Round-Table Talk Among Outside Directors

Continuing to Take on Challenges to Drive Steady Growth Over the Next Three Years While Distinguishing Between What to Change and What to Preserve

To navigate an uncertain business environment and achieve the targets laid out in the new medium-term management plan Nitto RISE 2028, further advancing governance through initiatives such as enhancing the effectiveness of the Board of Directors is essential. For this feature discussion, we invited our four Outside Directors, each with distinctive expertise, to discuss from diverse perspectives how Nitto can sustainably enhance corporate value based on a review of its achievements to date.

Unwavering Commitment Steered Nitto Through the Turbulence of Fiscal 2025

- How do you look back on fiscal year 2025?

Sawada Looking at the world in broad terms, it was an exceptionally turbulent year marked by a series of significant changes. Overseas, new conflicts emerged, and Japan experienced a change in government. Against this backdrop, Nitto was able to execute its business plan under strong leadership, while we Outside Directors took on a challenging role of supporting management. In retrospect, I must say that neither was an easy task.

Yamada In both macro and micro financial contexts, a series of uncertain factors, such as fluctuations in foreign exchange rates and interest rates and the accelerated pace of AI investment, affected demand for Nitto Group's products. Looking at Nitto's management conditions, however, our strengths, including the shift toward growth domains and diversified portfolio management, remained evident despite these changes. The management team's dedicated commitment delivered solid financial performance, which I believe deserves high recognition.

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Wong Speaking of changes within the Nitto Group itself, we updated our material issues for sustainability. I highly commend the Nitto Group's unwavering commitment to placing ESG at the core of its management, as demonstrated by its clear focus on PlanetFlags™/HumanFlags™, support for the TNFD, and endorsement of the WEPs and The Valuable 500.

Sawada With regard to the management structure, the Nomination and Remuneration Advisory Committee, which I chaired, was established. Among its agenda items was the selection of the new President. The Committee also deliberated on proposed revisions to executive remuneration. It was a particularly demanding year.

Eto I found the process of selecting the new top executive deeply impressive, and I believe it represented a major milestone for the Company. On a personal note, as I entered my third year of tenure, I gained a deeper understanding of the Company and developed even stronger relationships with the other members. Teamwork among Outside Directors was also strengthened, which helped deepen our discussions. I think it was truly a significant year.

Taking Board Effectiveness to the Next Level Following Steady Enhancement Efforts

- How do you rate the effectiveness and governance of the Nitto Group's Board of Directors?

Sawada I have my own definition of "effectiveness." First, governance must be functioning properly. Second, business performance must improve as a result of effective governance. Third, improved performance must ultimately be reflected in the Company's stock price. The linkage among these three elements is critical. For instance, even if business performance and the stock price are rising, effectiveness cannot be said to exist if governance is not functioning properly. Conversely, no matter how well governance functions, it cannot truly be considered effective unless it ultimately leads to improved performance and a higher stock price.

In addition, effective governance has both offensive and defensive dimensions. "Offensive governance" refers to a state in which members of the business execution team proactively take on challenges with support from the Board of Directors, while "defensive governance" refers to supporting members of the business execution team so that they remain on the proper course.

Following this line of reasoning, I believe the Nitto's Board of Directors strikes an excellent balance between offense and defense, encouraging its members to take on challenges while ensuring that unnecessary risks are avoided. The Nitto Group has been able to maintain solid performance amid today's challenging global environment because its governance framework has kept the Board of Directors functioning effectively.

Yamada As Sawada-san rightly pointed out, the effectiveness of our Board of Directors has steadily improved. This is particularly evident in the selection of agenda items on key topics, the transparency of disclosure, and the foundation of its supervisory function.

There are two key points we must address to further enhance the effectiveness of the Board of Directors. The first is the setting of agenda items. We need to strategically determine how much time should be allocated to operational reporting versus discussions on strategy, so that we can maximize the time devoted to key strategic topics. In other words, we must also decide "what not to do."

The second point concerns what to include in reports submitted to board meetings. Rather than merely sharing facts, if we include the underlying reasons and the actions that should be taken next, which we hope will lead to the creation of insight reports, we can expect to deepen our discussions further. Going forward, we will increasingly be required to leverage initiatives led by the Board of Directors to further enhance our corporate value.

Wong Regarding presentations from overseas regions, we may also invite local employees to speak along with Vice Presidents. The Nitto Group has a wonderful culture in which employees, including those in non-managerial positions, are provided with opportunities to actively share their views and speak up. This enables us to obtain firsthand insights shaped by the unique cultural and business contexts that local employees naturally understand.

- Could you share your impressions and thoughts on the composition of the Board of Directors and the way it conducts its discussions?

Wong As I see it, the Board of Directors covers a sufficient breadth of agenda items and allocates an appropriate amount of time to discussions. The Nitto's Board of Directors consists of 15 members, which is relatively large. Nevertheless, this has not prevented the Board from engaging deeply with agenda items and fostering a culture of candid and rigorous discussions among all members.

Eto The Board members all come from different backgrounds and possess unique expertise, enabling them to candidly share insights from their respective perspectives and engage in discussions from a variety of angles. As for myself, I feel free to express my views openly and without hesitation. I truly feel that I am part of an outstanding team.

Sawada From a diversity standpoint, there may be room to appoint a few additional Outside Directors. In doing so, we would need to carefully select the right individuals, but by bringing in people with skill sets different from those of us four, we could expect even deeper discussions from a wider range of angles.

Eto If we begin appointing individuals with diverse backgrounds from within Nitto to the Board in addition to Outside Directors, I expect the quality of discussions to improve further.

Wong With regard to avenues for strategic dialogue, I would welcome occasions outside of Board of Directors meetings where Nitto employees and Directors can engage in open discussions without preconceptions. For us Outside Directors to properly oversee management, access to background information is critical. In this respect, it would be extremely valuable to hear firsthand voices from the front lines on matters such as the extent to which the mindset of placing ESG at the core of management has taken root and where challenges remain.

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Enhancing Responsiveness to Contingencies Is the Key to Achieving Nitto RISE 2028

- Fiscal 2025 marked the final year of Nitto for Everyone 2025. How do you evaluate the achievements of the initiatives taken thus far?

Yamada I can say that the direction of Nitto for Everyone 2025 was highly appropriate. What impressed me most was that its core principle of integrating the Niche Top Strategy and ESG Strategy remained firmly intact despite changes in the external environment.

Wong What particularly drew my attention was Nitto's decision to set ambitious indicators, including future-financial targets, in quantitative terms. Although some of these targets have yet to be achieved, the very fact that the Company took on such challenges and successfully enhanced corporate value while yielding meaningful results was, in itself, a triumph.

Sawada During Nitto for Everyone 2025, Nitto achieved some targets ahead of schedule, including its operating margin, making great strides on the financial front. This was attributable not only to the tireless efforts of the management team, but also to the dedication of each individual employee. Another major factor behind these achievements was the shared awareness among all employees of the four focus items and the integrated pursuit of the Niche Top Strategy and Nitto-Style ESG Strategy. Rather than prioritizing the numerical targets themselves, Nitto remained focused on pursuing its goals, with strong financial results following as an outcome. Ultimately, this reflects the proven strengths of the Nitto Group.

Eto I assumed the role of Outside Director in fiscal 2023, during the period of Nitto for Everyone 2025. When I first heard about Nitto's Niche Top Strategy then, I felt it was the kind of strategy every company aspires to pursue. At the same time, I was surprised to learn that the Nitto Group had remained committed to it for many years. Nitto has been able to deliver such a consistent string of strong results because every employee has internalized both the Niche Top Strategy and the principles of ESG.

- How do you assess Nitto RISE 2028, and what are your prospects for it?

Wong In formulating Nitto RISE 2028, we held thorough discussions based on sufficient reports and input to enable in-depth deliberations.

Sawada What merits particular attention is the accuracy of the target-setting process. While many companies formulate plans merely for the sake of planning, the Nitto Group established targets that were ambitious yet realistic and achievable through dedicated effort.

Yamada I believe that the advice from Outside Directors was fully reflected, particularly in discussions concerning business portfolios and growth domains. Well-crafted as it is, Nitto RISE 2028 successfully sets out the direction the Nitto Group should pursue going forward.

Wong Whether the targets can be achieved will depend heavily on business portfolios. This was one priority area in Nitto for Everyone 2025. As the world undergoes significant changes, achieving those targets under the status quo would be difficult. We must therefore approach our ongoing monitoring with a heightened sense of vigilance.

Yamada To sustain the cycle of monitoring and follow-up, it may be effective to broaden the range of scenarios considered. Meanwhile, in terms of portfolio strategy, I believe three elements are particularly important: first, prioritized allocation of resources; second, the reallocation of human resources to growth domains; and third, external alliances through M&As and partnerships. The success of Nitto RISE 2028 will depend not only on doing what should be done but also on discontinuing what should be stopped—in other words, on maintaining the right balance between the two.

Eto In a world and society that are highly unusual in many ways, I hope to see Nitto sustain its growth, equipped both with bold challenges that can surprise the world and with the resilience to respond flexibly to unforeseen circumstances.

Incorporating a New Frame of Reference to Further Refine Traditional Strengths

- What do you think we should work on for the Nitto Group to grow further?

Sawada What the Nitto Group must do next is further strengthen its existing businesses while building new pillars of revenue. There are four key elements to achieving this, which will support sustainable growth and higher corporate value.

First, it must not lose its ability to adapt. The Nitto Group does not hesitate to change course once it determines that doing so is the better option. I am confident that this ability will be instrumental to future growth.

Second, it must listen carefully to customers when developing new technologies. While this is already a strength, there remains room to enhance customer orientation further. Human connections give rise to trust, from which new technologies emerge that can drive innovation in society. I hope Nitto will continue this cycle without deviation.

Third, it must push its ESG initiatives further. ESG and business must always go hand in hand. The Nitto Group has long placed ESG at the center of its management and integrated it into its business activities. To further enhance its corporate value, I believe Nitto should proactively emphasize this stance as the ESG Niche Top Company.

Lastly, leadership needs to sharpen its sense of awareness. In this post-COVID world, it is not uncommon to see a "reversal of common sense," where what was once taken for granted may no longer hold true. If we continue to do things in the way we have become accustomed to, we will eventually become obsolete. I therefore expect leadership to further hone its sensitivity, so that we can respond promptly to shifting times and guide this organization toward sustainable growth.

Yamada To become an ESG Niche Top Company, Nitto has set a target for the double recognized products revenue ratio, which I found highly unique and easy to understand. To achieve this target, three points are critical: ensuring the objectivity, clarity, and consistency of the recognition scheme; embedding it at the operational level by linking it to KPIs; and clearly communicating its relationship to corporate value to investors. This is a highly ambitious initiative in that it visualizes the intersection between economic value and social value, as well as between current value and future value. How this concept can be effectively communicated both inside and outside the Company poses a major challenge.

To further enhance corporate value, it is essential to complement this with a market-driven perspective. Nitto's strengths clearly lie in its technology and Niche Top Strategy. Going forward, however, the speed and strength with which it connects to growth markets

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will be critical. If Nitto can leverage its inherent technology-driven approaches to connect more rapidly and robustly with growth markets such as AI, semiconductors, next-generation energy, and healthcare, further growth should be assured.

Wong From a strategic perspective, I fully endorse the pursuit of Niche Top Strategies. Furthermore, regarding Double Recognition, I believe we could benefit from a perspective of "backcasting from impact." In ESG as well, moving beyond mere words, the actual impact of Nitto Group's products and technologies on our society—and how this is realized—will become increasingly important.

As a global company, Nitto may have room to increase the proportion of foreign Vice Presidents somewhat. More broadly, it is vital to incorporate fresh concepts and viewpoints into the organization, such as digital expertise and a start-up mindset.

Eto Some things are better left unchanged if one wishes to grow. In Nitto's case, these include *Sanshin* Activities and the integrated approach in which R&D, Production, Sales, and Administration function as one. These are Nitto's growth engines that bridge technology and markets, and I hope they will remain unchanged.

However, achieving further growth also requires change, and I would therefore like to see continued efforts to pursue the next growth drivers. At present, I do not have full visibility of all of Nitto Group's technologies and business domains, but I look forward to being surprised by challenges that the Company has never taken on before.

Striving to Enhance Corporate Value with a Holistic Perspective

- Lastly, could you tell us what roles you consider important as Outside Directors and what you hope to accomplish going forward?

Wong If I were to define the role of Outside Directors in a single phrase, it would be the enhancement of corporate value. The key role and mission of Outside Directors is to carefully consider what actions will most effectively enhance corporate value at any given time, and to provide oversight and advice accordingly. To fulfill this role, I will continue to update my perspectives, staying aligned with the ever-changing world by attending seminars, studying best practices at other companies, and keeping track of global trends.

Sawada As an Outside Director, I consider two points particularly important. First, using a parent-child analogy, Outside Directors are expected to properly fulfill the role of "parents" to the business execution team as "children." If we see them holding back, we must encourage them to take on more challenges, and if they are heading in the wrong direction, we must correct their course. This is similar to the "offensive and defensive" aspects of governance, but it is essential to ensure effectiveness on both sides.

The second point is to guide them to continue changing themselves while also always keeping in mind what they should not change. As they say, there is no growth without change; however, as Eto-san pointed out, some things are better left unchanged. The ability to determine what should change and what should not is a key component of sustainable growth and, in that sense, part of the mission of Outside Directors.

Yamada I understand that Outside Directors are expected to oversee the execution of management with both supervision and advice in mind, rather than acting as a substitute for management. To this end, it is necessary to maintain a slightly broader perspective than that of the business execution team in order to identify key issues and deepen discussions. Only then can we appropriately support management decisions at the right time.

I will continue to express my views on key issues in discussions at future Board of Directors meetings, taking into account decisions made by the business execution team as well as insights from the front lines, while remaining mindful of my role in enhancing the quality of discussions from an external point of view.

Eto As I understand it, the ultimate role of Outside Directors is to participate as part of the team in discussions on matters that influence the direction of management and to help ensure the right decisions are made. I am still deepening my understanding of Nitto's business, but I am determined to work diligently so that I can remain an Outside Director whose contribution is valued even at Nitto's critical moments, which will inevitably arise.

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Directors and Auditors

Toshihiko Takayanagi
Corporate Auditor

Yasuko Kobashikawa
Outside Corporate Auditor

Yasuhito Ohwaki
Director,
Senior Executive
Vice President

Yasuhiro Yamada
Outside Director

Hiroyuki Katayama
Director,
Senior Vice President

Mariko Eto
Outside Director

Yasuhiro Iseyama
Director,
Senior Executive
Vice President

Shin Tokuyasu
Corporate Auditor

Tsuyoki Hattori
Outside Corporate Auditor

Wong Lai Yong
Outside Director

Tatsuya Akagi
Representative Director,
President

Hideo Takasaki
Representative Director,
Chairman

Michitaka Sawada
Outside Director

Kiyoshi Sono
Outside Corporate Auditor

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Directors

Hideo Takasaki
Representative Director,
Chairman, CEO

Apr. 1978 Joined Nitto Denko Corporation
Jun. 2008 Director, Vice President
Jun. 2010 Director, Senior Vice President
Jun. 2011 Director, Executive Vice President
Jun. 2013 Director, Senior Executive Vice President
Apr. 2014 Representative Director, President, CEO, COO
Apr. 2026 Representative Director, Chairman, CEO (present)

Tatsuya Akagi
Representative Director,
President, COO

Apr. 1993 Joined Nitto Denko Corporation
Jun. 2019 Vice President, General Manager of Information Fine Materials Sector
Jun. 2022 Senior Vice President, General Manager of Information Fine Materials Sector
Jun. 2024 Director, Executive Vice President, General Manager of Information Fine Materials Sector
Apr. 2026 Representative Director, President, COO (present)

Yasuhiro Iseyama
Director, Senior Executive Vice President, CFO
General Manager of Corporate Accounting & Finance Division,
General Manager of Export Control Center

Jun. 1991 Joined Nitto Denko Corporation
Jun. 2017 Vice President, General Manager of Corporate Accounting & Finance Division
Jun. 2020 Director, Senior Vice President, CFO
Jun. 2021 Director, Executive Vice President, CFO
Jun. 2023 Director, Senior Executive Vice President, CFO (present)

Yasuhito Ohwaki
Director, Senior Executive Vice President, CSO, CHRO
General Manager of Corporate Human Resources Division

Apr. 1984 Joined Nitto Denko Corporation
Jun. 2012 Vice President, General Manager of Functional Base Products Sector
Oct. 2013 Vice President, General Manager of Automotive Products Sector
Apr. 2015 Vice President, General Manager of Quality, Environment & Safety Management Sector
Apr. 2017 Vice President, Director, Nitto Denko India Private Limited
Jun. 2017 Senior Vice President
Oct. 2018 Senior Vice President, CPO
Oct. 2019 Senior Vice President, CIO, CPO
Jun. 2020 Executive Vice President, CIO, General Manager of Corporate Sustainability Division
Jun. 2021 Senior Executive Vice President
Apr. 2022 Senior Executive Vice President, General Manager of Human Resources Management Division
Jun. 2023 Director, Senior Executive Vice President, General Manager of Human Resources Management Division
Jun. 2024 Director, Senior Executive Vice President, CHRO
Apr. 2026 Director, Senior Executive Vice President, CSO, CHRO (present)

Hiroyuki Katayama
Director, Senior Vice President, CTO
General Manager of Corporate Technology Sector

Nov. 2006 Joined Nitto Denko Corporation
Dec. 2015 General Manager of Environmental Solutions Research Center, Corporate Research and Development Division, Corporate Technology Sector
Oct. 2021 Deputy General Manager of Membrane Division
Jan. 2022 General Manager of Membrane Division
Jun. 2023 Vice President, General Manager of Membrane Division, Human Life Solutions Sector
Jun. 2025 Vice President, General Manager of Human Life Solutions Sector
Apr. 2026 Vice President, CTO
Jun. 2026 Director, Senior Vice President, CTO (present)

Wong Lai Yong
Outside Director

Sep. 2013 Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)
Jul. 2018 Director, Penang Women's Development Corporation (retired in Sep. 2023)
Oct. 2019 Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)
Jun. 2020 Outside Director, Nitto Denko Corporation (present)
Nov. 2022 Outside Director, Farmnote Holdings, Inc. (retired in April 2026)
Jun. 2024 Outside Director, MITSUI E&S Co., Ltd.
Jun. 2025 Outside Director (Audit and Supervisory Board Member), MITSUI E&S Co., Ltd. (present)

Michitaka Sawada
Outside Director

Apr. 1981 Joined Kao Soap Co., Ltd.
Jun. 2008 Director, Executive Officer, Kao Corporation
Jun. 2012 Representative Director, President and CEO, Kao Corporation
Jun. 2020 Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present)
Jan. 2021 Director and Chair of the Board of Directors, Kao Corporation
Jun. 2021 Outside Director, Nitto Denko Corporation (present)
Jun. 2022 Outside Director, Komatsu Ltd. (present)
Mar. 2024 Special Advisor, Kao Corporation (present)

Yasuhiro Yamada
Outside Director

Apr. 1987 Joined Bank of Japan
May 2018 Executive Director, Bank of Japan (retired in May 2022)
Jun. 2022 Outside Director, Nitto Denko Corporation (present)
Sep. 2022 Outside Director, SUSMED, Inc. (retired in Sep. 2024)
Jun. 2024 Chairman, Custody Bank of Japan, Ltd. (present)

Mariko Eto
Outside Director

Apr. 1994 Joined MITSUI & CO., LTD.
Oct. 2003 Registered with Daini Tokyo Bar Association
Apr. 2015 Joined TMI Associates
Jan. 2017 Partner of TMI Associates (present)
Mar. 2019 Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)
Jun. 2020 Outside Corporate Auditor, Starzen Co., Ltd. (retired in Jun. 2022)
Jun. 2022 Outside Director, Starzen Co., Ltd.(present)
Jun. 2023 Outside Director, Nitto Denko Corporation (present)
Mar. 2024 Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)

*CEO: Chief Executive Officer, COO: Chief Operating Officer, CSO: Chief Strategy Officer, CHRO: Chief Executive Human Resources Officer, CFO: Chief Financial Officer, CTO: Chief Technology Officer, CPO: Chief Procurement Officer, CIO: Chief Information Officer

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■ Auditors

Shin Tokuyasu
Corporate Auditor (full-time service)

- Apr. 1985 Joined Nitto Denko Corporation
- Jun. 2017 Vice President, Representative Director, Nitto Automotive, Inc.
- Jul. 2018 Vice President, General Manager of Compliance Division
- Apr. 2019 Vice President, General Manager of Corporate Sustainability Division
- Jun. 2019 Corporate Auditor (full-time service) (present)

Toshihiko Takayanagi
Corporate Auditor (full-time service)

- Apr. 1981 Joined Nitto Denko Corporation
- Jun. 2009 Representative Director, Nitto Shinko Corporation
- Aug. 2014 Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd.
- Apr. 2018 Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch
- Jun. 2018 Senior Vice President
- Jun. 2020 Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan
- Jun. 2023 Corporate Auditor (full-time service) (present)

Yasuko Kobashikawa
Outside Corporate Auditor

- Feb. 2001 Registered as a Certified Public Accountant
- Jun. 2006 Established MIKASA&Co (retired in August 2019)
- Jun. 2015 Outside Director of ARTNATURE INC. (retired in Jun. 2022)
- Dec. 2017 Established JK & CREW Tax Accountant's Corporation (present)
- Jun. 2023 Outside Corporate Auditor, Nitto Denko Corporation (present)
- Jun. 2024 Outside Corporate Auditor, JVCKENWOOD Corporation
- Jun. 2025 Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation (present)

Kiyoshi Sono
Outside Corporate Auditor

- Apr. 1976 Joined The Sanwa Bank, Ltd.
- May 2014 Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Jun. 2015 Chairman, Mitsubishi UFJ Financial Group, Inc.
- May 2017 Vice Chair, Kansai Economic Federation (retired in May 2026)
- Jun. 2017 Outside Director, Nankai Electric Railway Co., Ltd. (retired in Jun. 2024)
- Apr. 2019 Chairman/CAO, MUFG Bank, Ltd.
- Jun. 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in Apr. 2021)
- Jun. 2019 Outside Director, Mitsubishi Motors Corporation (retired in Jun. 2022)
- Apr. 2021 Special Advisor, MUFG Bank, Ltd. (present)
- May 2021 Outside Director, Yomiuri Telecasting Corporation (present)
- Jun. 2022 Outside Corporate Auditor, Sompo Japan Insurance Inc.
- Apr. 2024 Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (Present)
- Jun. 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)
- Jun. 2024 Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)

Tsuyoki Hattori
Outside Corporate Auditor

- Apr. 1979 Joined Tokio Marine Fire Insurance Co., Ltd.
- May 2012 Outside Director, Matsuya Co., Ltd. (retired in May 2017)
- Jun. 2013 Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd
- Apr. 2015 Senior Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in March 2017)
- Jun. 2017 Representative Director & President, Nippon Automated Cargo And Port Consolidated System (NACCS) Inc. (retired in June 2021)
- Jun. 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)

Skills Matrix

Name	Title	Gender	Length of service	Leadership	Technology	Finance	Governance	Sustainability
Hideo Takasaki	Chairman	Male	18	●				
Tatsuya Akagi	President	Male	2	●				
Yasuhiro Iseyama	Director	Male	6			●	●	
Yasuhito Ohwaki	Director	Male	3	●			●	●
Hiroyuki Katayama	Director	Male	-		●			●
Wong Lai Yong	Outside Director	Female	6				●	●
Michitaka Sawada	Outside Director	Male	5	●	●			●
Yasuhiro Yamada	Outside Director	Male	4		●	●	●	
Mariko Eto	Outside Director	Female	3				●	●
Shin Tokuyasu	Corporate Auditor (full-time service)	Male	7			●	●	●
Toshihiko Takayanagi	Corporate Auditor (full-time service)	Male	3	●			●	
Yasuko Kobashikawa	Outside Corporate Auditor	Female	3			●	●	
Kiyoshi Sono	Outside Corporate Auditor	Male	2	●		●	●	
Tsuyoki Hattori	Outside Corporate Auditor	Male	2				●	●

*The table above shows skills specifically expected and is not all-inclusive.
*Director Hideo Takasaki is designated as Leadership only from the viewpoint that it is most important for him to oversee management as Chairman.
*Director Tatsuya Akagi is designated as Leadership only from the viewpoint that it is most important for him to exercise leadership in business execution as President.

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Policies and Procedures for Electing and Dismissing Directors and Corporate Auditors

Appropriate Structure of the Board of Directors and Board of Corporate Auditors

Given the current scale of business, the need to facilitate substantial discussions at Board of Directors meetings and Board of Corporate Auditors meetings and to ensure an appropriate number of Outside Directors, and so forth, the Company believes that the appropriate size of the Board of Directors is not more than ten (10) Directors (one third (1/3) or more of whom are Independent Outside Directors). Likewise, the Articles of Incorporation set an upper limit of ten (10). The Company also believes that the appropriate size of the Board of Corporate Auditors is not more than five (5) members (half or more of whom are Independent Outside Corporate Auditors), who are individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, with at least one (1) Corporate Auditor who has sufficient expertise in finance and accounting. Likewise, the Articles of Incorporation set an upper limit of five (5). Furthermore, in order to make important policy decisions in an ever-changing business environment and to exercise a sustained supervisory function, we have identified five qualities, knowledge, experience, etc. (hereinafter collectively referred to as "skills") in "leadership," "technology," "finance," "governance," and "sustainability" for the Board of Directors and Board of Corporate Auditors and believe that a composition that ensures a good balance of such skills will contribute to management.

Appointment and Dismissal of Directors and Corporate Auditors

The Officer Appointment Standards and the Officer Dismissal Standards have been established as described on the right and are applied when appointing or dismissing a Director or Corporate Auditor. In addition, in order to further enhance fairness and transparency in appointment and dismissal of Directors, the Nomination and Remuneration Advisory Committee meets and reports the results of its deliberations to the Board of Directors, and the Board of Directors makes the final decision by taking such report into account.

<Officer Appointment Standards>

1. A person who practices the Nitto Way*
2. A person who can contribute to the Company with the five skills identified by the Company.

*Nitto's unique values, consisting of: "Safety," "Sustainability," "Diversity & human rights," "Customer," "Anticipation of change," "Challenge," "*Sanshin* Activities," "Niche Top," "Speed and perfection," "Corporate culture," "Personal development," and "Sense of ownership"

<Officer Dismissal Standards>

1. An act was committed that was contrary to public order and morality;
2. A violation of the laws and ordinances, the Articles of Incorporation, or any other regulations of the Group was committed, and Nitto suffered a substantial loss or hindrance to Group business operations due to such violation;
3. A material inconvenience was caused to the execution of the duties of an Officer; or
4. Any of the quality requirements set forth in the Officer Appointment Standards is no longer satisfied.

Five Skills Identified by the Company

Skill	Reason for selection
Leadership	For a company to keep growing in a dramatically changing business environment, it needs to make bold business decisions. For this reason, we have chosen leadership qualities and experience in a global organization, such as being part of a management team or a person responsible for a large project at a listed company, or a manager of a venture company, or having a key role in a government, as a skill we seek in our Board members.
Technology	To achieve Nitto's mission, "Contribute to customers' value creation with innovative ideas," we need to keep investing in innovation. For this reason, we have chosen in-depth knowledge in science and technology not only in relation to our existing businesses but also in relation to IT, DX, quality, the environment, safety technologies, and new areas as a skill we seek in our Board members.
Finance	To manage a company, we need scientific investment measures based on financial indicators. For this reason, we have chosen knowledge in finance and accounting as a skill we seek in our Board members.
Governance	The statement, "We place safety before everything else," which is one of the principles of "The Nitto Way," also encompasses "safety in business management." For this reason, we have chosen insights into and board experience in areas such as legal matters, risk management, and labor as a skill we seek in our Board members.
Sustainability	For a company to keep growing, it needs to help build a sustainable society in addition to achieving its own growth. For this reason, we have chosen a background in areas, such as diversity, environmental contribution, and brand value, as a skill we seek in our Board members.

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Message from the Chairperson of the Nomination and Remuneration Advisory Committee

From a Fair and Objective Standpoint, We Offer Advice on the Nomination and Remuneration of Management Appropriate for Nitto's Next Stage of Growth

Michitaka Sawada

Outside Director,
Chairperson of the Nomination and Remuneration Advisory Committee

We interviewed Outside Director Michitaka Sawada, who chairs the Nomination and Remuneration Advisory Committee established in June 2025, about the committee's roles and some of the initiatives undertaken in fiscal 2025.

— Why was the Nomination and Remuneration Advisory Committee established? Could you tell us about the background and objectives behind its establishment?

Until fiscal 2024, Nitto had the Management, Nomination and Remuneration Advisory Committee as an advisory body to the Representative Director. Beginning in fiscal 2025, we reorganized our existing committees to establish the voluntary Nomination and Remuneration Advisory Committee (the "Committee"), aiming to further enhance the fairness, transparency, and objectivity of procedures related to the nomination, remuneration, and other matters concerning management. I was appointed the inaugural Chairperson of the Committee. In June 2026, we reorganized the Committee into an advisory body to the Board of Directors, with a structure comprising all Outside Directors, one Outside Corporate Auditor, and the Representative Directors. The Chairperson is elected by Committee members from among the Outside Directors.

Although the Committee is a voluntary body, it plays a vital role in underpinning our corporate governance. With respect to nominations, appointing the top executive is the top agenda item, but the Committee is also actively involved in developing a Board structure that supports such appointments. In electing Directors, the Committee must consider the Board's skill matrix, diversity and the proportion of Outside Directors on the Board. For executive remuneration, the Committee aims to design a remuneration framework suited to Nitto by focusing on key points such as strengthening the link between remuneration and business performance, incorporating future-financial metrics, and increasing the proportion of share-based remuneration from a shareholder perspective.

— A new management structure was launched in April 2026. What process was followed in selecting the new President, and what are your expectations for the new leadership team?

Following the Committee's establishment in June 2025, we held careful and prudent discussions regarding the appointment of the new President upon consultation.

The Committee held in-depth discussions on the profile of a person capable of contributing to Nitto's sustainable growth and the enhancement of corporate value, and evaluated candidates from multiple perspectives. The Committee then reported its conclusion to the Board of Directors, which approved the appointment unanimously.

We expect the new President and management team to deepen their focus on existing businesses while developing the next generation of core profit drivers. What differentiates Nitto from its peers is its customer-focused marketing and sales, technology development that rapidly supports these activities, and the speed of its decision-making. We expect the management team to execute by fully leveraging these strengths, and we are confident in their ability to do so.

For this to happen, the leadership team is expected to play an important role. Key attributes they need include the ability to develop and empower people to realize their full potential, as well as the business acumen to identify opportunities in increasingly volatile and rapidly changing times. Amid a "reversal of conventional wisdom," where what was once taken for granted no longer holds true, and what was once considered irrational now appears rational, we must recognize that traditional approaches may no longer work. We expect the leadership team to sharpen this awareness. Sustainable growth can be achieved only through continuous transformation.

— The executive remuneration system was revised in June 2026. What aspects were considered particularly important in the review?

With the establishment of the Committee, we undertook a bold revision of the executive remuneration system. The previous system was somewhat complex and did not always promptly reflect performance outcomes; we have therefore simplified it and made it more effective as an incentive mechanism, in alignment with the new medium-term management plan. Specifically, as noted earlier, we have strengthened the link between remuneration and business performance, incorporated as many future-financial metrics as possible, and increased the proportion of share-based remuneration from a shareholder perspective. These are the key changes in the new system. After extensive discussion in response to the consultation, the Committee reached this agreement and reported its conclusions to the Board of Directors, which approved them unanimously.

A remuneration system should effectively motivate people and incorporate an appropriate balance of components. Executive remuneration should also align with the employee remuneration system. With these considerations in mind, we will continue our discussions to develop a more well-balanced and coherent remuneration system.

Going forward, we will continue to strive to be a Committee capable of proposing nomination and remuneration practices befitting the ESG Niche Top Company we proudly operate globally.

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Corporate Governance

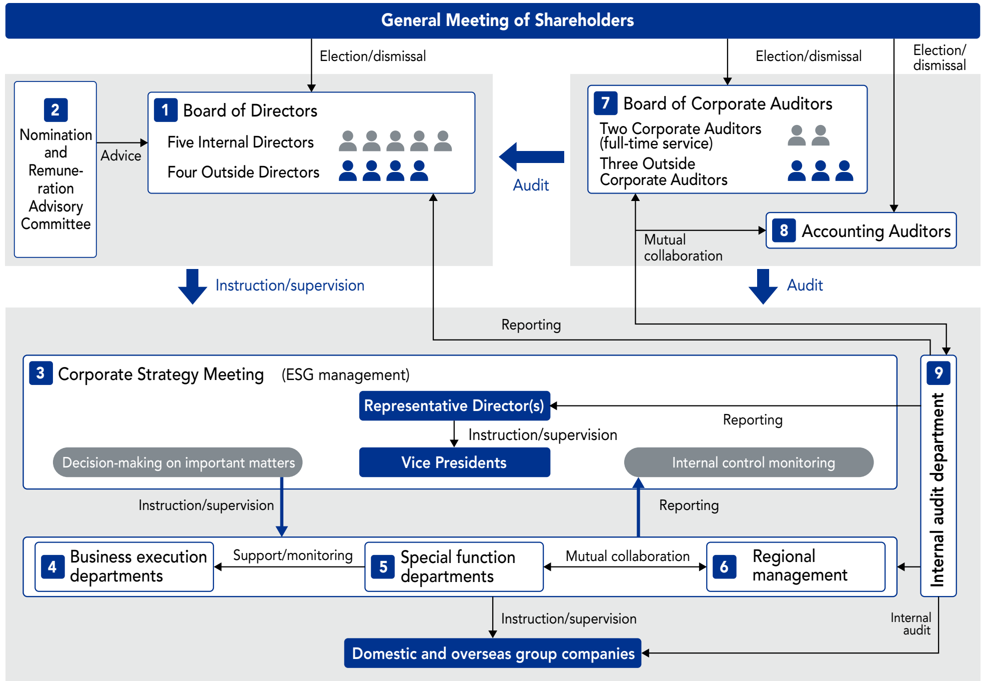
■ Corporate Governance System

Nitto recognizes that the structure we choose to build for corporate governance is vitally important to facilitate the promotion of business activities. Dedicated wholeheartedly to addressing social challenges, not to mention complying with laws and regulations, we make constant efforts to improve corporate governance to realize a better management system.

As part of this initiative, Nitto maintains the corporate governance structure as below.

Corporate Governance System

As of July 1, 2026



Descriptions and Roles of the Organizations

Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, Chairman	[Composition] Five (5) Internal Directors and four (4) Outside Directors (nine (9) in total) · Decision-making on important matters such as basic policies and strategic management decisions, including management policy, mid-term management plan, and ESG management · Supervision of business execution by Representative Directors, Vice Presidents, etc. · Establishment of internal controls and supervision of its operational status · Decision-making on other legal resolutions
2 Nomination and Remuneration Advisory Committee [Chairperson] Michitaka Sawada, Outside Director	[Composition] Two (2) Representative Directors, four (4) Outside Directors, one (1) Outside Corporate Auditor (seven (7) in total) · Voluntary advisory committee serving as an advisory body to the Board of Directors · A structure where Outside Directors constitute a majority of the advisory committee and important matters are deliberated at the Board of Directors · Advice on important issues including nomination of management team, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Tatsuya Akagi, President	[Composition] Directors (excluding Chairman and Part-time Directors) and Vice Presidents (twenty-seven (27) in total) * Members may be limited for discussion of urgent/technical agenda items. · Decision-making on important management matters · Discussion and decision-making on measures to promote ESG management · Internal control monitoring and decision-making on corrective measures
4 Business execution departments	· Execution of business delegated by the Representative Director(s) · Decision-making on important business operations through meetings hosted by the business execution departments (chaired by the Head of said department).
5 Special function departments	· Support for business execution departments from a professional perspective by special function departments organized by function, such as management strategy, human resources, accounting and finance, etc. · Control and monitor compliance of business execution departments through the formulation of rules and regulations, etc.
6 Regional management	· Established in major overseas regions (Americas, EMEA, China, Korea, Taiwan, South Asia/ India/Oceania) · Support, control and monitoring based on the characteristics of each region, implemented in cooperation with special function departments
7 Board of Corporate Auditors [Chairperson] Shin Tokuyasu, Corporate Auditor (full-time service)	[Composition] Two (2) Corporate Auditors (full-time service) and three (3) Outside Corporate Auditors (five (5) in total) · Monitoring of directors' execution of duties through attendance at Board of Directors meetings · Attendance at important meetings, interviews with Directors and employees on the status of their activities, inspection of approved documents and other important documents, inspection of the head office, technology and business divisions and offices, and domestic and overseas group companies, as well as interviews with the Accounting Auditors on their audit reports and exchanges of opinions.
8 Accounting Auditors	KPMG AZSA LLC · Audit of appropriateness and legality of accounting and internal control over accounting
9 Internal audit department	· Internal audits of the accuracy, legitimacy, and reasonableness of management activities at each Group company for the purpose of contributing to the improvement of operations and business performance, independent of the execution of those activities. · Internal audits include QES audits for quality, environment, and safety, and external evaluations on a regular basis.

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■ Characteristics of Nitto's Corporate Governance Structure

From the standpoint of unitary audits, independent of execution that contribute to the Company's enhanced governance, Nitto has chosen to be a company with the Board of Corporate Auditors. It has also adopted the executive officer system and promotes quick decision-making by making each Vice President's authority clear. Furthermore, it has established the Nomination and Remuneration Advisory Committee that mainly consists of Independent Outside Officers to build a system to hear neutral opinions. Nitto's corporate governance structure has the following characteristics.

1. Diversity of the Board of Directors and the Board of Corporate Auditors to consolidate multifaceted opinions

Comprehensively taking into account diversity including elements such as the balanced allocation of specializations (e.g., skill, specialty, and length of tenure) to be fully acquired, gender, age, work experience, race, ethnicity, or cultural background, Nitto appoints members of the Board of Directors and the Board of Corporate Auditors, who can practice The Nitto Way or a set of values that expresses what the Nitto Group should cherish and its standard for judgment.

2. Open and robust discussions by the Board of Directors

The Nitto Board Effectiveness Evaluation, which the Company conducts annually, confirms that open and robust discussions on each management issue are among its Board of Directors' strengths.

3. Effectiveness-focused Nomination and Remuneration Advisory Committee

Outside Directors comprise the majority of the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. Chaired by an Outside Director, the Committee holds substantive discussions involving Representative Directors, thereby ensuring the transparency, fairness, and objectivity of the overall process for nomination and determining remuneration (Representative Directors do not participate in discussions of certain matters as part of how the Committee operates). One Outside Corporate Auditor also attends for the purpose of a process audit to ensure the appropriateness of the deliberation process.

4. Triple axis management for adequate resolution of management issues

Nitto has built a system for adequately resolving management issues through supplementary and collaborative operations of the following three axes: the business axis centering on the business execution departments, the functional axis centering on the special function departments, and the regional axis centering on the regional oversight function.

5. ESG management promotion system to ensure effectiveness

Under the slogan, "Place ESG at the core of our management," Nitto has appointed a Director or Vice President in charge of ESG promotion and established a department in charge within a specialized functional department. The relevant department makes proposals on sustainability, including the identification of materiality issues, based on which the Board of Directors and the Corporate Strategy Meeting make decisions. The Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to implement the proposals, ensuring the effectiveness of ESG management promotion.

Please note that Nitto has not established a sustainability or ESG committee to which some members belong. Rather, it designates the Corporate Strategy Meeting for which the President is responsible and to which all Vice Presidents belong as a place to discuss ESG management promotion.

6. Compliance and risk management promotion system leading to voluntary activities

Nitto has appointed a Director or Vice President in charge of compliance and risk management and established a department in charge within the specialized functional departments. These systems promote compliance and risk management. In addition, the department in charge puts together the status of compliance and risks (human rights, human capital, whistleblowing, environment, safety, information security, etc.) to report to the Board of Directors and the Corporate Strategy Meeting on a regular basis. Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to make improvements, thereby ensuring the effectiveness of internal control monitoring.

Please note that Nitto has not established a risk committee or a committee for each target risk as a place for final monitoring. Rather, it has a system in place where the Corporate Strategy Meeting for which the President is responsible and to which all Vice Presidents belong receives compliance and risk monitoring results as their own problems.

7. Alignments to ensure audits by Corporate Auditors

It is characteristic of Nitto for Corporate Auditors to participate in its key meetings and strongly align with the departments in charge of internal audits and the Nitto Group's auditors, in order to ensure the effectiveness of audits by Corporate Auditors.

■ Findings on the Nitto Board Effectiveness Evaluation

Nitto conducted an effectiveness analysis and evaluation of its Board of Directors for fiscal 2025 (FY2025), which confirmed that the Board is effective. The following shows a summary of the evaluation process and findings:

1. An outline of the evaluation process

This evaluation was conducted based on the Company's established annual process under which a survey is conducted by a third-party organization. The results are then discussed by the Board of Directors, and a summary of the findings is disclosed. Regarding the evaluation method, in addition to the conventional five-point scale (the current state of the Board, the composition of the Board, the operations of the Board, management strategy and management plans, internal controls and risk management, nomination and remuneration, and an overview), the Company adopted a policy of

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conducting deliberations using free statements (delegation of authority by the Board, strengthening the supervisory functions of the Board, nomination and remuneration governance, supervision of ESG promotion, and the roles of Outside Directors and Outside Corporate Auditors (collectively "Outside Officers") as the main materials for discussion.

2. Overview of the analysis/evaluation results

The Company has confirmed that one of the strengths of its Board of Directors is that it has open and robust discussions on all management issues. This was found in the FY2024 evaluation, too. It also confirmed that the quality of deliberations has been improved through initiatives to expand the involvement of Outside Officers, including information sharing with management meetings and participation in internal events.

On the other hand, the following issues were identified for future discussions:

(1) The supervisory functions of the Board regarding internal controls and risk management
– There is a need for more systematic and continuous discussions

(2) Discussions concerning institutional design and succession
– There is a need to deepen consideration from a medium- to long-term perspective

(3) Effective utilization of the extensive knowledge and experience of Outside Officers
– There is a need to deepen discussions on the role and operations of the Board

Concerning efforts by the Board to address the challenges recognized in the FY2024 evaluation, the Company established a voluntary Nomination and Remuneration Advisory Committee, and it put in place a framework to further strengthen the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of management.

3. Future actions

With the above analysis and evaluation findings and discussions at the voluntary Nomination and Remuneration Advisory Committee in mind, the Company's Board of Directors will remain committed to further enhancing the effectiveness of the entire Board.

Topics discussed at Board of Directors meetings in FY2025

Management	- Formulation of the new medium-term management plan - Executive succession plan - Discussion on fund usage
Monitoring	- Verification of the implementation status of internal control - Summary of activities in respective regions and special function departments
Others	- Dialogue with investors

Major consultations and deliberations discussed in the Nomination and Remuneration Advisory Committee during FY2025
- Executive succession plan
- Review of remuneration for officers

■ Remuneration for Directors and Corporate Auditors

Given the growing trend among listed companies to align Director remuneration more clearly with business performance and corporate value, and with the aim of strengthening incentives for medium- to long-term value creation, we streamlined and consolidated our existing share-based compensation framework. In addition, we have newly included performance-linked restricted share remuneration as part of our medium- to long-term performance-linked compensation structure.

■ Executive Remuneration Policy

1. Basic policy

- The content of remuneration shall be such that Nitto Persons*1 are allowed to be appointed as Directors or Corporate Auditors.
- The remuneration structure must motivate Directors to contribute to Nitto's sustainable growth and the enhancement of its corporate value over the medium and long term.
- The remuneration determination process shall be fair and transparent.

*1 In addition to meeting the basic requirement of having profound insights and high levels of expertise acquired from past experience, a Nitto Person is a person who can comprehend and practice Nitto's Corporate Philosophy, deliver results, and keep taking on new challenges.

2. Components of remuneration

The remuneration structure for Directors (excluding Outside Directors) shall consist of (1) basic remuneration as fixed remuneration, (2) bonuses as short-term performance-linked remuneration, and (3) performance-linked restricted share remuneration as medium- and long-term performance-linked remuneration.

From the perspective of their roles and independence, the remuneration for Outside Directors and Corporate Auditors shall consist solely of (1) basic remuneration.

Type	Category	Evaluation indicators	Summary of remuneration	Eligible recipients
Fixed remuneration	Basic remuneration (cash)	-	An amount commensurate with the position, responsibilities, etc. shall be paid monthly.	All Directors/ Auditors
Short-term performance-linked remuneration	Bonus for Directors (cash)	Operating profit ROE Individual evaluation results	To be paid after the end of the relevant fiscal year for the purpose of raising awareness of improving the Nitto Group's performance for each fiscal year.	Director*2
Medium- and long-term performance-linked remuneration	Performance-linked restricted share remuneration	Operating profit Operating profit to revenue ROE ESG initiative results	To be paid at the end of three fiscal year, which coincide with the period of the Medium-term Management Plan, as an incentive for achieving the Nitto Group's targets under the plan and increasing the share price.	Director*2

*2 Excluding Outside Directors

3. Policy related to the designing of the remuneration level

A group of major companies of a similar scale in the same industry shall serve as benchmarks to ensure a competitive level vis-à-vis industry standards.

4. Evaluation indicators and the reasons for their selection

Remuneration components	Evaluation indicators	Reason for selection
Bonus for Directors	Operating profit*1	To incentivize Directors to generate profit through business activities in the relevant fiscal year
	ROE*1	To incentivize Directors to create shareholder value
	Individual evaluation results	To incentivize Directors to perform their individual duties and achieve results
Share-based remuneration	Operating profit*1 and operating profit to revenue	To incentivize Directors to generate quality-backed profit targeted by the Niche Top strategy
	ROE*1	To incentivize Directors to create shareholder value
	ESG initiative results	To incentivize Directors to resolve social issues

*1 Operating profit and ROE are positioned as the Company's most important KPIs and are reflected in both bonuses for Directors and share-based remuneration in order to incentivize Directors to create short-term and medium-and long-term results.

5. Policy for determining remuneration proportions

In light of the role-related responsibilities and performance-related responsibilities of each position, the remuneration structure shall be designed in a way that the higher the position, the greater the linkage to short-term and medium- and long-term performance.

<Reference> Breakdown of Remuneration for the President

Performance Indicators				Component ratio of remuneration by performance		
Operating profit	Operating profit to revenue	ROE	Progress in ESG Initiatives	Basic remuneration	Bonus	Share remuneration
220 billion yen	20%	14%	100%	20%	34%	46%
330 billion yen	20%	21%	150%	14%	38%	48%

■ Basic remuneration
■ Bonus
■ Share remuneration

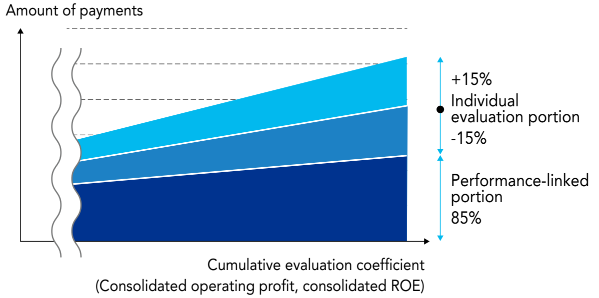
6. Policy related to the determination process

Directors	General	Taking into account the Company's business content, management environment, and other factors comprehensively, the Board of Directors shall make decisions after consulting the Nomination and Remuneration Advisory Committee and obtaining its advice.
	Basic remuneration	Since fixed remuneration (basic remuneration) requires detailed arrangements, such as the monthly payment date, the President shall determine the specific details based on a delegation by the Board of Directors. However, the amount payable to each Director shall be in accordance with predetermined standards.
	Bonus for Directors	Since short-term performance-linked remuneration (bonuses for Directors) requires the President to evaluate the individual achievement of targets by Directors (excluding Outside Directors), the President shall determine the specific details upon delegation by the Board of Directors. However, most of the performance-linked portion shall reflect quantitative results, and the individual evaluation by the President shall be limited to the predetermined range (-15% to 15%).
	Share-based remuneration	For medium- and long-term performance-linked remuneration (share-based remuneration), the Board of Directors shall determine the calculation method for evaluation indicators and other matters after consulting the Nomination and Remuneration Advisory Committee and obtaining its advice. The calculation method shall be disclosed promptly upon determination by the Board of Directors. The number of shares to be granted to each Director shall be determined by the Board of Directors based on the standard number of shares predetermined and the results under the above calculation method.
Corporate Auditors		To be determined by the Board of Corporate Auditors upon consultation among the Corporate Auditors.

■ Bonus for Directors

Paid to Directors (excluding Outside Directors) pursuant to the executive remuneration policy.

<Reference> Breakdown of Bonus for Directors



■ Performance-Linked Restricted Share Remuneration

1. Overview of performance-linked restricted share remuneration (hereinafter, the "System") during the performance evaluation period

Depending on the degree of achievement of the performance targets during the performance evaluation period (from April 1, 2026 to March 31, 2029) corresponding to the term of the medium-term management plan, Nitto RISE 2028, monetary remuneration claims shall be paid to eligible Directors after the end of the performance evaluation period in order to grant restricted share remuneration, and by having all such monetary remuneration claims contributed in kind, shares of the Company's common stock with transfer restrictions until retirement, to be issued or disposed of by the Company, will be allotted to the eligible Directors.

The amount of the monetary remuneration claims to be paid to eligible Directors shall be calculated by multiplying the number of shares to be granted by the share price at the time of payment*2.

*2 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company concerning such issuance or disposition (or, if no trading took place on that date, the closing price on the most recent trading day preceding that date).

2. Eligible Directors

Five (5) Directors (excluding Outside Directors)

3. Timing of payment

July 2029 (subject to change)

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4. Method for calculating the number of shares to be granted

(1) The Company shall grant points, the number of which is determined by the Board of Directors in accordance with position and responsibilities, to eligible Directors who assume the position of Director (including reappointed Directors) on the date of an Ordinary General Meeting of Shareholders during the performance evaluation period, at the time of their assumption (no points shall be granted to interim Directors appointed on a date other than the date of an Ordinary General Meeting of Shareholders). The points granted to eligible Directors consist of a performance-linked portion and a fixed portion.

Performance evaluation period: From April 1, 2026 to March 31, 2029

(2) The points thus granted shall accumulate each year until the end of the performance evaluation period, and the final number of points shall be fixed upon completion of the performance evaluation at the end of that period (for details, please see 5. below).

(3) The number of shares to be granted to eligible Directors shall be determined with one point converted into one share of Nitto's stock (fractions below 100 points will be omitted).

(4) The Company shall provide monetary remuneration claims*1 for payment in kind to each eligible Director, based on the number of shares to be granted as determined in (3) above. The amount of said monetary remuneration claims shall be determined by the Company's Board of Directors within a range not particularly advantageous to each eligible Director who receives the shares of the Company's stock.

*1 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors resolution on their issuance or disposal (or the closing price on the most recent preceding trading day if no transaction takes place on such business day)

(5) Upon the issuance of new shares or the disposal of treasury shares by the Company, each eligible Director shall acquire shares of the Company's common stock with transfer restrictions by making an in-kind contribution of the monetary remuneration claims described in (4) above.*2

*2 Conditions for the payment to eligible Directors are as follows.
- Each eligible Director has signed a restricted stock allotment agreement.
- Pursuant to the provisions of Article 208, paragraph (2) of the Companies Act, the entire amount of the monetary remuneration claims granted shall be contributed in kind in exchange for the restricted shares.

5. Method for calculating the specific number of shares to be granted under the System

(1) The standard number of points to be granted shall be as follows.

Standard number of points to be granted

Position	Performance-linked portion	Fixed portion	Position	Performance-linked portion	Fixed portion
Chairman	53,100	12,200	Director, Executive Vice President	5,900	3,800
President	53,100	12,200	Director, Senior Vice President	5,400	2,700
Director, Senior Executive Vice President	16,000	4,300	Director, Vice President	4,300	2,400

(2) The number of points to be granted for the performance-linked portion shall be calculated by multiplying the total number of points for the performance-linked portion granted for each year during the performance evaluation period by the grant rate based on financial results (consolidated operating profit; hereinafter, "operating profit"), consolidated operating margin (hereinafter, "operating margin"), consolidated ROE (hereinafter, "ROE"), and future-financial results (outcomes of ESG initiatives) for the year ending March 31, 2029, the final fiscal year of the performance evaluation period. The number of points to be granted for the performance-linked portion shall be calculated as follows.

Number of points to be granted for the performance-linked portion = Standard number of points to be granted × Payment rates by performance

Payment rates by performance = Payment rate for operating profit and operating profit margin <1> × Weight of operating profit and operating profit margin <2>
+ ROE payment rate <1> × ROE weight <2>
+ Payment rate for ESG initiative results <1> × Weight of ESG initiatives <2>

(3) The performance-linked payment rate under the above calculation method shall be determined based on the weighted payment rate for each performance indicator. The reasons for selecting each evaluation indicator, the range of fluctuation of the payment rate, and the applicable weightings are as follows.

Evaluation indicators		Reason for selection	Range of payment rate <1>	Weight <2>	Range of payment rate for the overall performance-linked portion <1>×<2>
Financial	Operating profit and operating profit to revenue	To incentivize Directors to generate quality-backed profit targeted by the Niche Top strategy	0 – 150%	0.5	0 – 75%
	ROE	To incentivize Directors to create shareholder value	0 – 150%	0.2	0 – 30%
Future-financial	ESG initiative results*3	To incentivize Directors to resolve social issues	0 – 150%	0.3	0 – 45%

Total: 0 – 150%

*3 The outcomes of ESG initiatives shall be determined by taking into comprehensive consideration the progress made toward the future-financial targets (product related, environmental, and human capital related targets) outlined in the medium-term management plan, Nitto RISE 2028.

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(4) The payment rate for each evaluation indicator shall be calculated as follows.

Evaluation indicators		Payment rate calculation methods
Financial	Operating profit, operating profit to revenue	See table below and note *1
Financial	ROE	See table below and note *4
Future-financial	ESG initiative results	See table below

Operating profit	Operating profit to revenue: Below 20%	Operating profit to revenue: 20% or more
Below 220 billion yen	0	50% x Achievement rate*1
220 billion yen or more	50% x Achievement rate*1, *2 *2 Up to 75%	100% x Achievement rate*1, *3 *3 Up to 150%

*1 The achievement rate is operating profit for the year ending March 31, 2029, as a percentage of the operating profit target for the medium-term management plan, Nitto RISE 2028 (220 billion yen).

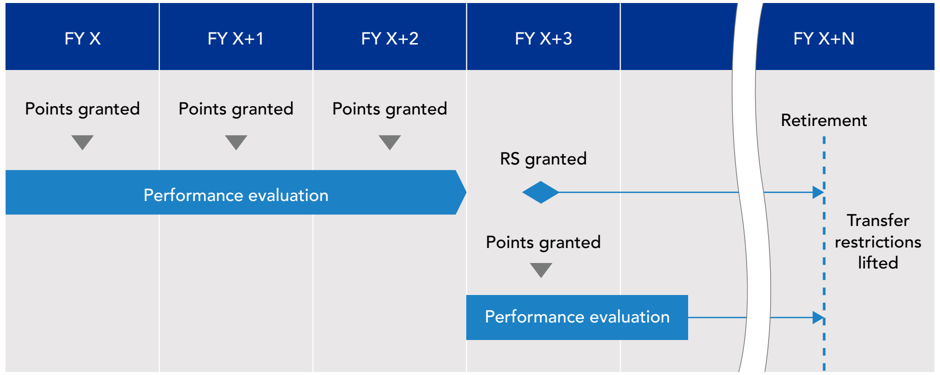
ROE	Payment rate
Below 10%	0%
10% or more but below 14%	50% x Achievement rate*4
14% or more	100% x Achievement rate*4, *5 *5 Up to 150%

*4 The achievement rate is ROE for the year ending March 31, 2029, as a percentage of the ROE target for the medium-term management plan, Nitto RISE 2028 (14%).

ESG initiative results	Payment rate
Progress	0 – 150%

The System shall apply to Vice Presidents as well.

<Reference> Payment schedule



Remuneration etc. paid to Directors and Corporate Auditors for FY2025 (Millions of yen)

Position	Total amount of remuneration, etc.	Remuneration by type: Fixed remuneration: Basic remuneration (cash)	Performance-linked remuneration: Bonus for Directors (cash)	Performance-linked remuneration: Performance-linked share-based remuneration	Performance-linked remuneration: Restricted share remuneration	Number of eligible Directors and Corporate Auditors
Directors (excluding Outside Directors)	979	297	500	68	113	6
Outside Directors	78	78	-	-	-	4
Corporate Auditors (excluding Outside Corporate Auditors)	88	88	-	-	-	2
Outside Corporate Auditors	51	51	-	-	-	3

(Notes)

1. The maximum amount of basic remuneration and bonuses for Directors was resolved at the 157th Ordinary General Meeting of Shareholders held on June 17, 2022, to be no more than 1 billion yen per year (of which no more than 120 million yen shall be paid for Outside Directors). The number of Directors at the close of the said Ordinary General Meeting of Shareholders was ten (of which, six were Outside Directors). The maximum amount of basic remuneration for Corporate Auditors was resolved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021, to be no more than 144 million yen per year. The number of Corporate Auditors at the close of said Ordinary General Meeting of Shareholders is five.
2. The bonuses for Directors (excluding Outside Directors) shown in the table above are the amounts scheduled to be paid pursuant to a resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders described in Note 1. No bonuses for Directors will be paid to Part-time Directors.
3. The maximum amount and maximum number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were resolved at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018, to be 364 million yen and 242,000 shares per year. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
4. The performance-linked share-based remuneration shown in the table above is the amount recorded as an expense during the fiscal year ended March 31, 2026, and represents the scheduled payment amount calculated based on the share price at the time the expense was recorded. In addition, with respect to the previous fiscal year, a decrease of 5 million yen arose due to the difference between the share price at the time the expense was recorded and that at the time the shares were delivered. However, the difference is not included in the amounts shown in the table above.
5. The maximum amount and maximum number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were resolved at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018, to be 243 million yen and 160,000 shares per year. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
6. In accordance with the determination process, the Board of Directors has delegated the determination of the specific details of basic remuneration to Hideo Takasaki, President, based on a resolution of the Board of Directors. In addition, with regard to bonuses for Directors, in accordance with the same policy, the Board of Directors plans to delegate the determination of the specific details thereof to Tatsuya Akagi, the new President, based on a resolution of the Board of Directors.
7. Consolidated operating income and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance-linked share-based remuneration are calculated. In addition to these indicators, for performance-linked share-based remuneration, the number of ESG items achieved under the medium-term management plan is also used as a performance indicator. For the fiscal year ended March 31, 2026, consolidated operating profit was 183,615 million yen, consolidated ROE was 12.2%, and six ESG items were achieved. Since restricted share remuneration is remuneration linked to market price and does not fall under performance-linked remuneration, etc., there are no matters to be disclosed as results.
8. Individual remuneration and so on granted to Directors and others for the fiscal year ended March 31, 2026, are (or will be) paid in accordance with the determination process. The Board of Directors considers that their details are in line with the Company's remuneration policy.
9. Salaries (including bonuses) of Directors concurrently serving as employees are separate from the above remuneration, etc., but no employee salaries were paid in the fiscal year ended March 31, 2026.
10. We implemented a five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The number of shares listed in 3. and 5. reflects the stock split.

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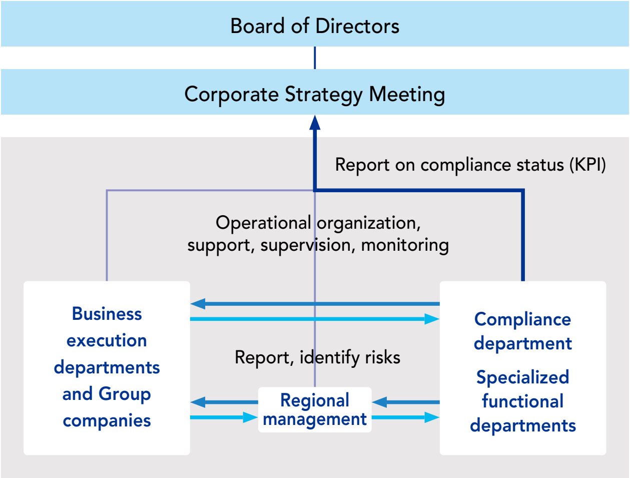
Enhancing Compliance

■ Compliance Promotion System/Code of Conduct

The Nitto Group established the Nitto Group Business Conduct Guidelines (BCG) as a code of conduct for its officers and employees. By promoting awareness of the BCG globally, we enhance compliance awareness across the Group. To advance compliance efforts, we established a framework in which the officer and department in charge of compliance work closely with the heads of each site and Group company worldwide.

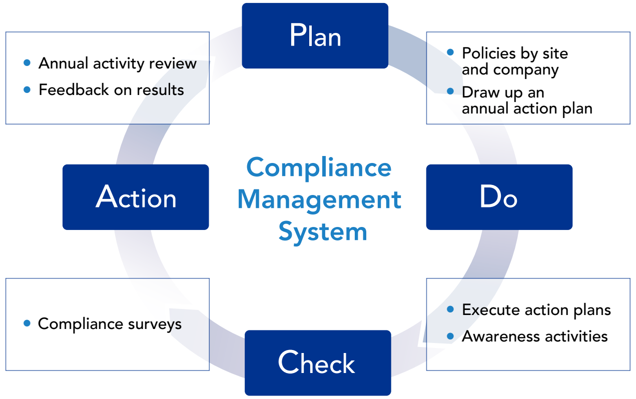


■ Compliance Management System

The Nitto Group maintains a unique compliance management system developed with reference to the management system concept commonly used in quality control and other fields. Given the global nature of our business, separate councils have been established at each of three levels: Group-wide, regional, and site-specific, supported by an executive office led by the compliance department. These councils follow a PDCA cycle each fiscal year to continuously raise compliance standards and reduce associated risks. We have also established a system for information sharing across all levels of councils, with the aim of achieving both autonomous management suited to regional and company-specific circumstances and globally consistent management. To facilitate the operation of the management system, members from around the world gather annually at the global meeting to discuss future directions. At the most recent meeting in May 2026, participants from each region shared the progress of their initiatives and key priorities, and exchanged opinions with each other.

Other programs include compliance surveys covering all Group employees to identify risks. By refining the PDCA cycle to account for a broad range of information, including internal and external environmental changes alongside survey findings, we ensure the effectiveness of our management system continues to improve.

Going forward, we will raise compliance standards throughout the entire group by strengthening ties among the councils as we steadily improve how the system is operated.



■ Publicity and Dissemination of BCG

To help all employees recognize compliance issues in their work, we make the BCG available in 18 languages and keep the BCG training curriculum updated for each trainee group.

We are rolling out BCG Day (the 25th of every odd-numbered month) in stages, not only in Japan but also overseas. Activities include group readings of the BCG, discussions of BCG content at Nitto Group's original *Kuruma-za* round-table talk, and BCG-related games for employees. By sustaining awareness-raising activities at workplaces across the Nitto Group, we encourage employees to keep BCG principles in mind in their daily work, and are making steady progress in raising compliance awareness and building an organizational culture that prioritizes compliance.

BCG Day activities at sites outside Japan

■ Whistle-Blowing System

At the Nitto Group, we maintain an open whistle-blowing system for employees to enable the early discovery and correction of legal violations and ethical issues. We also operate the Partner Hotline, a channel for business partners to report noncompliance or suspicious activity worldwide. We are working to raise awareness of this externally operated service among business partners globally.

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Risk Management

Basic Policy

Nitto Group has established a risk management policy on Basic Policy on Internal Control for major risks that management believes may have a material impact on its business activities.

Business risks include risks related to business operations, such as risks related to business mix and overseas business operations, risks based on external factors such as exchange rate fluctuations and geopolitical factors, and risks related to technological competitiveness such as new technology development capabilities and intellectual property rights. Business execution departments are responsible for these risks. Operational risks include risks related to functional operations for entire Group, such as risks related to safety, environment, disasters, product quality, and defects, information security, responses to antisocial forces, and risks related to the antimonopoly law and the export trade control order. Special function departments are responsible for these risks.

Thus, we have carried out appropriate risk management classifying major risks into these two types.

Risk Management System

Regarding the risk management system, business axis centered on business execution departments controls and manages business risks, while functional axis centered on special function departments controls and manages operational risks. In addition, regional axis centered on regional management located in major overseas regions conducts monitoring on eacn regional basis.

Information on risks that are controlled, managed, and monitored by these three axes is reported by the officer and department in charge of risk management to the Corporate Strategy Meeting, which is composed of directors and vice presidents, and is deliberated there on monthly basis. These deliberation results are immediately directed to the responsible departments, those departments promptly implement measures to control risks, such as tightening controls, and eventually the actions taken and the status of improvements are reported to and confirmed again in the Corporate Strategy Meeting, thereby enhancing the effectiveness of the Group's risk management.

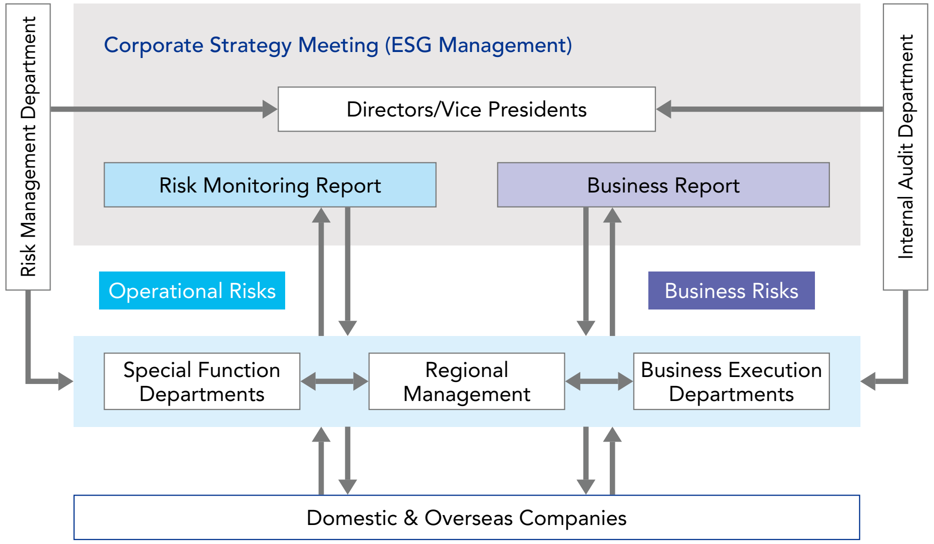
Management Status of Major Risks

Regarding major risks, the Group has analyzed the importance of each risk on the following two axes, with the degree of impact on the business if a risk is materialized and an incident occurs as the vertical axis, and the probability of occurrence as the horizontal axis. Thus, the Group recognizes and visualizes the relative importance of the major risks.

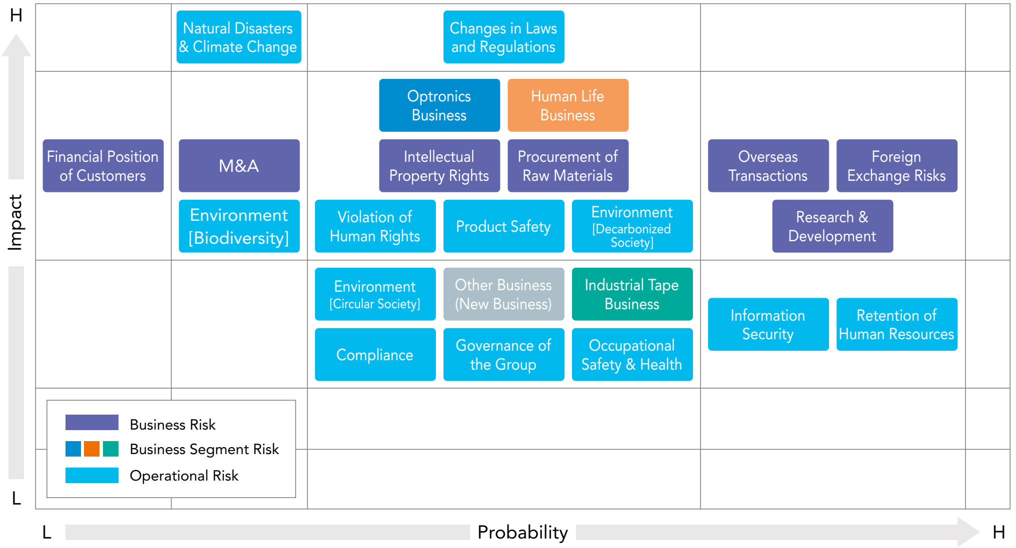
At the end of fiscal year, each responsible department conducts selfassessment for the major risks (business risks and operational risks) that have been reported and deliberated in the Corporate Strategy Meeting, based on assessment criteria such as the establishment of a management system, the actions for controls and countermeasures, and the occurrence of an incident and responses to the incident. In addition, the officer and the department in charge of risk management conduct independent assessments and report those assessment results to the Corporate Strategy Meeting and the Board of Directors.

The results of each risk assessment at the end of fiscal year are shown on the following page. The year-end assessment of each risk is measured by whether the risk has increased since the beginning of the year.

Risk Management System



Risk Map of FY2025



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Risk Assessment Results of FY2025

	Major risks	Direction	Assessed items	Risk measures (FY2025)
Business risks	Foreign Exchange Risks	→	Deterioration of cash flow Exchange rate fluctuation	- Timely monitoring of the internal cash balance, finance situation and asset & liability by currency in the group - Control of risks related to currency volatilities through fund centralization at regional treasury centers and the use of exchange contracts
	Overseas Transactions	↗	Trade restrictions/incidents Impact of conflict/geopolitical risks Impact of U.S. Tariff Policies on Financial Performance	- Close monitoring of the impacts of geopolitical risks, including sharp rises in transportation costs and constraints on transportation capacities - Strenghthning of logistics management such as visualization and BCP - Promoting education for export managers and system development
	Financial Position of Customers	→	Irrecoverable receivables	- Adequate credit checks and insurances to prevent bad debts
	Procurement of Raw Materials	↗	Change of supply chain conditions Deterioration of procurement conditions & environments	- Establishing departments for reviewing and taking measures for geopolitical risks and chemical regulations, and promoting further strengthening of sustainable procurement
	Research & Development	→	Delayed/obsolete R&D	- Promoting R&D for new technologies and products, as well as equipment investments, focusing on the *Sanshin* Activities - Intensive investment of R&D resources for PlanetFlags™/HumanFlags™
	Intellectual Property Rights	→	Intellectual property infringement	- Actions to detect infringement of our IPs in cordination with business divisions
	Industrial Tape Business	→	Changes in electronics related market Changes in automobile productions Delay in addressing growth market	- Focusing on creating the high value-added products for growing markets - Continuous establishment of our constitution resilient to the market conditions - Implementing diversification of raw material suppliers and appropriate reviews of sales prices in preparation for geopolitical risks
	Optronics Business	→	Generalization & obsolescence of products & technologies Maturity & shrinkage of market Entry of competitors Delay of new product development	- Promptly identifying customer needs and promoting new product development leveraging our technological capabilities, as well as market expansion - Ensuring stable product supply by securing procurement sources, diversifying production locations, and implementing productivity improvements through the use of digital technologies
	Human Life Business	→	Changes in customer demand Decline in competitive advantage/ value Rising raw material prices, supply shortage	- Ensuring of the competitive technologies in line with progresses of customers' R&D - Addressing risks to product supply and rising costs by diversifying suppliers and production locations, as well as appropriate inventory management - Achieving cost reductions and stable profitability through improved production efficiency by promoting capital investment and digitalization
	Other Business · M&A	→	Failure of new business Failure of assumed business plan	- Promotion of new business taking into accounts market trends and customer needs

↗ : Increased → : No Change ↘ : Decreased

	Major risks	Direction	Assessed items	Risk measures (FY2025)
Operational risks	Product Safety	→	Product defect Stricter regulations Solving quality compliance issues	- Continuous improvement by acquisition of international quality management system certification - Actions taken for products quality compliance such as education, hard-development on production and inspection sites, and quality audit by 3 lines of defense - Strengthening our chemical substance management system for PFAS alternatives in anticipation of stricter regulations, and promoting compliance through early acquisition of regulatory information via industry associations
	Environment (Decarbonized Society)	→	Response to environmental regulations Incompliance of regulations Higher renewable energy cost Higher emission rights cost Higher waste treatment cost	- Actions taken to address rising carbon pricing costs due to geopolitical risks and global environmental regulations - Continued promotion of energy conservation in manufacturing processes and the introduction of renewable energy - Promoting the reduction of customers' GHG emissions through our products and solutions
	Environment (Circular Society)	→		- Setting targets for waste plastics recycling ratio and resource efficiency, and promoting resource circulation and effective use of resources
	Environment (Biodiversity Conservation)	↗		- Promoting efforts to mitigate identified risks and increase opportunities in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
	Information Security	→	Cyber crime/attack IT system destruction/failure Information leakage/Illegal use	- Actions taken such as information security education/training, and ensuring compliance with information management rules - In addition to establishment of measures against incidents, conduct of Business Continuity Plan (BCP) training
	Changes in Laws, Regulations	→	Revision of laws and regulations	- Continuously monitoring trends in laws and regulations that may affect our business - Assessing the potential impacts of regulatory changes in advance and taking measures to avoid or minimize such impacts
	Compliance	→	Violation of laws Breach of compliance	- Conduct of compliance surveys and education for business conduct guidelines, and improvement of whistle-blowing system (for all employees in the group) - Establishment of compliance hot line (for suppliers in all region)
	Governance of the Group	→	Accounting frauds/deficiencies Delayed response to legal disclosure of sustainability information Irregularities of purchase Management overrides/deficiencies	- Strengthening of governance system, and comprehensive monitoring by promoting three-axes management
	Natural Disasters & Climate Change	→	Earthquakes Heavy rain, floods, typhoons (warming)	- Conduct of evacuation drills, disaster-related decision-making drills - Establishment and revision of BCP
	Retention of Human Resources	→	Loss of human resources Insecurity of human resources	- Enhancing of engagement such as realizing confortable work environment which makes it easy to try - Initiatives to acquire, develop and retain diversified human resourses
	Occupational Safety & Health	→	Accidents/Disasters	- Continuous efforts to identify and mitigate risks, and initiatives to ensure compliance of rules
	Human Rights	→	Human rights violations (In the Group) Human rights violations (Supply chain)	- Strengthening of measures for global human rights issues by the Human Rights, Labor, and Ethics Council - Implemented sustainability training program including respect for human rights (for all empoyees in the Group) - CSR procurement assessment and third-party assessments (for suppliers)

Details of major risks https://www.nitto.com/jp/en/sustainability/governance/management/risk/

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