounting tax charge following U.S. tax reforms enacted during the year.

Based on the Group's continuing recovery in profitability and positive future prospects, a final dividend of ¥20 per ordinary share has been recommended by the directors.

Results for the Year

Revenue

Revenues increased to ¥603,852 million compared to ¥580,795 million in the previous year, due to effects of Japanese yen weakening against Euro and continued good market conditions in Europe.

Operating profit

Trading profit (before amortization arising from the acquisition of Pilkington plc) increased from a profit of ¥33,062 million to a profit of ¥37,694 million. After charging amortization costs, operating profit increased from a profit of ¥29,862 million to a profit of ¥35,663 million.

Exceptional items

Exceptional items are analyzed in a note to the Annual Financial Statements and comprise transactions that are of a material, non-routine nature. A charge of ¥1,265 million was posted to Exceptional items, compared to a credit of ¥2,921 million in the previous year. The most significant items included a gain related to the reversal of impairment of the Group's investment in a joint venture owning production facilities in Russia.

A good start for the first year of MTP Phase 2. The Group's operating profit has improved for five consecutive years, reflecting our initiatives to increase higher-value-added (VA) sales, realize operational efficiency improvements and exit or downsize unprofitable businesses.

Joint ventures and associates

The Group's share of the profits of its joint ventures and associates increased from ¥1,142 million to ¥2,403 million due mainly to improving profits at Cebrace, the Group's joint venture in Brazil.

Interest expenses

Net interest expenses decreased from the previous year by ¥4,550 million, as a result of lower average debt levels and a reduced average cost of borrowing.

Taxation

The Group has a tax charge for the period to 31 March 2018 which includes a one-time accounting tax charge of ¥9,590 million following U.S. tax reforms enacted during the year. Excluding this one-off item, the Group has a tax charge which results in an effective rate of 23.8 percent on the profit before taxation, after excluding the Group's share of net profits at its joint ventures and associates.

Non-controlling interests

Profits attributable to non-controlling interests increased from ¥1,687 million to ¥1,743 million.

Profit attributable to owners of the parent

Profit attributable to owners of the parent improved to ¥6,130 million, from a profit of ¥5,605 million in the previous year.

Earnings per share

Including the effect of Class A shares, basic (undiluted) earnings per share decreased from a profit per share of ¥62.04 to a profit per share of ¥47.90.

Dividends

The Group's dividend policy is to secure dividend payments based on sustainable business results. Additionally, the Group has set up a new guideline to aim for a 30 percent dividend payout ratio (consolidation basis) after the redemption of Class A shares.

Based on the Group's continuing recovery in profitability and positive future prospects, the directors have recommended a final dividend of ¥20 per share.

Cash flows

The cash flow performance was consistent with our expectations, as total cash inflows before financing were ¥16,804 million, comfortably above our targeted minimum of ¥10,000 million. This has been supported by the Group's solid operational performance, the disposal of non-core assets and reducing levels of working capital. Cash inflows from operating activities were ¥37,163 million.

Cash outflows from investing activities were ¥20,359 million, including capital expenditure on property, plant and equipment of ¥31,582 million and proceeds on disposal of property, plant and equipment of ¥4,065 million.

Funding and Liquidity

Net debt

Net financial indebtedness decreased by ¥6,783 million from 31 March 2017 to ¥306,471 million at the period end. Currency movements generated an increase in net debt of approximately ¥7,880 million over the period. Gross debt was ¥372,654 million at the period end. As of 31 March 2018, the Group had undrawn committed facilities of ¥90,082 million.

Sources of finance

The Group is financed by a combination of cash flows from operations, bank loans and corporate bonds. The Group aims to refinance borrowings well before their due date and ensures that any uncommitted or short-term borrowings are supported by undrawn committed facilities. The Group aims to obtain its funding from a variety of sources and access markets globally as and when they are available to it.

The Group seeks to deal with relationship banks that are able to support its businesses worldwide with the services it requires and at the same time provide, where necessary, appropriate levels of credit.

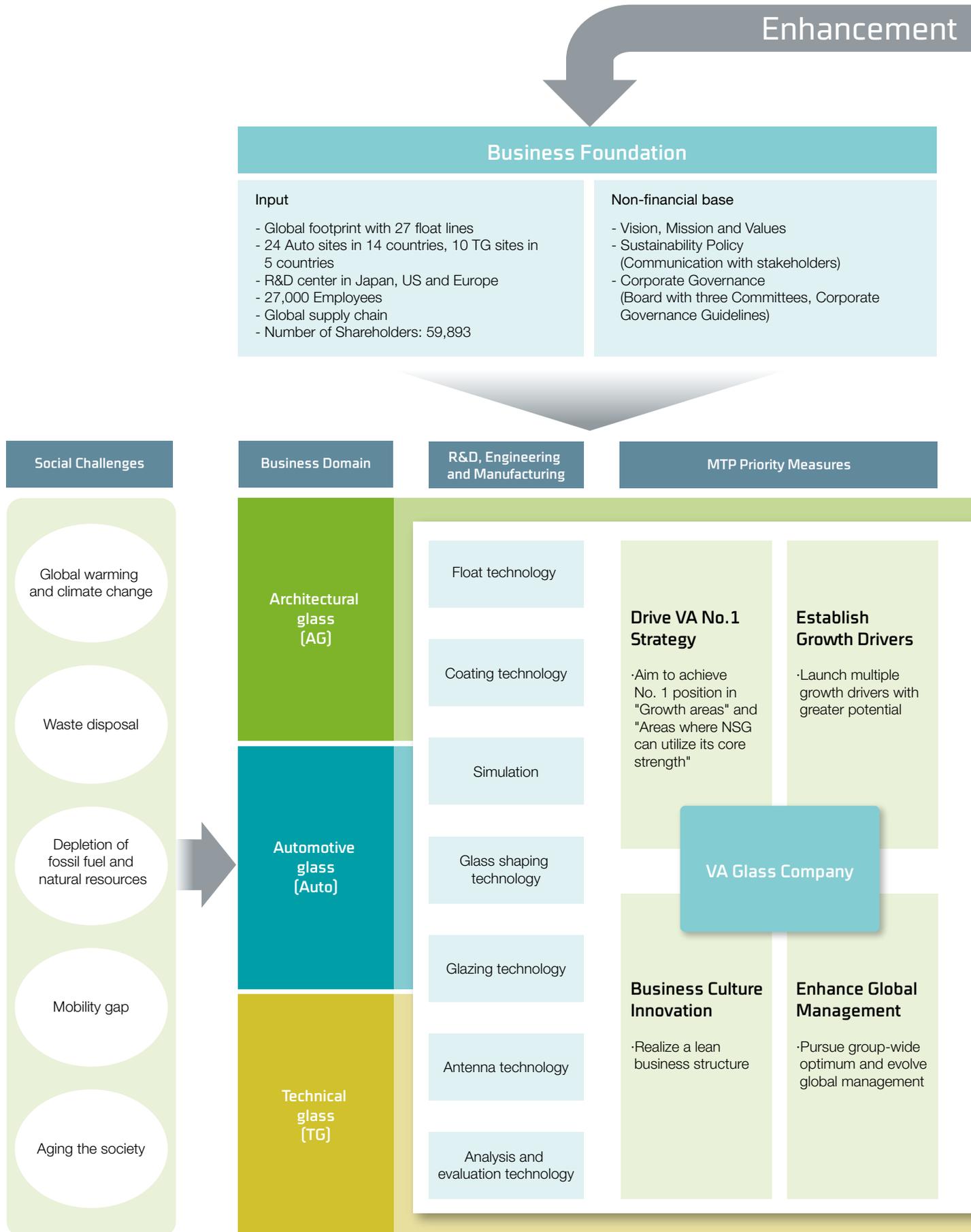
Shareholders' equity (net assets)

Total equity at the end of March 2018 was ¥142,857 million, representing an increase of ¥9,149 million from the end of March 2017. The profit for the year and translational exchange gains were partly offset by decreases in the values of assets held at fair value through other comprehensive income.

Kenichi Morooka

Chief Financial Officer

VALUE CREATION PROCESS OF THE NSG GROUP

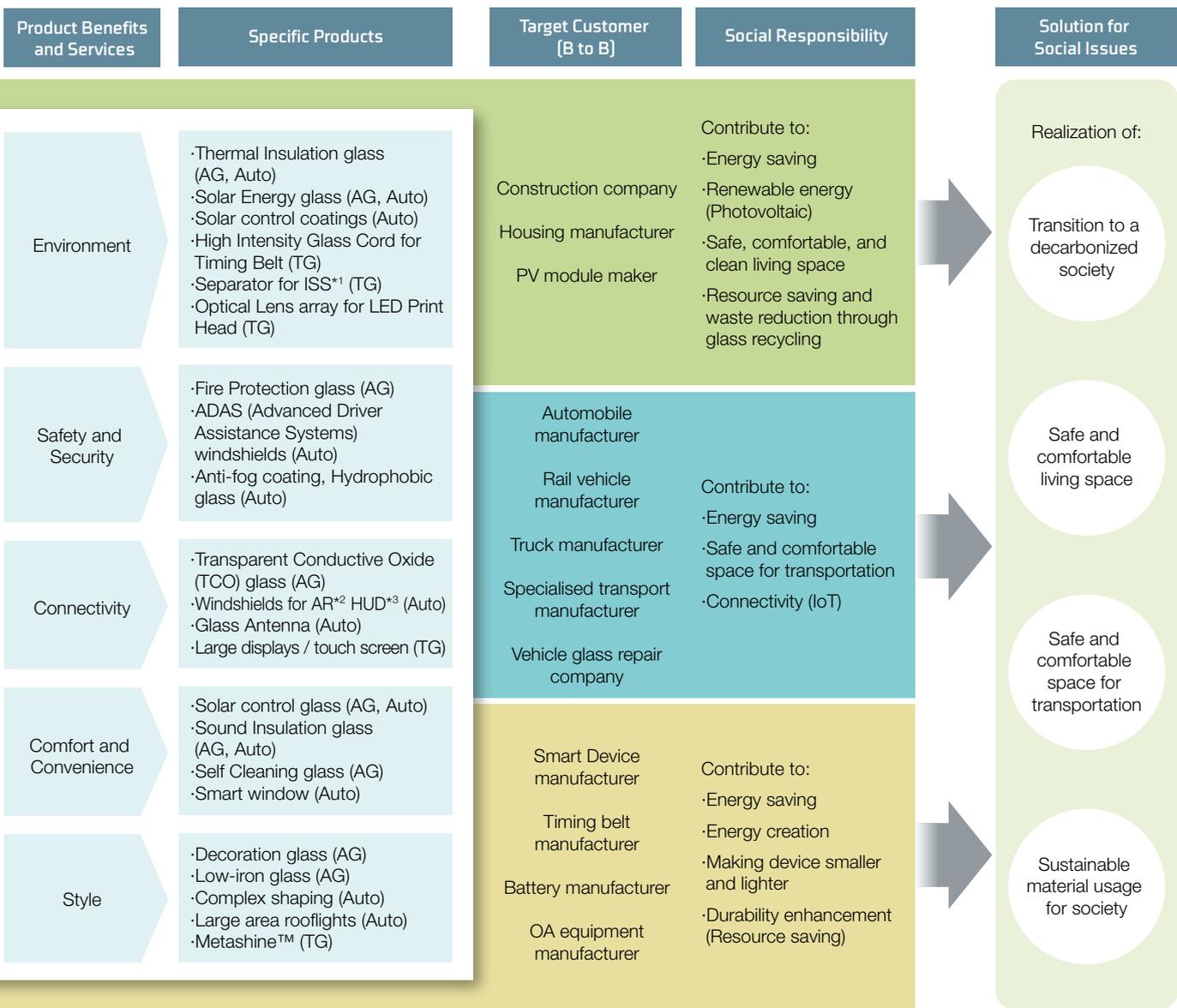


of Corporate Value

Financial Performance

Attain MTP targets

1. Establish financial sustainability
 2. Transform into a VA glass company
- Net debt/EBITDA ratio: 3
 - ROS >8%
- (Guideline: 50 -60 billion yen in trading profit)



*1 Idling Stop & Start battery *2 Augmented Reality *3 Head-Up Display

BUSINESS OVERVIEW

We Operate Three Business Lines: Architectural, Automotive and Technical Glass.

Domain	Business Outline	Main Products
<p>Architectural A leader in architectural glazing and glass for solar energy products</p>  <p>Pilkington Planar™ structural glazing in the University of Southern California Stem Cell Research Building. <i>Picture courtesy W&W Glass, LLC.</i></p>	<ul style="list-style-type: none"> • Manufacturing Glass for architectural and solar energy applications Overall, the Group manages 27 float lines around the world. (Note: Some of them are dedicated to Automotive and Technical Glass production) • Global spread Major presence in Europe and Japan. Also in North America, South America and South East Asia 	<ul style="list-style-type: none"> • Thermal insulation glass • Solar control glass • Fire protection glazing • Glass for solar energy • Noise control glazing • Safety and security glazing
<p>Automotive Leading supplier of glass to original equipment (OE) and automotive glass replacement (AGR) market</p>  <p>Photo Credit: TOYOTA MOTOR CORPORATION</p>	<ul style="list-style-type: none"> • Manufacturing Supplying the world's leading vehicle manufacturers Principal fabrication facilities in 14 countries. Major presence in Europe, Japan, North America and South America • Global spread Leading share of the global original equipment (OE) and specialized transport markets. Largest player globally in automotive aftermarket (AGR) glazing distribution and wholesale 	<ul style="list-style-type: none"> • Solar control glass • Glazing systems • Laminated glass • Toughened glass • Security glazing • Lightweight glazing
<p>Technical Glass Leading player in thin glass for displays, lenses and light guides for printers, glass cord for timing belt and separators for batteries</p>  <p>SGP (Super Glass Paper)</p>	<ul style="list-style-type: none"> • Manufacturing Producing the world's thinnest float glass Major fabrication facilities in Japan, China and Europe • Global spread World leader in thin display glass and optical devices for office machinery and glass fiber for battery separators and timing belts 	<ul style="list-style-type: none"> • Cover glass • Copier/printer lenses • Glass cord • Battery separators • Anti-corrosion coatings • Fine crystal
<p>Other</p>	<p>This segment covers corporate costs, consolidation adjustments, certain small businesses not included in the segments covered above and the amortization of other intangible assets related to the acquisition of Pilkington plc.</p>	

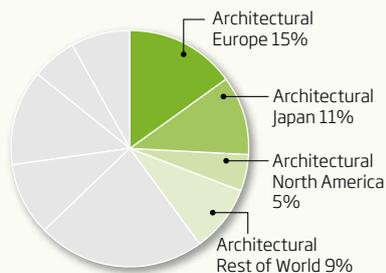
External Revenue

Revenues by Region and by Sector

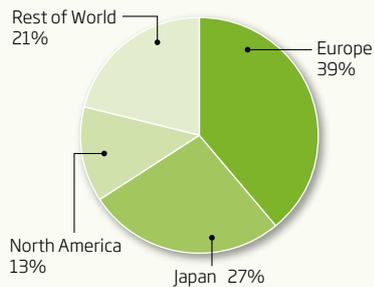
Proportion of Group CO₂ Emissions

40%

Contribution to Group revenue



● Revenue by region
FY2018

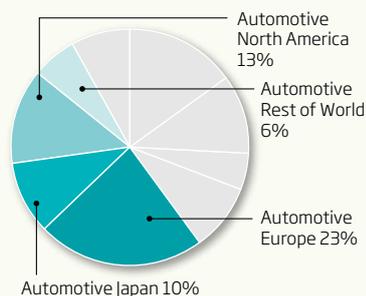


70%

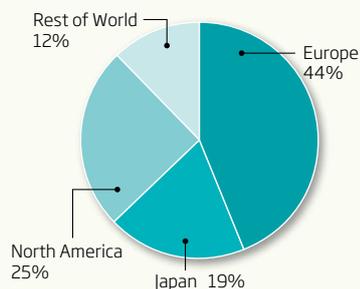


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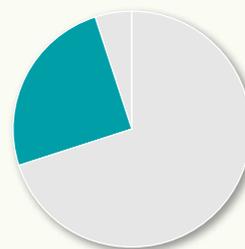
Contribution to Group revenue



● Revenue by region
FY2018

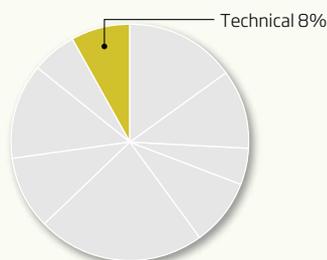


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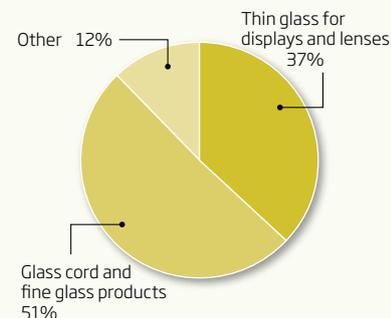


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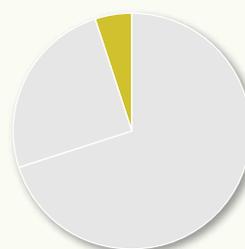
Contribution to Group revenue



● Revenue by sector
FY2018

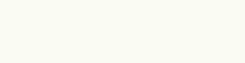


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Contribution to Group revenue





Clemens Miller
Chief Operating Officer

During the year to 31 March 2018 (FY2018), market conditions continued to be at a good level for most of the Group's businesses, with results benefitting from improved sales of value-added products. Despite higher input costs, trading profit (before exceptional items and amortization relating to the acquisition of Pilkington) increased with a robust performance in our European businesses, improved profitability in Technical Glass and further improvements in productivity.

Architectural Glass

Architectural trading profit was similar to the previous year, with strong sales in Europe and the weaker Japanese yen to offset volume reduction in other regions.

In Europe, representing 39 percent of the Group's architectural sales, markets continued to be positive with good demand leading to a stable pricing environment. In response, a previously dormant float line in Venice, Italy, was restarted in the third quarter.

In Japan, representing 27 percent of the Group's architectural sales, revenues were below previous year's levels due to lower market volumes and other factors. Profitability was affected by this and non-recurring charges incurred during the first quarter.

In North America, representing 13 percent of the Group's architectural sales, revenues and profits were both below previous year's levels. Sales of solar energy glass fell during a period of re-tooling at a major customer, although shipments of other architectural products were robust. A float line damaged by the tornado in Ottawa, IL, USA in March 2017 was restarted at the end of the third quarter.

In the rest of the world, shipments of solar energy glass were impacted by re-tooling at a major customer, but domestic markets generally improved from the previous year.

In the fiscal year to 31 March 2018, operating profit increased for the fifth consecutive year and we achieved a 50% increase of profit before taxation from the previous fiscal year. Moreover, the first year of MTP Phase 2 was off to a solid start. In the next year, we will accelerate profit growth as well as strengthen ESG as a framework for supporting sustainable growth.

Automotive Glass

In the Automotive business, revenue and profits were above previous year, with a strong underlying performance in Europe and exchange rate movements caused by the strong Euro.

Europe represents 44 percent of the Group's automotive sales. The Group's original equipment (OE) volumes were robust, in line with improving market demand, and profits also benefitted from increased sales of value-added products and further operational cost reductions across the Group's facilities. Profits in the Automotive Glass Replacement (AGR) business were stable.

In Japan, representing 19 percent of the Group's automotive sales, revenues improved from previous year, consistent with increasing light-vehicle sales. OE profits were below previous year, whereas AGR profits improved.

In North America, representing 25 percent of the Group's automotive sales, local currency revenues and profits fell from previous year, as a consequence of a slight decline of market volumes.

Technical Glass

Revenues in the Technical Glass business were above previous year's levels. Profits also improved due to contributions from an increased volume in several areas, further cost savings and disposal of tangible fixed assets.

Results improved in the display business, with improvements in sales prices and production costs. Demand for components used in multi-function printers continued to strengthen during the year. Volumes of glass cord used in engine timing belts, as well as glass flake for use in automotive paints and various other applications, improved. Battery separator volumes increased with further growth in Asia.

Research and Development

The NSG Group continues its strong investment in R&D and recognizes that innovation is a critical part of the Group's future growth. In FY2018, R&D costs were JPY 9.1 billion.

Outlook

The Group expects to see a further recovery in profitability in the next financial year with modest improvements in market conditions and an increased contribution from value-added products. European markets are expected to remain robust with strengthening automotive profits reflecting positive underlying demand and an improving product mix. In Japan, the Group expects a recovery of profitability in the Architectural business, whilst in North America, architectural profits will benefit from a full-year operation of the Ottawa plant. In the Rest of World, the Group anticipates a further rebound in automotive demand in South America and the continuation of favorable conditions in Russia. Results in the Technical Glass business should benefit from a further recovery in profitability of the Display Division. On the other hand, we expect an increase of input costs due to higher energy costs.

Clemens Miller

Chief Operating Officer

Value-added Products

Pilkington **OptiView™**

Anti-reflective glass to provide a clear view at museums and zoos



© Pino & Nicola Dell'Aquila



Pilkington **Sunplus™** BIPV* Powered by NEXBuilding

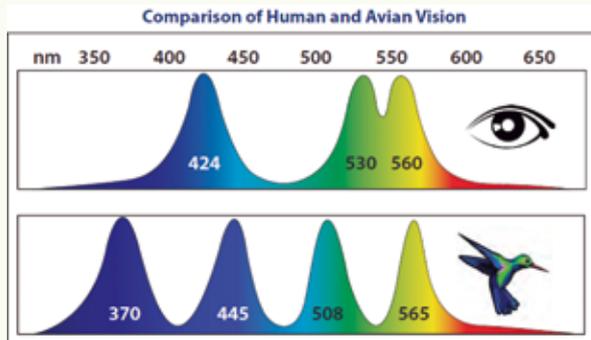
Electricity-generating glass to help reduce the impact of global warming

*Building Integrated Photovoltaics

©Solaria Corporation

Pilkington **AviSafe™**

Protecting the natural environment by making the glass more visible to the birds



Although invisible to human eye, many species of birds are able to detect UV patterns on the glass surface to avoid collision.

We aim to build a unique product portfolio to provide leading-edge solutions to our architectural and industrial customers and become an organization that combines impressive value-added power and stability.

Market Overview

Following the overall economy, construction markets in all four regions developed positively. North American customers continued their strong demand for NSG glass, European market conditions improved significantly and also South America and Asia developed positively. The demand for solar generating glass and energy efficient building continues to increase globally.

As announced in March 2017, the Ottawa plant in Illinois, the U.S, where a glass melting furnace is located, were damaged by a tornado. In May 2017 NSG Group announced its decision to repair this float glass furnace. The repair, which was originally planned in FY2020, has been carried out in FY2018 and the plant has been successfully re-started in January 2018.

Business Results

Architectural trading profit was similar to the previous year, with strong sales in Europe and the weaker Japanese yen to offset volume reduction in other regions.

The Architectural business recorded revenues of ¥241,678 million and an operating profit of ¥26,246 million.

Approach to Sustainability

Architectural Glass SBU is providing via its leading glass technology a platform to generate solar energy in various applications and to improve energy efficiency of buildings throughout the world.

Solar Energy Platforms

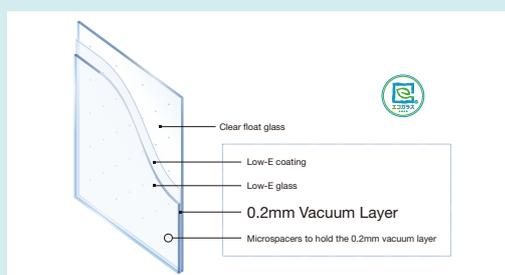
Solar energy offers alternative solutions for a range of energy requirements, from small scale domestic applications to large scale solar power stations, from cloudy northern rooftops to hot sunny deserts. Specially coated glass is an integral and important element of solar panels and our wide range of high quality products is used in the leading solar technologies.

Energy Efficient Building Envelopes

On energy efficiency we work closely with governments and authorities framing building standards. Energy issues are crucial to the buildings glass industry, as glass products can make an important contribution to combating climate change. Improving the energy efficiency of buildings also improves comfort and human well-being.

Super Spacia®

Super Spacia®, an advanced vacuum insulating glass unit, has been awarded the Agency for Natural Resources Director-General's Prize in the products and business model category of the 2017 Grand Prize for Excellence in Energy Efficiency and Conservation.



Value-added Products

Advanced glazing

Advancements in vehicle technology are making glazing an integral part of protecting vehicle occupants and pedestrians. Cameras used in automatic emergency braking systems and HUD (Head-Up-Display) for displaying critical driver information require a high level of component integration. The NSG Group is working closely with its partners to lead the change towards driving.



Courtesy of TOYOTA Global Newsroom



Special transport

The NSG Group is a leading manufacturer of glazing solutions for specialized transport vehicles including trucks, coaches, offroad, marine and lightweight rail vehicles. Our extensive R&D activities and vast experience in shaping techniques guarantee our ability to manufacture the largest and most complex glazing.

Aftermarket glass replacement

A vehicle's windshield is an essential piece of safety equipment that we take for granted until it is damaged. The NSG Group's Automotive Glass Replacement (AGR) services provide an extensive range of OEM quality replacement glazings to ensure consumer glazings can be replaced quickly and to the same standard as the original. Windshield replacement provides an opportunity to improve the energy consumption of the vehicle by using Pilkington's EZ-KOOL® or NSG Angelguard99 that reduce the heat loading on a vehicle's interior and filter up to 99 % of UV rays.



Our Automotive business is one of the world's largest suppliers of automotive glazing, serving the Original Equipment (OE), Aftermarket Glass Replacement (AGR) and Specialized Transport markets.

Market Overview

The NSG Group supplies all of the world's major automotive and specialized transport vehicle manufacturers. Using our advanced technology, we provide a full range of glazing solutions to our global customers.

We are also the largest global operator in the distribution and wholesale of replacement aftermarket glazing.

Business Results

In the Automotive business, revenue and profits were above the previous year, with a strong underlying performance in Europe and exchange movements caused by the strong Euro compared to Yen.

The Automotive business recorded sales of ¥312,681 million and an operating profit of ¥14,250 million.

Approach to Sustainability

Our advanced automotive glazing is used to improve the safety, efficiency and comfort of the vehicles we drive. Our vehicle-glazing can provide advanced solar control properties by absorbing or reflecting infra-red energy from the sun. Approximately 30 % of the heat loading on a car's interior comes through the windshield. Control of heat energy entering vehicles directly impacts air-conditioning usage leading to additional energy consumption and CO₂ output.

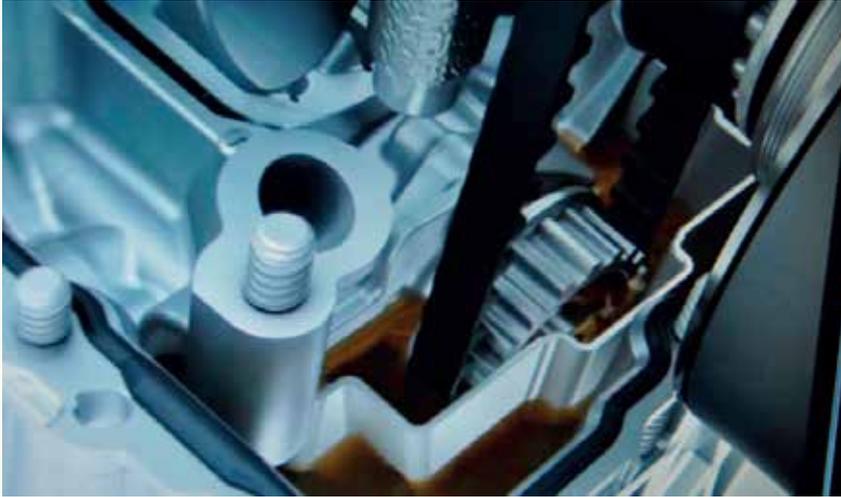


Ford Fiesta featuring a heated, ADAS windshield, courtesy of Ford Motor Company



Maserati Levante features an Infra-Red absorbing, acoustic windshield as standard, courtesy of FCA

Value-added Products

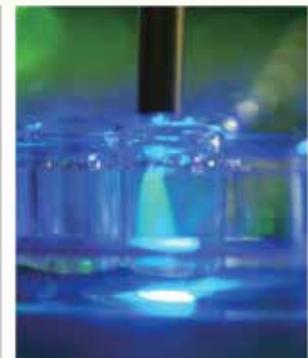
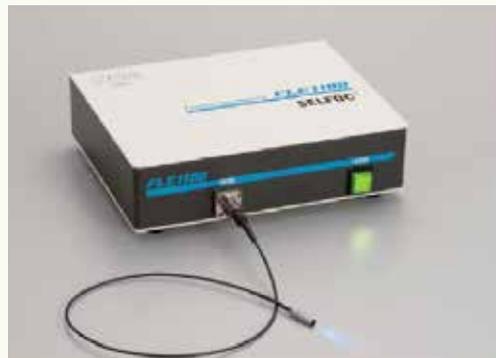


Glass cord engine timing belts

HTS (High Tensile Strength) glass cords significantly improve belt flexibility and stretch resistance. This advanced technology has been successfully incorporated into the innovative 'Belt in Oil' systems that further improve engine refinement.

Bacteria and pollutant detectors

The NSG Group's proprietary SELFOC® Lens Array (SLA®) technology is used extensively in scanner and printer heads for office equipment. The technology is being developed further to provide fluorescence detection that can be tuned to detect bacterial contaminations or pollution.



Display and touch panels

Our Ultra Fine Flat Glass (UFF) is produced in thicknesses as low as 0.3 to 1.1mm. These products are increasingly being used in the growing touch-panel market, particularly in mobile phones, tablets, computers and now expanding into use in buildings and vehicles.

Our variety of glass technologies in Technical Glass segment are helping to improve the energy efficiency and performance of products in various range of business fields.

Market Overview

Market has been totally favourable for Technical Glass business through FY2018. Demand for printer lens shows high level amid paperless trend. Glass cord for engine belt grows in China. We entries into car paint market with Metashine®. Separator for ISS in Japan shows stable growth including replacement application. Storage battery with AGM separator is growing in South East Asia and China. On the other hand cover glass market for smart phone is severe due to price competition.



Absorbent Glass Mat (AGM) separators are used in a wide range of infrastructure applications including wind farms, data centres and communication stations.

Business Results

Profit in TG business has been significantly improved from last year, especially on Display business with cost reductions.

For other business, printer lens maintains high sales through the year, succeeded Metashine expansion for new application, battery separator growth in idling stop and start car.

The Technical Glass business recorded revenues of ¥48,420 million and an operating profit of ¥5,394 million.

Approach to Sustainability

Our glass technologies are used to improve the energy efficiency and sustainability of products across a diverse range of market segments.

Glass as a high-tech material offers many opportunities being light, strong, fire retardant, non-conductive and resistant to chemicals. Our patented products are used in transmission belts to improve fuel consumption, LED printers that use less energy to operate. Our expertise in the manufacture of ultra-thin float glass is allowing the development of various human-machine interfaces. Our high performance separator contributes to reduce CO₂ through battery for green power and idling stop car.



Polyethylene (PE) separators are often used for Idling Stop & Start (ISS) batteries in cars to improve their CO₂ emissions and fuel economy.

MESSAGE FROM CHAIRMAN OF THE BOARD



Günter Zorn
Chairman of the Board

NSG's Board is functioning at a very high level, in terms of its independence and objectivity necessary for effective oversight.

To Our Stakeholders

On behalf of the NSG Group, I thank our stakeholders for their continued support. As Chairman of the Board, I am pleased to address our stakeholders in this Integrated Report.

Board of Directors' Role in Corporate Governance

I believe that achieving a degree of excellence in corporate governance is a key enabler of NSG's sustainable growth, based on enhanced corporate value and improved earnings and capital efficiency over the medium to long-term.

In corporate governance, the main roles of the Board include setting directions for corporate strategy, developing suitable compensation schemes, creating an environment that supports appropriate risk-taking by senior management and supervising the management from an independent and objective standpoint.

I am confident that NSG's Board is functioning at a very high level, in terms of its independence and objectivity necessary for effective oversight.

First of all, five of the Board's eight directors are External Directors and four of them are Independent External Directors. I am an Independent External Director who chairs the Board. As a company with "committees governance structure," our Board has a committee for each of the three key functions, including nomination, audit and compensation. Each of these committees is chaired by an Independent External Director.

The diverse background of its members also helps the Board in objectively overseeing the execution of duties by the management. Although NSG is a company headquartered in Japan, two out of the eight Board members, including myself as Chairman, are not Japanese, making it possible to work between different corporate cultures represented among the Company's global operations.

In addition, the other Independent External Directors have extensive experience in managing companies in manufacturing and financial industries. Their oversight of the management and appropriate advice to the management are essential in maintaining the Board's effectiveness. Discussions and deliberations with respect to strategic agendas are further enhanced by the exchange of opinions among the Independent External Directors at the Board meetings.

NSG's Board strives to evaluate business results from an independent and objective standpoint and use this to review the performance of senior executives. With a clear separation of the oversight and execution functions, our Board is well positioned to ensure that systematic

succession planning is conducted for the senior executive positions.

On Sustainable Growth

For sustainable corporate growth, setting concrete objectives based on a clear long-term strategic vision and then achieving those objectives will be essential. One of the most important responsibilities of the Board is to monitor how the mid-range objectives are set, track their progress and provide the management with appropriate support for achieving the objectives. To monitor key management activities, the Board proactively gathers business information through the scheduled or ad-hoc meetings of individual Directors and visits to manufacturing plants.

Another critical factor in the achievement of management plans is to recognize how certain risks could affect NSG in the future and to prepare an appropriate response. The extensive knowledge of our Board members whose experience is not limited to the glass industry is a definite advantage when identifying and responding to a variety of business risks.

At NSG, “financial sustainability” and “transformation into a VA (value-added) Glass Company” have been set as the main objectives of the Medium-term Plan (MTP) Phase 2, which spans a period of three years from FY2018 through FY2020. Having achieved an increase in operating profit for five years in a row, MTP Phase 2 was off to a good start in its first year which ended on 31 March 2018. Based on

the solid recovery of the business, I am pleased to report that NSG will resume the ordinary dividend distribution for the first time in six fiscal periods.

NSG has also recognized the challenge of putting the world on a path to sustainable growth as one of its management priorities. Accordingly, NSG has identified the most important sustainability factors (materiality) based on the environmental, economic and social impact of business activities, as well as stakeholder feedback, and reflected them in the company’s sustainability goals.

Among such factors, a reduction of CO₂ emissions is especially important. NSG is working on ways to reduce CO₂ generated in the glass production process while making contributions to the environment and society through its innovative products designed to save or generate energy.

To help realize a sustainable society, NSG is actively integrating the key ESG elements, including human resources development, workplace improvements, business partnerships and collaboration with local communities, into business activities.

In Closing

Towards the goal of becoming a VA Glass Company, NSG will continue to improve its corporate value. I look forward to the continued understanding and support of our stakeholders.



Günter Zorn
Chairman of the Board

Corporate Governance

Basic Approach

NSG Group believes that achieving and maintaining an advanced level of corporate governance is a key management agenda. We have created and adopted “NSG Group Corporate Governance Guidelines”, supporting and endorsing the spirits and principles of Corporate Governance Code provided by Tokyo Stock Exchanges. These Guidelines are intended to define and embed the basic principles and framework of our corporate governance in the organization. To further secure such

purposes the Group has also adopted a self-disciplinary approach for the Guidelines which, among others, requires it to give a reasonable account to our shareholders if the Group should proceed with any actions deviating from these Guidelines. Please visit our corporate website for the NSG Group Corporate Governance Guidelines for the detail.

<http://www.nsg.com/en/about-nsg/governance/approach>

Corporate Governance Structure

NSG Group adopts “Company with Three Committees” governance structure, and has in place, as statutory corporate organizations, Board of Directors and — Nomination Audit and Compensation Committees, and an office of Executive Officer.

Various steps have been taken to date so that NSG Group has enhanced management transparency by further separation of functions between business execution and its supervision and strengthened role of independent external directors. For example, according to the NSG Group Corporate Governance Guidelines, the roles of Chairman of the Board and CEO are clearly distinguished. In the

event that Chairman of the Board is not an Independent External Director, a Lead Director whose role is to advise Chairman of the Board on matters concerning corporate governance shall be appointed from among Independent External Directors. Independent External Directors meet on an as-needed basis, even without presence of executives, for discussion concerning matters such as corporate governance and businesses.

As regards executive function, the Group also has Management Committee, Sustainability Committee, and Strategic Risk Committee.

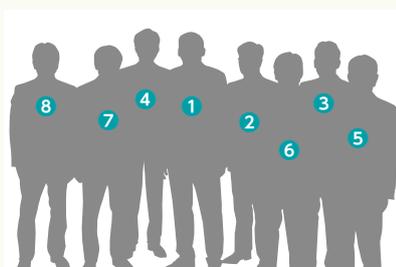
Overview of Corporate Governance Structure (As of 1 July 2018)

Key items		Description
Type of Governance structure		Company with Three Committees
Number of Directors (External Directors)/ term of office		8 (5) /1 year
Number of Independent External Directors		4
Chair of the Board		Mr. Günter Zorn (Independent External Director)
Chair of Three Committees		Nomination: Mr. Masatoshi Matsuzaki (Independent External Director), Audit: Mr. Toshikuni Yamazaki (Independent External Director), Compensation: Mr. Yasuyuki Kimoto (Independent External Director)
Number of Executive Officers (Representative Executive Officers) /term of office		11 (3) /1 year
Compensation system	Executive Officer (including those who concurrently serve as Directors)	(1) Basic salary (2) Performance-related incentive scheme i. Management Incentive Plan (annual bonus) ii. Long Term Incentive Plan
	External Director	The level of compensation adequate for his/her duties
Accounting Auditor		Ernst & Young ShinNihon LLC

Board of Directors



- 1 Günter Zorn**
Director, Chairman of the Board
- 2 Shigeki Mori**
Director, Representative Executive Officer, President and CEO
- 3 Clemens Miller**
Director, Representative Executive Officer, Executive Vice President and COO
- 4 Kenichi Morooka**
Director, Representative Executive Officer, Executive Vice President and CFO
- 5 Toshikuni Yamazaki**
External Director
- 6 Yasuyuki Kimoto**
External Director
- 7 Masatoshi Matsuzaki**
External Director
- 8 Yuji Takei**
External Director



Executive Officers (Excluding Representative Executive Officers)

Shirley Anderson	Koichi Hiyoshi	Hiroshi Kishimoto	Jochen Settelmayer
Tony Fradgley	Satoshi Ishino	Hiroshi Nishikawa	Phil Wilkinson

Nomination Committee

Role	Nomination Committee is responsible for making decisions on the General Meeting of Shareholders agenda items regarding the appointment and removal of Directors. It also oversees the succession plans for key executives, including President and CEO, and provides advice and recommendations for the Executive Officer candidates.
Composition	<ul style="list-style-type: none"> • 4 Independent External Directors and 1 Internal Director • Chaired by Mr. Masatoshi Matsuzaki, Independent External Director
Number of times met in FY2018	5
Secretariat	Human Resources Department
Legal adviser	Legal & Administration Department

Audit Committee

Role	Audit Committee is responsible for auditing the execution of duties by Directors and Executive Officers, preparing audit reports, and deciding details of proposals concerning appointment, removal or not reappointing the Accounting Auditor.
Composition	<ul style="list-style-type: none"> • 4 Independent External Directors • Chaired by Mr. Toshikuni Yamazaki, Independent External Director • Having served as Representative Director and Executive Vice President for finance, investor relations and accounting at a major manufacturing company, Mr. Toshikuni Yamazaki has considerable management experience and broad knowledge of finance and accounting.
Number of times met in FY2018	11
Secretariat and how to ensure its independence	<ul style="list-style-type: none"> • Audit Committee Office • Any personnel affairs relating to staff of Audit Committee Office require a prior notice to Audit Committee and its consent. • The head of Audit Committee Office shall not concurrently hold any position that may be involved in the execution of businesses and affairs of the Group, and shall report only to Audit Committee.
Audit methodology and cooperation with others	<ul style="list-style-type: none"> • Audit by Audit Committee is such that it interviews executives, attends material executive meetings such as Management Committee, and inspects business operations and financial status of the company and major subsidiaries, being assisted by Audit Committee Office, in accordance with its audit policy and plans, as well as periodically monitors and reviews status of development and operation of the Group's internal control system. • Audit Committee meets with Accounting Auditor and internal audit function on a regular and as needed basis to receive reports on such as progress of audits, exchange views and gather information.

Compensation Committee

Role	Compensation Committee is responsible for making decisions on a compensation policy for Directors and Executive officers as well as individual elements of compensation for Directors and Executive Officers.
Composition	<ul style="list-style-type: none"> • 4 Independent External Directors and 1 Internal Director • Chaired by Mr. Yasuyuki Kimoto, Independent External Director
Number of times met in FY2018	4
Secretariat	Human Resources Department
Legal adviser	Legal & Administration Department

Board Effectiveness Evaluation

NSG Group started an annual evaluation process for the Board effectiveness since FY2016, in order to further and constantly improve performance and effectiveness of the Board of Directors and Nomination, Audit and Compensation Committees.

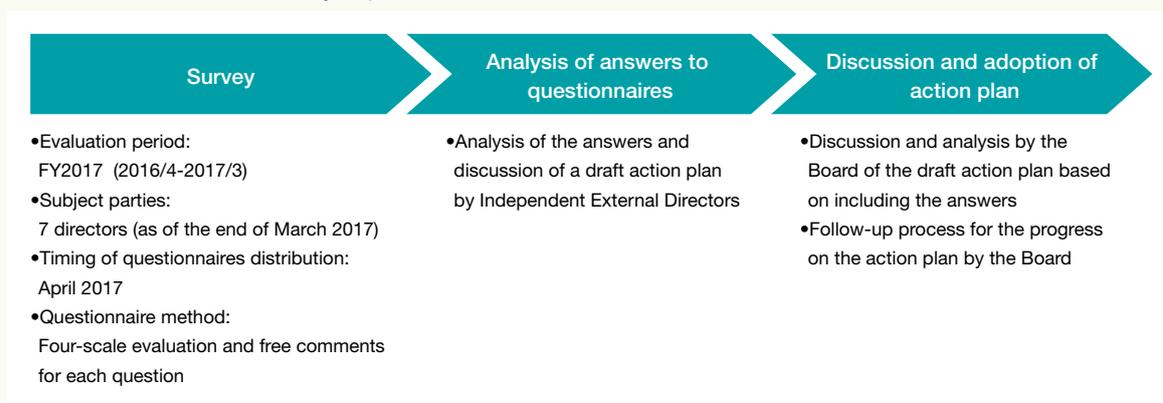
For FY2017

- Evaluation process

The effectiveness review of the Board and the Committees was conducted with reference to feedbacks and views taken from each Director in terms of composition, status

of management, agenda setting and direction in the role of such organization, led and supervised by the Independent Directors (the leader is Chairman of the Board) to ensure its adequacy and independence.

Overview of evaluation and analysis process



- Summary results of evaluation, and Action plan

The effectiveness score has improved since FY2016 regarding the Board and Committee meetings. Evaluation process concluded that operation of such meetings was appropriate and adequate, thus, effectiveness of the Board of Directors and Committees had been well maintained. Specific recommendations and inputs were given through

the process, however, regarding the following points, based on which the Board developed the action plan:

- Deeper discussion in the Board meetings about Group's strategic direction including an approach on ESG
- Approach to more robust risk management

For FY2018

FY2018 evaluation process for Board effectiveness is underway (as of the date of this report), taking into consideration the results of FY2017 evaluation,

recommendations and inputs obtained therefrom, and action plans developed through such evaluation process.

Executive Function

Eleven Executive Officers (as of 1 July 2018), a professional group furnished with diverse backgrounds, are responsible for the business execution of NSG Group

Executive Officer

Role	Business execution of NSG Group
Composition	3 Representative Executive Officers (Chief Executive Officer (CEO), Chief Operation Officer (COO) and Chief Financial Officer (CFO), respectively) and 8 Executive Officers

Management Committee

Role	Management Committee leads the Group's business operation and oversees the implementation status of businesses in order to realize the policies and targets set forth by the Board of Directors efficiently and appropriately.
Composition	Management Committee mainly consists of the Executive Officers.
Number of times met in FY2018	10

Sustainability Committee

Role	Sustainability Committee builds the sustainability strategies, presides over all of the Group's sustainability related activities, and ensures effective communication with various stakeholders.
Composition	Group Sustainability Committee is chaired by CEO and composed of CEO, COO, CFO, Group Sustainability Director, the Heads of each Strategic Business Unit, Chief Human Resources Officer (CHRO), Chief Legal Officer (CLO), Chief Corporate Planning Officer (CCPO), Chief Communication Officer (CCO) and the Heads of relevant Group Functions.
Number of times met in FY2018	2

Strategic Risk Committee

Role	Strategic Risk Committee periodically reviews policies, strategies and frameworks concerning risk management throughout the Group, and appropriately take into account the results of such review in forming the organization strategy and goals, in order to promote efficiency of the Group's business management.
Composition	Strategic Risk Committee is chaired by CEO or a person who is nominated by CEO and composed of CEO, COO, CFO, the Heads of each Group Function, and the Heads of each Strategic Business Unit.
Number of times met in FY2018	3

Note: Strategic Risk Committee has started to meet from August 2017.

Our actions to date aiming for an advanced level of corporate governance

2008	<ul style="list-style-type: none"> • Changed the company's fundamental governance structure from the traditional Statutory-Auditor system to the current three-Committee structure • Four Independent External Directors were elected accordingly
2010	<ul style="list-style-type: none"> • Created and adopted our original and stringent criteria for the independency of External Director, taking into account not only the standard of Tokyo Stock Exchanges but also those similar rules in other major jurisdictions
2012	<ul style="list-style-type: none"> • All three (Nomination, Audit and Compensation) Committees became to be chaired by Independent External Directors respectively
2013	<ul style="list-style-type: none"> • Board of Directors became to be chaired by an Independent External Director
2014	<ul style="list-style-type: none"> • Made the independency criteria for External Directors more specific and publicly disclosed it • Incorporated the share purchase element into Long Term Incentive Plan • Set shareholding targets of Executive Officers
2015	<ul style="list-style-type: none"> • Established NSG Group Corporate Governance Guidelines
2016	<ul style="list-style-type: none"> • Started annual board effectiveness evaluation process

Our Approach to TSE Corporate Governance Code

NSG Group fully complies with all principles (the ones before June 2018 revision) of the Corporate Governance Code provided by Tokyo Stock Exchange. We plan to submit an updated Corporate Governance Report to TSE in accordance with such June 2018 revision of the Code.

For details, please visit our corporate website and refer to our Corporate Governance Report.

<http://www.nsg.com/en/about-nsg/governance/approach>

Compensation System for Executive Officers and Directors

NSG Group believes that having in operation a robust compensation system for Directors and Executive Officers contributes to good corporate governance.

Compensation System for Executive Officers

Objectives	<ul style="list-style-type: none"> To ensure that packages of employment terms and conditions are market competitive and designed in such a way as to attract, retain and motivate Executive Officers of the highest world-class caliber in an international business To ensure that each individual's basic salary and incentives are aligned with the performance of the Group and interests of the shareholders as well as reflecting the commitment and achievements of the individuals concerned 		
Decision-making body	Compensation Committee		
Composition and Details	Basic salary		<ul style="list-style-type: none"> Set at market competitive levels
	Performance-related compensations	Management Incentive Plan (Annual bonus)	<ul style="list-style-type: none"> Aligned to NSG Group's Medium-term Plan Performance measures (FY2018, FY2019): <ul style="list-style-type: none"> Group Management Operating Profit Group Free Cash Flow Group SBU* Management Operating Profit Group SBU* Cash from Operations * SBU means each "Strategic Business Unit" of NSG Group Payment: In cash Potential payment levels: Ranging between 0% and 125% against each individual's basic salary depending upon the management grade
		Long Term Incentive Plan	<ul style="list-style-type: none"> Long-term incentive scheme over a three business-year period Performance measure: Three-year aggregated Earnings per Share. Payments are factored up or down according to the share price movement during each three year plan period. Payment (nature of share-based payment): In cash, and the plan rules require the participants to invest 50% of cash LTIP proceeds (if any) to purchase ordinary NSG shares from 2014-2017 plan. Further, shareholding targets are set for each Executive Officer and are expressed as a percentage of basic salary—ranging between 50% and 100% against basic salary dependent upon the management grade. Potential payment levels: Ranging between 0% and 150% against each individual's basic salary depending upon the management grade Malus (ability for the value of the award to be reduced after it has been granted but before it has vested) and Clawback clauses (ability for the Group to require the participant to repay the value they receive after the award has vested)

Note 1: Executive Officers with regard to the above table include the ones concurrently serving as Directors.

Note 2: Apart from the above-mentioned compensation, Stock Compensation-type Stock Options are issued annually to certain Executive Officers and Corporate Officers, which were introduced as a retirement saving plan in accordance with the abolishment of director's retirement allowance scheme in 2007 under Japanese employment terms.

A case of compensation composition ratio for Executive Officer



Note 1: This estimation is created based on a hypothesis that performance -related compensation (annual bonus and LTIP) are fully paid for CEO.
(For calculation, this estimate excludes "other" compensations than any of above compensations.)

Note 2: In principle, LTIP requires the participants to invest 50% of net LTIP net proceeds (if any) to purchase NSG ordinary shares.

Note 3: Compensation composition ratio is determined according to the management grade.

Compensation System for Independent External Directors

Objectives	<ul style="list-style-type: none"> To enable Independent External Directors to fulfill their supervisory role adequately and effectively To retain individuals with the capacity and experience required for that role
Composition and Details	<ul style="list-style-type: none"> Appropriate compensation level set based on comparisons with other companies using benchmark provided by external professionals Compensations for their performance on their duties No performance-related compensations such as Management Incentive Plan and Long Term Incentive Plan
Decision-making Body	Compensation Committee

Note: According to resolutions at Compensation Committee, Non-Independent External Director also receives the level of compensation adequate for his/her duties and is not eligible to the performance-related compensations such as Management Incentive Plan and Long Term Incentive Plan.

Please refer to our securities report (*Yukashoken Hokokusyo or Yu-Ho*) for the Policy for Directors and Executive Officers' Compensation and the past compensation actually paid.

Ethics and Compliance

Code of Ethics and Education

The NSG Group Code of Ethics broadly covers the ethical behavior expected of our employees in the work place, including compliance with the law and all major Group policies, procedures and guidelines. The Code is available in all 19 Group languages.

The Code of Ethics was added to the annual online education campaign this year covering all areas of the

Code. The campaign modules have been divided into two parts; one for FY2018 and the other for FY2019. More than 4,000 key roles within the Group are issued the education modules through the NSG Group Ethics and Compliance Education Center. The completion rate of the campaign for FY2018 was 100 percent.

Ethics Network

A Global Ethics Network was recently formed to enhance the ethical culture and monitor compliance risks throughout the Group. The Ethics Network consists of Senior Managers who have been appointed Regional Ethics Ambassadors and Ethics Champions. Both roles will play a vital part in the communication and promotion of the Code of Ethics by leading and championing ethics and compliance in their local region or function which in turn

will help embed ethics into the business. In addition, a Global Ethics Committee was formed in May 2017. The Committee consists of members from the Communications, Human Resources and Ethics and Compliance (E&C) Functions. The Committee will provide support for the Ethics Ambassadors to enable them to be effective in their role as ethics representatives.

Conflict of Interest Disclosure

Under our Code of Ethics, all employees are responsible for acting in the best interest of the Group. In FY2018, the NSG Group launched an online annual conflict of interest disclosure process. Employees completed an educational module and at the end were asked to disclose any outside interest, activity or investment which actually or potentially

could cause conflict against that of the Group, or otherwise certify they do not have any such conflict of interest. Group E&C reviewed all reported disclosures and discussed certain matters with the relevant business or function head. Feedback was provided to all reporters and in some cases, possible plans to mitigate exposure were also provided.

Group E&C Function and Communication

Group Chief Ethics and Compliance Officer (CECO) has a direct reporting line to NSG Group Audit Committee. His responsibilities include the development, implementation and maintenance of an integrated internal ethics and compliance management and control system, as well as the creation and review of relevant Group policies and procedures. Group E&C also issues bi-monthly Group Ethics and Compliance Briefings to employees. The briefing includes a message from the CECO and ethics and

compliance related topics. In FY2018, the briefing started publishing sanitized hotline cases to raise awareness of unethical conduct and steps taken by the company to address the matter. The Group's communications team translates the briefing into all Group languages and distributes to all NSG Group locations.

Group E&C regularly reports to the Audit and Management Committees.

Compliance System

NSG Group Ethics and Compliance supports the group in achieving its goals by assessing compliance risks and establishing compliance programs to ensure the success of our business.

E&C is responsible for the development and implementation of our Ethics and Compliance programs, including anti-bribery/anti-corruption (ABAC), competition compliance, trade regulations and the Ethics & Compliance Hotline. To ensure transparency of employees' actions related to our core compliance programs, NSG Group requires the reporting of certain high risk areas such as competition

law compliance and ABAC. Group E&C centrally manages an online reporting system where employees are required to document or obtain prior permission from Group E&C whenever they contact our competitors, join a trade association, make charitable contributions, give or receive certain amount of gifts and entertainment, do businesses with third parties, and interact with public officials.

NSG Group is monitoring around 500 third parties such as agents, consultants and joint venture partners that meet certain risk criteria of ABAC. This process includes due diligence, assessment and reputational screening.

Reporting of Concerns - Ethics and Compliance Hotline

NSG Group is committed to maintaining an environment in which employees can report, without fear of retaliation, any conduct they know of or suspect to be in violation of law, Group regulations or guidelines. For this purpose, the Ethics and Compliance Hotline system has been established to provide an easy and simple way to report concerns, while employees are encouraged to speak to HR or line management first. The hotline is also open to third parties such as customers and suppliers. Any report can be made anonymously except as prohibited legally. The hotline is available 24 hours a day, every day of the year in multiple languages via the web portal or by phone. Toll-free phone lines are set up in all countries in which the NSG Group has locations. Anyone can also ask ethics and compliance related questions through this web portal. The confidential hotline is operated by a qualified third party reputable in

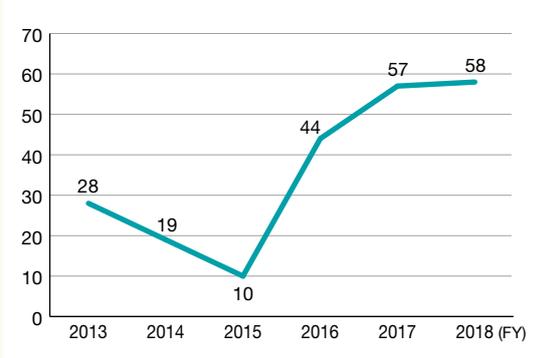
the area and includes a data privacy module. All reports received are reviewed and managed by Group E&C. When warranted, an appropriate investigation, using internal or external resources, will be conducted in accordance with the Group Concerns Investigation Procedure which is to ensure all relevant concerns are sufficiently and consistently investigated.

Any form of retaliation against an individual who has reported a concern or incident in good faith shall not be tolerated.

Since inception in FY2013 there have been 216 reported concerns managed via the Ethics and Compliance Hotline case management system. FY2018 experienced 58 allegations reported via the Ethics and Compliance Hotline and Manager's Report Form. NSG Group constantly

measures the effectiveness of the system by using the metrics against the industry benchmark region by region.

Number of Reported Concerns



Audit

Group E&C has partnered with Group Internal Audit (GIA) to include both ABAC and competition law minimum controls in all site audits. NSG Group has developed metrics on

failures of minimum controls audits by GIA to review our compliance program effectiveness.

Risk Management Structure

Risk Management Structure

NSG Group considers uncertainties that give impact on its business objectives as risks. There are a variety of risks (e.g. business strategy risk, changing the economic situation risk, financial risk, legal risk, environmental regulations risk) that surround NSG Group. The detail of risks can be found in "Business risks" in our securities report. In order to address these risks, the Group created and has in place the NSG Group Risk Management Policy with a view to protecting the Group's assets and the interests of its stakeholders as well as ensuring consistency with conditions necessary for appropriate corporate governance and ISO31000 Risk management – Guidelines.

In accordance with this Policy, the Group establishes the Strategic Risk Committee (SRC) under the Management Committee with the goals of identifying the Group's risks and drawing up mitigation measures, following up on actual

performance, incorporating risks into budget and medium-term plan, and reviewing risk insurance.

For the purpose of identifying the Group's risks, formulating mitigation measures, and following up on actual performance, initiatives are under way to identify and assess risks and deliberate on mitigation measures at the Group level, and to monitor risk management by the ERM team. As for the measure of transfer of risks, among others we have operated and renewed annually the group-level insurance program. Regarding such control functions as finance, treasury, and HR, officers in charge of corresponding functions in SBUs directly report to the relevant Group Functions. The Group Internal Audit will review the state of management and control and report its results to the Audit Committee.



Shiro Kobayashi
Director of Sustainability

Risks associated with climate change are an opportunity for the NSG Group to make a positive contribution to our environment.

Glass is playing an important role in society's efforts to reduce greenhouse gas emissions and to mitigate the effects of climate change. We aim to be the global leader in innovative high-performance glass and glazing solutions, contributing to energy conservation and generation, while working safely and ethically.

Our efficiency programs are continuing to deliver reductions in energy consumption, greenhouse gas emissions and waste production. We train and develop our people while respecting their human rights and keeping them safe from workplace injuries or occupational illness. We encourage our contractors and supply chain to take similar steps through the ongoing evaluation of our key suppliers' sustainability practices.

Our sustainability agenda is integral to decreasing our costs and increasing our market opportunities. Over the past year, we have continued our efforts in areas such as energy reduction and waste recycling, both of which can have a significant and swift impact on the business performance of the Group. Glass markets are extremely competitive around the world and it is imperative that we can meet the ever-increasing demands of customers.

Materiality

For the purposes of this Report, we consider material information to be of greatest interest to, and which has the potential to affect the perception of, those stakeholders who wish to make informed decisions and judgments about the Company's commitment to environmental, social and economic progress.

The NSG Group Sustainability Committee agreed on material issues based on the Group's key impacts and stakeholder feedback throughout the year. These material issues have influenced our Sustainability Targets.

Financial issues are of the highest importance to stakeholders. Financial health remains a critical issue to NSG and cost reductions are vital to our strategy and everyday activities. Achievement of our medium-term management plan, MTP Phase 2, as described in pages 7 and 8 in this Report requires customer communication that

improves our understanding of needs and concerns. We have developed a commercial leadership program to enhance the marketing and strategic skills of our commercial managers. Other leadership and development programs are ongoing. Feedback from an employee engagement survey has

led to improved learning and development plans and a healthy and motivated workforce. People are the NSG Group's most important asset. The minimization of safety risks is important to all stakeholders and our management program is aimed at protecting the workforce.

Our reputation is integral to the success of the NSG Group. We are committed to demonstrating good corporate governance and ethical business practice to

satisfy increasing shareholder and customer requirements. We will execute the MTP Phase 2 in line with the Long-term Strategic Vision within our Corporate Governance Guidelines announced in May 2015. Group policies on compliance and reporting of concerns have been updated to align with these guidelines. Our Code of Ethics relaunched in March 2015 reflects our dedication to doing business the right way whilst minimizing regulatory and reputational risk.

Operational energy use and associated CO₂ emissions have a significant environmental impact combined with cost, security and regulatory risks. Operational efficiency has always been a key business concern but is now of particular interest to government, investors and customers. Requirements from regulators and customers are providing opportunities for sustainable and innovative product design in a shift to value-added products.

Supply chain risks and impacts, especially those related to the sustainability of raw material and the environmental and human rights performance of suppliers, are important for NSG and our customers. We assess key suppliers' sustainability practices to satisfy these concerns.

Our Management Approach

We work with local communities and governments to ensure compliance and forward thinking. We do this directly and through our membership of trade associations, standards bodies and other organizations. We also work to

influence legislation, particularly in energy conservation and emission regulation.

Glass making is an energy-intensive process. Significant energy is consumed in obtaining and melting the raw materials for the manufacture of glass. Despite this necessary resource consumption, this energy can be quickly saved when our products are in use. Our products make a positive contribution to climate change efforts and to the quality of living and working environments.

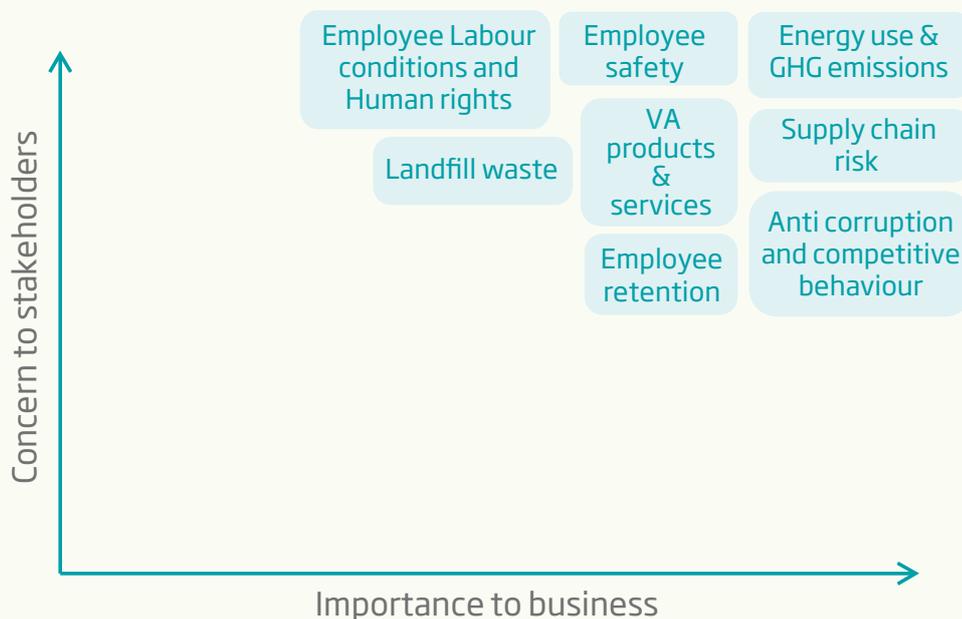
We have communicated our Supplier Code of Conduct to our suppliers and have conducted evaluations to verify the declarations we have received. Our products require raw materials that must be extracted from the earth. We take our responsibility to protect the natural habitats of the affected regions seriously.

Our Code of Ethics continues to reflect our values and principles, particularly the emphasis on safety, taking personal ownership for actions and communicating with openness and involvement.

The Code ensures we carry out these activities in a safe, professional, legal and ethical manner, demonstrating corporate social responsibility and promoting sustainability. Wherever possible, the Code defines a fair and common sense approach to doing business, with some elements dictated by strict legal requirements.

Our Group policies and procedures detail the procedures everyone in the Group must follow to achieve sound governance, tight controls, risk management and adherence to legal, ethical and sustainable principles.

Outcome of materiality assessment



TARGETS

Target	FY2018 targets	Progress made in FY 2017 and 2018	FY2020 targets
Safety	Reduce Significant Injury Rate by 10 percent per year with no fatalities	We achieved a 6 percent improvement in FY2018, but the average of three years was 5 percent. There were no fatalities.	Reduce Significant Injury Rate by 10 percent per year with no fatalities
Waste	Reduce waste to landfill by 6kt (20 percent reduction vs. FY2014)	Exceeded target in FY2018 with a 10kt (33 percent) reduction vs. FY2014	Reduce waste to landfill by 12kt (40 percent reduction vs. FY2014)
Energy and CO₂ reduction	One percent year on year reduction in CO ₂ intensity across glass manufacturing operations. This includes at least 70 percent of the NSG Group operational CO ₂ emissions by FY2018	NSG has achieved this one percent reduction target each year to FY2018.	One percent year on year reduction in CO ₂ intensity across glass manufacturing operations.
Sustainable value added products	<ul style="list-style-type: none"> • Increase proportion of value-added products in total sales from approximately 1/3 to 1/2 in FY2020 • Demonstrate the added environmental or social benefit of products 	There has been a steady increase in the VA ratio and it was 44 percent in FY2018.	<ul style="list-style-type: none"> • Increase proportion of value-added products in total sales to 1/2 or more in FY2020 • Demonstrate the added environmental or social benefit of products
Responsible sourcing and transportation	<ul style="list-style-type: none"> • Continue our commitment to Communicate the Supplier Code of Conduct to new suppliers and maintain the ongoing agreement of current suppliers • Extend our program of supplier sustainability evaluation by 20 percent per year • Continue to monitor suppliers that use materials with a potentially high environmental impact • Work with supply chain partners to innovate our logistics arrangements to improve environmental impact of our products 	<ul style="list-style-type: none"> • 65% of Key suppliers have now agreed to our SCoC or can demonstrate their own equivalent code. We have issued a revised 2017 version of the SCoC in line with the latest legislation, including modern slavery and human trafficking. • We continued to improve our supplier sustainability evaluation. • NSG continue to make good progress and have improved monitoring of suppliers with a potentially high environmental impact. 	<ul style="list-style-type: none"> • 10% year on year increase in Supplier Code of Conduct acceptance by our key suppliers. • Extend sustainability assessments for key suppliers and continue to monitor suppliers that use materials with a potentially high environmental impact

Target	FY2018 targets	Progress made in FY 2017 and 2018	FY2020 targets
Employees	<ul style="list-style-type: none"> • Commitment to continue to measure employee engagement. All areas to have Employee Survey action plans, aiming for 90 percent progress in each of these plans • Continue with performance management initiatives to ensure that the appraisal process is maintained at the right standard. • 75 percent of employees to have either a collective or individual employee personal development plan by the end of FY2018 • Train 100 percent of commercial managers in the Commercial Leadership Program 	<ul style="list-style-type: none"> • NSG Group overall Engagement score increased by 4 points to a score of 76 • 279 action plans created as a result of this survey and currently 84% are on track for completion by the target date of 31 July 2018 • 100 percent of appraisal plan owners attended training to improve the discussion on employee development • 71 percent of employees achieved a personal or collective development plan • 72 percent of managers were trained in the commercial Leadership Program by the end of FY2017 	<ul style="list-style-type: none"> • Improve NSG Engagement score by 5 points by the end of FY2020. • Train 100% of Managers in the new NSG Appraisal Model and Talent System by the end of FY2019 • Increase the skills of our newly appointed or prospective plant managers by 50% of the target population attending the Plant Leadership Program by end of FY2020 • Increase Inclusion & Diversity awareness by training 100% of managers in designated modules by end of FY2020
Ethics and Compliance	<ul style="list-style-type: none"> • Relaunch Code of Ethics and maintain 100 percent completion of briefing and training • Continue communication of relaunched Ethics & Compliance Hotline and reporting of all concerns • Reissue Governance and Leadership Culture Assessment 	<ul style="list-style-type: none"> • The online code training was completed. • Completed communication. NSG are tracking and reporting meaningful Ethics & Compliance KPI metrics • The GLCA is well into development with launch planned for FY2019 	<ul style="list-style-type: none"> • Review, develop and enhance Ethics and Compliance educational modules, resource materials and overall culture • Conduct due diligence on third parties and sanction screen all business partners • Conduct an annual Conflicts of Interest assessment

APPROACH TO SUSTAINABILITY

Environmental

We take our environmental responsibilities extremely seriously. All our operations are required to meet legislative standards as a minimum. We conduct regular environmental audits to achieve continuous improvement.

Our Group Environmental Policy outlines our management of current activity and the legacy of past and inherited liability. It reinforces our commitment to using scientific principles to try to predict and assess our impacts on the environment.

We acknowledge that our activities affect the local and global environment but we take steps to minimize adverse effects, including implementing systems to manage such impacts in a controlled manner. Principal among these is our environmental management system, which is certified to ISO 14001 for the vast majority of our glass manufacturing and automotive manufacturing sites.

We are committed to reporting on our performance, both good and bad. Environmental data is collected under the broad headings of energy, emissions to air, water usage, recycling and waste.

The data collected is based primarily on the core environmental performance indicator set of the Global Reporting Initiative (GRI). In addition, the Airsweb™ system also incorporates an incident reporting system. The most senior executive with responsibility for environmental aspects is the Group Director of Sustainability.

Society

We believe we have a responsibility to be a good steward of the environment and a responsible corporate citizen. We work hard to minimize negative effects, such as pollution, noise and traffic.

We operate programs to assess and manage the impacts of our operations on communities in entry, operational and exit stages. In addition to our business investments to sustain local operations, we also invest in the communities where we operate.

We aim to help charities and other projects through cash donations, or through other resources, to benefit the community or tackle specific social issues. We also encourage our people to develop community relationships. This can take the form of matching contributions raised by employees or enabling individuals to contribute their time and effort in local projects. The most senior position with responsibility for society aspects is the Group Director of Sustainability.

Communities

We aim to be a good neighbor, wherever we operate. We have around 27,000 permanent employees, with principal operations in 27 countries throughout Europe, Japan, North and South America, China and South and South East Asia.

The local communities throughout the world in which the NSG Group operates are the foundation of our business and the lives of employees. Without a relationship of mutual benefit with these communities, the Group as a whole could not sustain its operation.

The effects of necessary investments on our communities are generally beneficial, bringing additional employment and economic benefits. For every investment we make, an impact assessment is conducted to ensure we understand and manage the likely effects on the community, the environment and the local economy.

As a responsible and often prominent member of the communities in which we operate, we believe it is important to be involved actively by leveraging our core business and management resources to help to address local issues.



During Safety Day 2017 our Malaysian site arranged for a wood recycling company to demonstrate their handmade crafts. Our employees were proud that the raw material had been provided from our plants.

Human Rights

Our Code of Ethics acknowledges internationally proclaimed human rights, which are also reflected in our employment policies and standards, providing all employees with reassurances on how they will be treated.

Our Equal Opportunity and Diversity Policy aims to prohibit discrimination based on race, color, creed, religion, age, gender, sexual orientation, national origin, disability, union membership, political affiliation or any other status protected by law, for all employment-related decisions.

The most senior executive with responsibility for human rights aspects is the Chief Human Resources Officer.

Labor Practice

Our management philosophy values people as the most important asset of our Group. Our HR strategy aims to ensure we have the right people and that we maximize our talent management around the world. Safety and quality underpin everything we do, with open communication central to our employment policies.

We operate as an integrated international Group, with a multinational management and 80 percent of our employees working outside Japan. We reflect diversity in our workforce and believe that the range of nationalities, skills, qualifications and experience available in our many operations are a positive benefit to our business. Our management style is to put the best person in each job, regardless of nationality or region. To attract, motivate, develop and retain high-performing employees, our approach to rewards and retention includes market-based competitive pay and competitive benefit offerings for eligible employees.

We have identified specific challenges in attracting and retaining talent, particularly in emerging markets, and we are putting policies in place to address these. We work to create a culture that allows employees the opportunity to work without fear of intimidation, reprisal or harassment. We have systems in place to permit employees to raise any concerns in a confidential and timely manner. The most senior executive with responsibility for labor aspects is the Chief Human Resources Officer.

We value the health and safety of all our employees above all other considerations. Our safety programs emphasize the importance of appropriate safe behavior and of individuals taking personal responsibility.

We regard all injuries at work as unnecessary and avoidable. No matter how minor, each one must be reported and investigated. Details of our progress on safety performance are shown in the Health and Safety section of this Report.

Product Responsibility

We are committed to the safety of our products and to ensuring they can be easily handled, fitted and used by our customers. Our product risk-review procedures are designed to identify risks and provide advice to users on safe handling. We communicate risks on safety data sheets, labels and glazing and handling guidelines.

Every R&D project developing new products and processes is required to have an Environmental Impact Assessment completed to highlight any positive or potentially negative implications. We aim for a cradle-to-cradle life cycle management approach, incorporating environmental health and protection into every step of the life cycle of our products.

Our formal project management processes include thorough intellectual property searches, so our customers can be confident that new products and processes we develop can be used freely without fear of infringing third-party patents. The most senior executives accountable for product responsibility are the heads of the strategic business units (SBU).

Suppliers

Our manufacturing processes use materials, products and services procured from over 20,000 suppliers worldwide. Our suppliers are therefore crucial to the achievement of our sustainability objectives. To manufacture and supply superior quality glass products to our customers, we aim to build strong relationships with suppliers that are based on a framework of trust, co-operation and sustainability. Our Supplier Code of Conduct and related evaluations help ensure that our suppliers understand and comply with our standards. NSG Group Procurement drives value creation through efficient and sustainable sourcing, active management of supply relationships, working capital and global supply risks, and the pursuit of innovation to support the strategic objectives and future growth of the business.

Customers

We aim to be our customers' preferred supplier for glass products and related services. Safety quality and service standards are key features in building relationships with our industry customers and end consumers.

Customer first

Understanding our customers' position and proposing solutions that work for them is critical for a VA Glass Company. The NSG Group operates a leadership program for Sales and Commercial management teams with the objective to equip our managers with the tools and skills to enable them to respond to changing market demands.

The Architectural team are progressing their 'Customer First' approach which goes beyond simply improving the quality of our products and services. The objective is complete customer satisfaction that will only be achieved by defining what excellence means for each customer. Everyone across the organization has become a part of the solution to provide our customers with consistently positive customer experiences before, during and after their purchases across every point of contact in the NSG Group.

Product responsibility

We are committed to the safe use of our products, ensuring they can be effectively handled, fitted and used by our customers. We aim to provide customers with products and services that offer social, environmental and safety benefits. Our training and support helps our customers to identify and mitigate risks or to raise awareness of sustainability issues. We are committed to the safety of our products and to ensuring they can be effectively handled, fitted and used by our customers. This includes the safe handling of sheet glass or the correct fitment of windshields in vehicles to maintain their quality and strength.

Highest quality

Quality is a key feature in building successful relationships with our industry customers and end customers. It is also a key factor in sustainability, because high quality can reduce waste throughout the supply chain, while improving production efficiencies. Quality encompasses design, development, manufacture, delivery, assembly and price of glass, as well as customer support. In the NSG Group, the achievement of high quality is supported by the use of rigorous quality management systems and standards. In the Architectural Glass business, the Group has ISO 9001:2015 quality management certification in Europe, Japan, North America and South America. Our European Architectural Glass business has been a leading player in the development of new glass product standards for the European building industry. These standards have provided a route for glass manufacturers to meet the European Construction Products Directive and apply to virtually all NSG Group products used in buildings.

Product development

NSG Group is working closely with our customers to develop the next generation of automotive glazing that can help to improve the overall efficiency of vehicles. Lowering the weight of a vehicle will always have a positive impact on its efficiency but it can also bring compromises to other areas of the vehicle's design such as noise, rigidity or cost. To introduce new technologies into a vehicle's design requires a close technical partnership with the customer. Vehicles are designed to meet the needs for a range of end users so more than one solution is often required. For lightweight glazing, there are a number of technical strategies that are being developed that consider the glass thickness, glass composition, chemical toughening and the forming process used to produce the final product. This allows the design of the glazing to be tailored to meet the expectations of the vehicle's target market.

A recent example of this close customer relationship is NSG Group was named a General Motors (GM) Supplier of the Year at the award ceremony held on April 20 in Orlando, Florida.



Left to right Randy Pappal, GM Executive Director - Procurement Body Exterior, Marcos Fernandes, NSG Group Global Key Account Manager, and his wife Giovana, Tony Fradgley, NSG Group Global Head of Automotive Global, Greg Warden, GM Executive Director Engineering.

CORPORATE DATA As of 31 March 2018

Company name	Nippon Sheet Glass Co., Ltd.
Head office	5-27, Mita 3-chome, Minato-ku, Tokyo 108-6321, Japan Telephone: +81-3-5443-9500
Established	22 November 1918
Number of permanent employees (consolidated)	26,957
Common shares	Authorized: 177,500,000 shares Issued: 90,487,499 shares
Class A shares	Authorized: 40,000 shares Issued: 40,000 shares
Number of shareholders	Common shares: 59,893 Class A shares: 3
Paid-in capital	¥116,546 million
Stock listing	Tokyo (Code: 5202)
Independent auditors	Ernst & Young ShinNihon LLC
Transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Forward-Looking Statements

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Europe, Japan, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

Further Information

In addition to this report, we provide other publications to keep investors informed about the Group's activities. For more information, visit www.nsg.com

