

Directors and Auditors (As of July 1, 2024)



Toshihiko Takayanagi
Corporate Auditor

Shin Tokuyasu
Corporate Auditor

Yasuhito Ohwaki
Director, Senior Executive
Vice President

Wong Lai Yong
Outside Director

Yasuhiro Yamada
Outside Director

Yosuke Miki
Director, Senior Executive
Vice President

Yasuhiro Iseyama
Director, Senior Executive
Vice President

Tatsuya Akagi
Director, Executive Vice
President

Yasuko Kobashikawa
Outside Corporate Auditor

Tsuyoki Hattori
Outside Corporate Auditor

Kiyoshi Sono
Outside Corporate Auditor

Hideo Takasaki
Representative Director,
President

Yoichiro Furuse
Part-time Director

Michitaka Sawada
Outside Director

Mariko Eto
Outside Director

Directors

Hideo Takasaki

Representative Director, President

April 1978 Joined Nitto Denko Corporation
 June 2008 Director, Vice President
 June 2010 Director, Senior Vice President
 June 2011 Director, Executive Vice President
 June 2013 Director, Senior Executive Vice President
 April 2014 Representative Director, President
 CEO, COO (present)

Yoichiro Furuse

Part-time Director

April 1964 Joined Sumitomo Bank, Ltd.
 June 1989 Director, Sumitomo Bank, Ltd.
 October 1993 Executive Director, Sumitomo Bank, Ltd. (retired in June 1996)
 June 1996 Senior Managing Director, Mazda Motor Corporation (retired in June 2000)
 June 2001 Director, Sanyo Electric Co., Ltd.
 June 2002 Representative Director and Vice President, Sanyo Electric Co., Ltd. (retired in October 2005)
 January 2006 Representative Director, Evanston Corporation (present)
 June 2007 Outside Director, Nitto Denko Corporation
 September 2010 Non-Executive & Independent Director, Global Logistic Properties Limited (retired in December 2017)
 July 2015 Chairman of Japan, Permira Advisers KK (retired in December 2020)
 October 2015 Director, Sushiro Global Holdings Ltd. (retired in December 2016)
 March 2016 Outside Director, Nasta Co., Ltd. (present)
 January 2018 Consultant of GLP Pte. Ltd. (present)
 January 2021 Consultant of Japan, Permira Advisers KK (retired in December 2022)
 June 2023 Part-time Director, Nitto Denko Corporation (present)

Yosuke Miki

Director, Senior Executive Vice President

April 1993 Joined Nitto Denko Corporation
 June 2016 Vice President, General Manager of Information and Communication Technology Sector
 April 2017 Vice President, Deputy CTO
 General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector and General Manager of New Business Development Division
 June 2017 Director, Vice President
 June 2019 Director, Senior Vice President
 April 2020 Director, Senior Vice President, Deputy CTO
 General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector
 June 2020 Director, Executive Vice President, CTO
 General Manager of Corporate Technology Sector, General Manager of Information and Communication Technology Sector
 April 2021 Director, Executive Vice President, CTO
 June 2022 Director, Senior Executive Vice President, CTO (present)

Wong Lai Yong

Outside Director

September 2013 Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)
 July 2018 Director, Penang Women's Development Corporation (retired in September 2023)
 October 2019 Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)
 June 2020 Outside Director, Nitto Denko Corporation (present)
 November 2022 Outside Director, Farmnote Holdings, Inc. (present)
 June 2024 Outside Director, MITSUI E&S Co., Ltd. (present)

Yasuhiro Iseyama

Director, Senior Executive Vice President

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

Michitaka Sawada

Outside Director

April 1981 Joined Kao Soap Co., Ltd.
 June 2008 Director, Executive Officer, Kao Corporation
 June 2012 Representative Director, President and CEO, Kao Corporation
 June 2020 Outside Director, Panasonic Corporation (present)
 January 2021 Director and Chair of the Board of Directors, Kao Corporation
 June 2021 Outside Director, Nitto Denko Corporation (present)
 June 2022 Outside Director, Komatsu Ltd. (present)
 March 2024 Special Advisor, Kao (present)

Yasuhiro Ohwaki

Director, Senior Executive Vice President

April 1984 Joined Nitto Denko Corporation
 June 2006 General Manager of Printed Circuits Department, Industrial Business Division
 April 2010 General Manager of Planning & Management Department, Information and Communication Technology Division
 April 2011 General Manager of Planning & Management Division, Tape Products Sector and General Manager of Planning & Management Department Industrial Products Division
 April 2012 General Manager of Strategy Management Division, Functional Base Products Sector
 June 2012 Vice President, General Manager of Functional Base Products Sector
 October 2013 Vice President, General Manager of Automotive Products Sector
 April 2015 Vice President, General Manager of Quality, Environment & Safety Management Sector
 April 2017 Vice President, Director, Nitto Denko India Private Limited
 June 2017 Senior Vice President
 October 2018 Senior Vice President, CPO
 October 2019 Senior Vice President, CIO, CPO
 June 2020 Executive Vice President, CIO, General Manager of Corporate Sustainability Division
 June 2021 Senior Executive Vice President
 April 2022 Senior Executive Vice President, General Manager of Human Resources Management Division
 June 2023 Director, Senior Executive Vice President, General Manager of Human Resources Management Division
 June 2024 Director, Senior Executive Vice President, CHRO, General Manager of Human Resources Management Division
 July 2024 Director, Senior Executive Vice President, CHRO, General Manager of Corporate Human Resources Division (present)

Yasuhiro Yamada

Outside Director

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

Tatsuya Akagi

Director, Executive Vice President

April 1993 Joined Nitto Denko Corporation
 May 2010 Director, Taiwan Nitto Optical Co., Ltd.
 April 2015 General Manager of Sales Management Division, Information Fine Materials Unit, Information Fine Materials Sector
 April 2016 General Manager of Business Management Division, Information Fine Materials Sector
 April 2017 Deputy General Manager of Information Fine Materials Sector
 June 2019 Vice President, General Manager of Information Fine Materials Sector
 June 2022 Senior Vice President, General Manager of Information Fine Materials Sector
 June 2024 Director, Executive Vice President, General Manager of Information Fine Materials Sector (present)

Mariko Eto

Outside Director

April 1994 Joined MITSUI & CO., LTD.
 October 2003 Registered with Daini Tokyo Bar Association
 April 2015 Joined TMI Associates
 January 2017 Partner of TMI Associates (present)
 March 2019 Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)
 June 2020 Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022)
 June 2022 Outside Director, Starzen Co., Ltd. (present)
 June 2023 Outside Director, Nitto Denko Corporation (present)
 March 2024 Outside Director, ASICS Corporation (present)

Corporate Auditors

Shin Tokuyasu

Corporate Auditor (full-time service)

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

Toshihiko Takayanagi

Corporate Auditor (full-time service)

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

Yasuko Kobashikawa

Outside Corporate Auditor

February 2001 Registered as a Certified Public Accountant
 June 2006 Established MIKASA&Co
 June 2015 Outside Director of ARTNATURE INC. (retired in June 2022)
 December 2017 Established JK & CREW Tax Accountant's Corporation (present)
 June 2023 Outside Corporate Auditor, Nitto Denko Corporation (present)
 June 2024 Outside Corporate Auditor, JVCKENWOOD Corporation (present)

Kiyoshi Sono

Outside Corporate Auditor

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

Tsuyoki Hattori

Outside Corporate Auditor

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

Skills Matrix

Name	Title	Gender	Length of service	Leadership	Technology	Finance	Governance	Sustainability
Hideo Takasaki	Representative Director	Male	16	●				
Yosuke Miki	Director	Male	7	●	●			
Yasuhiro Iseyama	Director	Male	4			●	●	
Yasuhito Ohwaki	Director	Male	1	●			●	●
Tatsuya Akagi	Director	Male	-	●				
Yoichiro Furuse	Director	Male	17	●		●	●	
Wong Lai Yong	Outside Director	Female	4				●	●
Michitaka Sawada	Outside Director	Male	3	●	●			●
Yasuhiro Yamada	Outside Director	Male	2		●	●	●	
Mariko Eto	Outside Director	Female	1				●	●
Shin Tokuyasu	Corporate Auditor (full-time service)	Male	5			●		●
Toshihiko Takayanagi	Corporate Auditor (full-time service)	Male	1	●			●	
Yasuko Kobashikawa	Outside Corporate Auditor	Female	1			●	●	
Kiyoshi Sono	Outside Corporate Auditor	Male	-	●		●	●	
Tsuyoki Hattori	Outside Corporate Auditor	Male	-				●	●

<Notes>

*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 President-Director.

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, etc., we believe that the appropriate size of the Board of Directors is not more than ten Directors (one third or more of whom are independent directors). Likewise, the Articles of Incorporation set an upper limit of ten. We also believe that the appropriate size of the Board of Corporate Auditors is not more than five members (half or more of whom are independent 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. 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 below 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 Management, 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.

*Our unique values consisting of safety, sustainability, diversity and 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, "Place safety before everything else," which is one of the principles of "The Nitto Way," also encompasses "management security." 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.

Vice Presidents (As of July 1, 2024)

Name	Title (Position)	Responsibilities
Hideo Takasaki	Representative Director, President CEO, COO	
Yasuhito Ohwaki	Director, Senior Executive Vice President, CHRO General Manager of Corporate Human Resources Division	Human resources & education, diversity, equity & inclusion promotion, and management of Japan
Yosuke Miki	Director, Senior Executive Vice President, CTO General Manager of Corporate Technology Sector	Corporate technology (R&D)
Yasuhiro Iseyama	Director, Senior Executive Vice President, CFO General Manager of Corporate Accounting & Finance Division, General Manager of Export Control Center	Accounting & finance, IR, export control, and internal audit
Sam Strijckmans	Executive Vice President General Manager of EMEA (Europe, the Middle East, and Africa) President & CEO, Nitto EMEA NV	Management of EMEA (Europe, the Middle East, and Africa)
Seiji Fujioka	Executive Vice President General Manager of South Asia, India, and Oceania Representative Director, Nitto Denko (Singapore) Pte.Ltd.	Management of South Asia, India, and Oceania
Kazuki Tsuchimoto	Executive Vice President General Manager of Production Division	Manufacturing & production engineering, and environment & safety management
Tatsuya Akagi	Director, Executive Vice President General Manager of Information Fine Materials Sector	Information fine materials business
Yukihiro Horikawa	Executive Vice President General Manager of Human Life Solutions Sector General Manager of North America and South America President, Nitto, Inc.	Human life solutions business, Management of North America and South America
Atsushi Ukon	Senior Vice President President, Nitoms, Inc.	Management of business companies
Bae-Won Lee	Senior Vice President General Manager of South Korea Representative Director and President, Korea Nitto Optical Co., Ltd.	Management of South Korea, information fine materials
Norio Sato	Senior Vice President General Manager of Advanced Film Solution Division	Advanced film solution business
Katsuyoshi Jo	Senior Vice President Representative Director, Nitto Shinko Corporation	Management of business companies
Nobuyuki Aoki	Senior Vice President Representative Director, Nitto Analytical Techno-Center Co.,Ltd.	Management of business companies

*CEO: Chief Executive Officer, COO: Chief Operating Officer, CHRO: Chief Human Resources Officer, CTO: Chief Technology Officer, CFO: Chief Financial Officer

Name	Title (Position)	Responsibilities
Kenjiro Asuma	Senior Vice President General Manager of Taiwan Chairman and President, Taiwan Nitto Corporation	Management of Taiwan
Yasuhiro Hayashi	Senior Vice President General Manager of Legal & Compliance Division	Legal & general affairs, compliance and risk management
Shingo Suita	Vice President General Manager of Functional Base Products Sector	Functional base products business
Yoshihiko Terada	Vice President General Manager of Medical Division, Human Life Solutions Sector	Medical business
Hitoki Kanagawa	Vice President Deputy General Manager of Information Fine Materials Sector	Information fine materials business
Yoichiro Sugino	Vice President General Manager of Information and Communication Technology Sector	ICT business
Nao Murakami	Vice President General Manager of New Business Development Division, Corporate Technology Sector	Corporate Technology (New Business)
Naoki Makino	Vice President General Manager of Sales Management Division	Sales management
Michihiro Hagiwara	Vice President General Manager of Quality Assurance Division	Quality
Junichi Matsumoto	Vice President General Manager of Procurement Business Division	Procurement
Hiroyuki Katayama	Vice President General Manager of Membrane Division, Human Life Solutions Sector	Membrane business
Futoshi Shiomi	Vice president General Manager of PRC Chairman and President, Nitto Denko (China) Investment Co., Ltd.	Management of PRC
Kei Nakamura	Vice president General Manager of Corporate IT Division General Manager of Business Reform Promotion Division	IT, business reform promotion and logistics
Kenshi Tozuka	Vice president General Manager of Corporate Strategy & ESG Management Division	Corporate strategy, PR and ESG promotion

A Dialogue Between Directors

The Board of Directors Supports Open and Unfettered Discussions to Accelerate Transformation into an “Essential Top ESG Company.”



Mariko Eto
Outside Director

Hideo Takasaki
Representative Director, President
CEO, COO

Significance of Seriously Aspiring to Be a Top ESG Company

— How do you look back on fiscal 2023 business-wise?

› **Takasaki:** To get a head start in the first year of the new mid-term management plan, we forged ahead with the initiatives that place ESG at the core of our management. Having declared our aim to become an “essential top ESG company” by 2030, we set out 12 financial and future-financial numerical targets. Looking back over the year, however, we were made to feel how difficult it was to run after two hares, i.e., ESG and numbers. I understand that shareholders and investors place great value on ESG as it concerns future prospects of business, but we cannot simply make light of more short-term performance. Nonetheless, from the point of view that ESG is not about cost but investment in business, we made steady efforts to develop PlanetFlags/HumanFlags products and programs for employees to get involved in ESG initiatives.

› **Eto:** From a personal standpoint, it was my first year as an Outside Director of Nitto Denko Corporation. Recalling our discussions at the Board of Directors meetings and other occasions, I can say that not a single meeting went by without us hearing someone mention ESG, which certainly reminded me of the strong determination and desire to place ESG at the core of management and the will to get things done. Balancing ESG management with business performance is a classic case of “easier said than done,” but I can assure you that this year saw us make significant strides in actualizing this steadfast commitment.

› **Takasaki:** Did your position as Outside Director change your impression of Nitto?

› **Eto:** I’m a tennis fan, so the first thing that came to mind when Nitto offered me this position was, “Gosh! It’s the title partner of the ATP Finals!” After I took this position, I realized that this company was wholeheartedly dedicated to becoming a top ESG company. Over the

past year, I had the honor of visiting various plants. I assume they spent a considerable amount of time preparing for my visit beforehand. But at the same time, I could see that they were excited about having new visitors and enjoying the occasion. So, I was able to accept their enthusiasm and I began to learn as much as possible from those visits. Now, what impressed me most during those visits was a remark by a young female employee, who told me that her father was working for Nitto. I was impressed by the fact that, even at major life events of career decisions, Nitto's strengths and corporate culture are inherited in the most natural way via family connections. I was also profoundly impressed by this employee who made every effort to present Nitto's technologies and products in an appealing and understandable way, ensuring it resonated effectively with me, despite the complex nature of the subject.

True Intent of Creating an Environment Where External Officers Can Freely and Actively Contribute

— Did you feel any difference between Nitto and other companies, say, what makes us unique or the atmosphere of the Board meetings?

➤ **Eto:** Before I assumed the position of Outside Director at Nitto, I read through so many documents to find unique terminologies, such as Niche Top, PlanetFlags/HumanFlags, and *Sanshin* Activities. As I attended the Board of Directors meetings and visited plants, I began to realize what those terms mean and found that even young new employees make the most of *Sanshin* Activities in undertaking their tasks. I was also told that young employees at our Group companies outside of Japan engage in *Sanshin* Activities and collaborate with their counterparts at other sites through communication in English.

➤ **Takasaki:** *Sanshin* Activities are known as such whichever country you go. Niche Top, too, is a universal language among Nitto Persons. How did you find the atmosphere of our Board meetings? Feel free to be candid.

➤ **Eto:** I must say I was a bit nervous at my first Board meeting, but I was relieved to see that everyone was encouraged to have free and vigorous discussions. It seems to me that everyone was congenial. Partly because of that camaraderie as a team, I was given the courage to speak. When I did, everyone listened to me attentively, and I realized that every Board member was involved in fostering such a special atmosphere. Another thing I found unique was that seats are decided by lot before each meeting.

➤ **Takasaki:** At Nitto, we made it a rule to decide who sits at which seat by lot before I was appointed President of this company, and I'm sure that tradition is instrumental in providing such a cozy atmosphere. During the meetings, we have lunch at the break. Because we sit beside different persons each time, we get to know each other better as we have a small conversation. We can even casually ask our neighbors to clarify matters on the meeting materials.

➤ **Eto:** When I come to a Board meeting a little before it starts, I'm shown to a waiting room for officers, where everyone is engaged in casual conversations about all sorts of things. I believe that engaging in casual conversation like this greatly enhances the depth of our communication.

➤ **Takasaki:** Once a meeting starts, we naturally concentrate on the agenda. What is important here is to know the personality of other members. At Board meetings, I make it a rule to speak after everyone has offered their input. This is because I appreciate hearing perspectives from outside officers with different experiences, knowledge, and careers.



In fact, their suggestions often provoke what escapes the attention of internal officers but are quite useful for managing this company. They provide many valuable comments, and we lose no time responding to what we believe should be implemented quickly. From fiscal 2023, the Board of Directors has been briefed on monitoring reports on human resources, supply chains, safety, and brands, among others. Any input on these items is reported to and followed up on at the Corporate Strategy Meeting to ensure that they are reflected in our management.

Ensuring the Board Functions as the Supreme Decision-Making Body

— The functions and roles of the Board of Directors are advancing with each passing year. What did you focus on most in fiscal 2023?

› **Takasaki:** The Board of Directors is the supreme management decision-making body. We do invite others to report on their matters, but I believe that its primary function is to discuss issues of overriding importance that can impact our management. Under the Board of Directors, we have the Corporate Strategy Meeting, where all Vice Presidents attend. What we're doing is delegating as much authority as possible to the Corporate Strategy Meeting so that they can discuss agenda items that are highly urgent and technical. Of the items submitted to the Meeting for discussion, the Board of Directors makes a final decision on issues that significantly impact our management in terms of, say, the amount of investment required.



— Ms. Eto, is there anything that you keep in mind when you offer advice in Board meetings?

› **Eto:** Whenever I attend a Board of Directors meeting, I bring a copy of the Integrated Report. It was my first year as a Board member, so I didn't have an accurate understanding of technical details about products and so on. When in doubt, I would always refer to the Integrated Report.

› **Takasaki:** Because Nitto supplies intermediate materials and seeks to be a Niche Top company, I understand that it's quite hard to acquire all the technical details in a short space of time. But I'm sure that your understanding will deepen as you attend more Board meetings, and I expect you will provide us with valuable input on our governance and other matters in your areas of expertise as an attorney.

› **Eto:** Being in the chemical industry, Nitto is subject to all sorts of laws and regulations. Also, any serious occupational accident can affect the lives of victims significantly and risk a fatal blow to business. I feel that all Board members share the resolution to hedge against the risk of any such fatal blows, although we might still have room for improvement regarding minor risks. I find this very encouraging as it sends a powerful message to employees. When I inquired about this at the Board meeting a while ago, they promptly detailed Nitto's measures to prevent occupational accidents, reassuring me that the company is continuously updating information on relevant laws and regulations and is already taking significant steps in this area.

› **Takasaki:** We have consistently emphasized the principle of "placing safety before everything else" to ensure everyone understands and integrates this priority into their daily activities. It's never easy to completely eliminate occupational accidents, but we just have to keep saying that. When our officers visit our plants, we consider it essential to

have our Corporate Philosophy thoroughly known to everyone, rather than talking exclusively about financial results. Every spring and fall, we organize a global conference where more than 100 persons, including senior executives of our overseas subsidiaries, gather. On those occasions, we ensure that interactive workshops on compliance, safety, and Corporate Philosophy are included in the program, in addition to sessions on business plans and budgets, to invite input from the participants.

Creating a Workplace Environment Where Everyone Shines and Is Empowered, Regardless of Gender and Nationality

— Recently, the Board has emphasized the importance of diversity. How much significance do you assign to it?

› **Takasaki:** When we talk about diversity, we tend to look at how many women and international employees are on the board, but I believe that diversity in other aspects also counts. Needless to say, it's important for us to comply with the Corporate Governance Code, but we need to be most conscious of diversity in terms of skills and specialties. When selecting officers, we identify five skills that they are expected to have. Reviewing the current skills matrix, I can safely say that our Board of Directors is sufficiently diverse. If we look back on the changes to the list of Board members, we can see it's quite dynamic. This dynamism came naturally, as we view regular updates in leadership to reflect changing times as an integral aspect of diversity.

› **Eto:** Once, during a Board of Directors meeting, I was asked for my thoughts on the diversity of the officers. It was a tough question to answer, as the definition of "diversity" is very broad. Honestly, I had assumed my being a woman itself was a manifestation of diversity. But

when I was asked that question again, I felt it was something I needed to consider more deeply. Also, at Nitto's facilities, I heard that hiring for technical positions is conducted with as little gender bias as possible, when such positions are often given to male employees partly because of relevant laws and regulations. In fact, during my visits, I could see that the guides were chosen regardless of gender, demonstrating that the company actively practices this inclusive approach.

› **Takasaki:** At the outset of this conversation, you mentioned that a female employee at a plant gave you explanations. At Nitto, the department head predetermines who will be assigned this task. We want everyone visiting us to get informed as they see and touch actual products, as it conveys our message better than showing them hundreds of pages of dossiers. Often, we deliberately nominate a new recruit to explain things. Although initially nervous, they ultimately deliver excellent explanations, dedicating considerable time to planning their presentations and rehearsing repeatedly. It is that experience that helps younger employees gain lessons for future jobs, as well as great confidence in themselves. So, it is also for the sake of developing human resources that we select younger employees to interact with visitors, encouraging them to prepare thoroughly.

› **Eto:** Listening to explanations from Nitto employees I met at those plants or Vice Presidents, I could see how enthusiastic they are about making a clear differentiation with the Niche Top Strategy. One time, I was surprised at the Board of Directors meeting to learn that divestment from a certain business was occasionally on the agenda as part of the company's business plan. Generally speaking, companies can make an about-face in their policy because of advice from outside officers, but, here at Nitto, such tough strategic decisions like withdrawing from business are made autonomously by the business execution teams which,

from the perspective of an Outside Director like myself, appears to be potentially wasteful to make such a decision so quickly. Any business that can no longer be called a "Niche Top" is changed over to a licensing business that strategically uses patents, and I am impressed by how promptly such decisions are made here. I understand that this is something that Nitto has historically done over and over, i.e., responding to changes in the business environment swiftly and not hesitating to switch business models if deemed necessary.

› **Takasaki:** As you can imagine, it's far more difficult to make a decision to withdraw than to keep going. This is especially true for manufacturing businesses like Nitto because we have technological assets that have been built and a team of engineers who have been associated with them. I can easily tell that it must have been incredibly difficult for any engineer to watch the technology they meticulously developed and nurtured transition into a licensing business. But the bottom line is whether a business is still worthy of the Niche Top name, and this notion prevails widely among employees. Engineers from divested businesses are given opportunities to demonstrate their talent as leaders of other businesses. Generally speaking, business closure is viewed negatively as an unsuccessful attempt. Things are quite the opposite for Nitto, and every member finds new opportunities at different businesses and keeps shining as they seek to work to create a new Niche Top product.

Up Next: Recruitment/Development of Diverse Human Resources and Training of the Next Management Team

— Growing attention is being given to human capital management in recent years. What do you think is important to do in this regard?

› **Eto:** For one thing, it's important to maximize the value of human capital by promoting digital transformation (DX) to reinforce the business foundation. Every young person these days is adept at digital tools. The challenge we face is finding ways to help those digital natives grow into full-fledged members of society and members of our management team over the course of several years. Also, face-to-face communication is important at Nitto partly because of the characteristics of its business. For this to happen, linguistic skills play an important role. During a discussion I had on personnel affairs at a Board meeting, we reached a consensus that enhancing English proficiency is important, and I could not agree more.

› **Takasaki:** I couldn't agree with you more when you say face-to-face communication is so important. Unfortunately, our interpersonal skills have lowered overall during the pandemic. Because Nitto doesn't have catalogs or price tables, the only way we have to pitch our products to customers is to make them aware of their latent needs through communication, which is based on face-to-face conversation. I urge our recruits to initiate communication without taking a passive role. As a way to promote DX, we have proceeded to revamp the enterprise resource planning (ERP) system, but I have to say that we have yet to unify our management resources where it is most needed. At home and abroad, our operations depend heavily on individuals' skills, and we are constantly made aware that solving this bottleneck poses a major challenge in our promotion of DX. Another significant personal challenge for me is preparing the next generation of management candidates. For us to keep changing ourselves and sustain business growth, it is vital that we always have a reserve team of management. Recruiting diverse human resources, including mid-career professionals, and developing them for future management roles is crucial. I think that the timely development of human resources is a top priority on the management agenda.

Enhancing Management Security

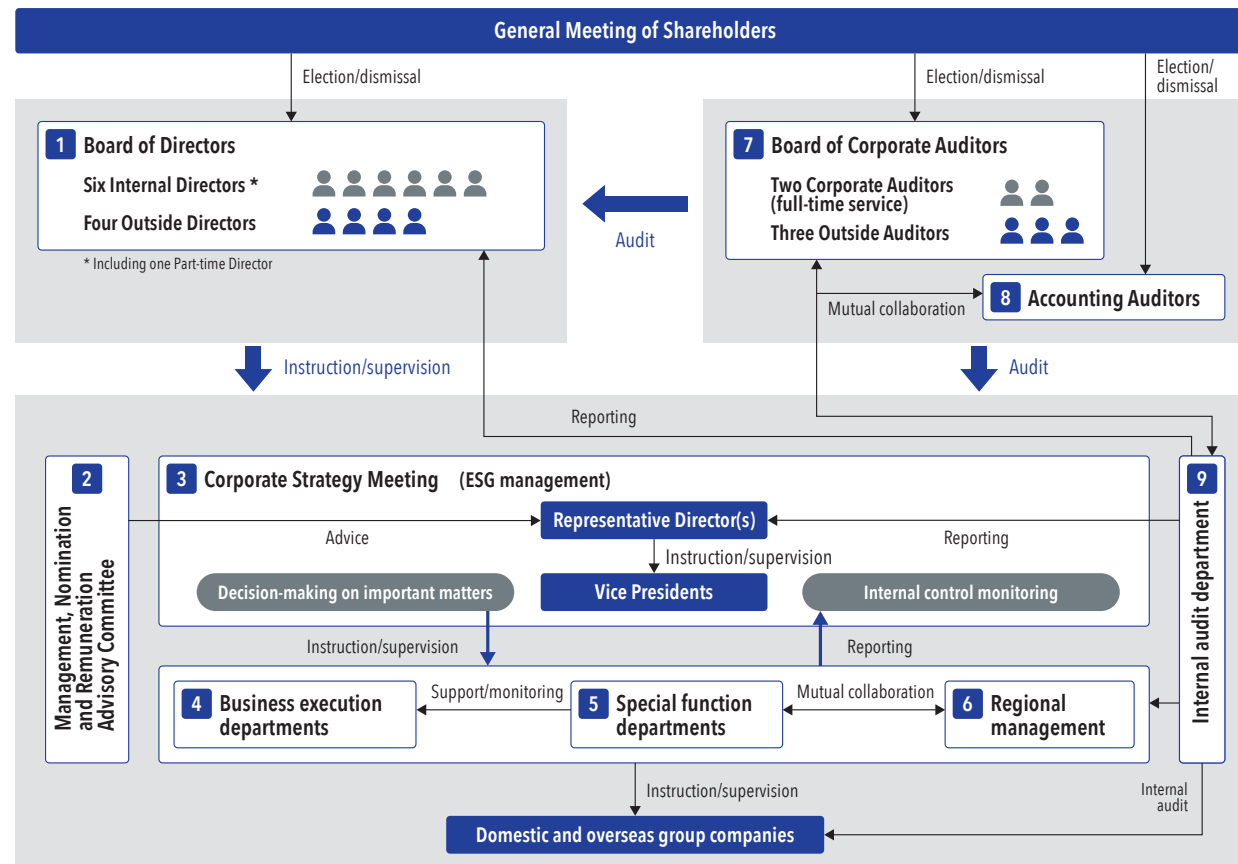
Corporate Governance System

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 being careful not to do something illegal, 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



Descriptions and Roles of the Organizations

Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, President-Director	[Composition] Six (6)* Internal Directors and four (4) Outside Directors (ten (10) in total) * Including one Part-time Director · 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 Management, Nomination and Remuneration Advisory Committee [Chairperson] Hideo Takasaki, President-Director	[Composition] One (1) Representative Director, four (4) Outside Directors, three (3) Outside Corporate Auditors (eight (8) in total) · Voluntary advisory committee · A structure where Representative Director receives appropriate engagement and advice from Outside Directors and Outside Corporate Auditors in advance and important matters are deliberated at the Board of Directors thereafter · Advice on important issues including important management themes, nomination of Directors, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Hideo Takasaki, President-Director	[Composition] Twenty-seven (27) Directors and Vice Presidents (including those concurrently serving as Directors; twenty-eight (28) 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 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.

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. Further, it has established the Management, 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 multifaced 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. The Management, Nomination and Remuneration Advisory Committee as a place to hear broad opinions

As a place for its members to exchange opinions and provide advice for Representative Directors, the Management, Nomination and Remuneration Advisory Committee hears valuable opinions each time its meeting is convened. In addition, it is characteristic of Nitto not

to restrict the Management, Nomination and Remuneration Advisory Committee's targets to the areas of Nomination and Remuneration but to add Management to cover broader ones. Please note that since, according to the Companies Act, Nomination and Remuneration are to be determined by the Board of Directors, which has open and robust discussions, the Management, Nomination and Remuneration Advisory Committee is not deliberately obliged to report to the Board of Directors.

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 2023, 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

Nitto engaged a third party organization to conduct a survey of all its Directors and Corporate Auditors. And based on the results of this survey, it analyzed and evaluated the effectiveness of its Board of Directors, following discussions by the Board. In this survey, to further stimulate discussions at the Board of Directors, the question items presented in a five-point scale were integrated and the themes of items requesting free statements were made clearer.

2. Questions

[Items presented in a five-point scale]

The current state of the Board of Directors, the composition of the Board, the operations of the Board, discussions at the Board meetings, monitoring functions of the Board, an overview

[Items requesting free statements]

The supervisory functions of the Board; the acceleration and promotion of ESG management; deeper involvement of Outside Directors in management; enhanced engagement with stakeholders, including investors; and other items

3. Overview of the analysis/evaluation results

Nitto has confirmed that the strength of its Board of Directors is the open and robust discussions it has on all management issues, which was also found in the FY2022 evaluation.

Concerning efforts by the Board to address the challenges recognized in the FY2022 evaluation, it was confirmed that the Board made efforts to leave no issues unaddressed, such as embracing more in-depth discussions on human resources, especially on the appointment and development of management executives as a challenge. It has also built a new framework and launched its operations to enhance the development of executive candidates and assess their competencies.

For its challenge for FY2024, it was suggested that the Board should take measures that enable Outside Directors to deepen their understanding of Nitto to make them more involved in management and improve information sharing with the business execution team.

4. Future actions

With the above analysis/evaluation findings in mind, Nitto's Board of Directors will remain committed to further enhancing the effectiveness of the entire Board.

Topics discussed at Board of Directors meetings in FY 2023

Management	<ul style="list-style-type: none"> Progress in the mid-term management plan Revisions in the criteria for decision-making Disclosure of the Nitto Group's initiatives designed to realize management conscious of capital cost and stock prices Revisions in material issues for sustainability (materiality) Support for external initiatives Selection and development policy of senior executives Individual M&A deals
Monitoring	<ul style="list-style-type: none"> Implementation status of internal control Implementation status of the supply chain management system
Others	<ul style="list-style-type: none"> Drawing up of the "Zero Cross-Shareholding Policy" Dialogue with investors

Major consultations and deliberations discussed in the Management, Nomination and Remuneration Advisory Committee during FY2023

Management	<ul style="list-style-type: none"> Approach to shareholder dialogue in light of the status of shareholder proposals
Nomination	<ul style="list-style-type: none"> The Company's ideal approach to diversity in the Board of Directors
Remuneration	<ul style="list-style-type: none"> Consistency between the executive remuneration policy and this fiscal year's director remuneration

Remuneration for Directors and Corporate Auditors

Remuneration for Directors and Corporate Auditors of the Nitto Group is structured as follows. The policy related to the standard amount, calculation method, component ratio among different types of remunerations, timing or conditions of payment, etc. for the remuneration of each Director shall be decided by the Board of Directors, by comprehensively taking into account such factors as the Company's business conditions, management environment, the levels of remuneration to officers at major companies of a similar scale in the same industry as the Company, after receiving a report on the results of deliberations by the Management, Nomination and Remuneration Advisory Committee.

For the purpose of standard evaluation, the target component ratio of remuneration is: Remuneration in cash: Bonus for Directors: Restricted share remuneration = 30%:60%:10%. Performance-linked share-based remuneration is not provided for a standard evaluation since it is additional remuneration that serves as an incentive for the improvement of medium-term performance.

In light of their roles and independence, Part-time Directors, Outside Directors, and Corporate Auditors are remunerated by fixed remuneration only.

Components of remuneration

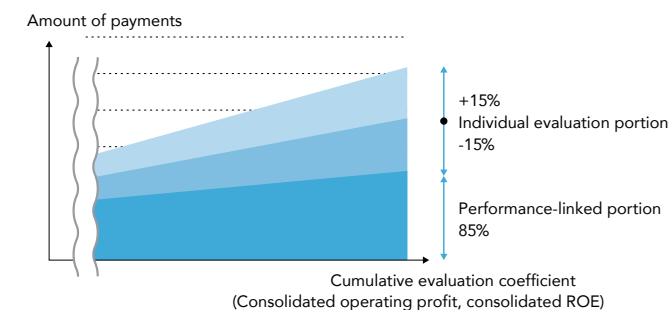
Category	Descriptions
[Fixed remuneration] Basic remuneration	Pursuant to a resolution of the Board of Directors, remuneration is determined by position, responsibility, and length of service and is paid by the President.
[Short-term performance-linked remuneration] Bonus for Directors	As an incentive for performance improvement, remuneration is determined based on the achievement of the Group's consolidated operating profit and ROE performance indicators for each business term, as well as the progress made against targets set for each Director's areas of responsibility, and is paid by the President.
[Medium-term performance-linked remuneration] Performance-linked share-based remuneration	The number of shares granted is determined based on consolidated operating profit, consolidated ROE, ESG items, and other factors at the end of the three-year performance evaluation period, within a range from 0% to 150%.
[Medium- and long-term performance-linked remuneration] Restricted share remuneration	Share-based remuneration, restricted until retirement and determined by position, etc., is granted to align the interests of Directors with shareholders and to reflect medium- and long-term business performance. The amount of remuneration is linked to the market price.

The overview of each type of remuneration is as follows.

Bonus for Directors

Comprises the performance-linked portion (85%), which reflects the Group's performance, and the individual evaluation portion (-15% to 15%), which reflects individual performance. The amount of the performance-linked portion is determined based on progress made toward achieving the Group's key performance indicators of consolidated operating profit and consolidated ROE.

Breakdown of Bonus for Directors



Performance-linked share-based remuneration

The number of shares to be issued to each Director has been calculated by multiplying (i) the number of shares to be issued according to position by (ii) the payment rate linked to their performance, etc.*1. The numbers for (i) and (ii) during the evaluation period between April 1, 2024 and March 31, 2027 are as follows.

(1) Number of shares to be issued

Position	Number of shares to be issued
President-Director	5,400
Director, Senior Executive Vice President	1,900
Director, Executive Vice President	1,600
Director, Senior Vice President	1,000
Director, Vice President	800

(2) Payment rate

Consolidated operating profit	Consolidated ROE		+	Number of ESG items*2 achieved	Payment rate
	Up to 15%	15% and above			
Up to 170 billion yen	0%			9 items achieved	30%
170 billion yen or more - less than 185 billion yen	30%	100%		7-8 items achieved	20%
185 billion yen and above	50%	120%		5-6 items achieved	10%
				0-4 items achieved	0%

*1 Any fraction of less than 100 shares resulting from the calculation will be rounded down to the nearest 100 shares.

*2 Nine future-financial targets laid out in the mid-term management plan, Nitto for Everyone 2025

Restricted share remuneration

Share remuneration is granted in the quantity determined by the recipient's position, etc. The amount of remuneration is linked to the market price by setting restrictions on transfer until retirement.

Amount of remuneration for Directors and Corporate Auditors for the fiscal year under review pursuant to the executive remuneration policy

(Yen in millions)

Position	Total amount of remuneration, etc.	Remuneration by type				Number of eligible Directors and Corporate Auditors
		Fixed remuneration	Performance-linked remuneration			
		Basic remuneration (cash)	Bonus for Directors (cash)	Performance-linked share-based remuneration	Restricted share remuneration	
Directors (excluding Outside Directors)	669	227	365	-	77	5
Outside Directors	94	94	-	-	-	7
Corporate Auditors (excluding Outside Corporate Auditors)	88	88	-	-	-	3
Outside Corporate Auditors	48	48	-	-	-	4

<Notes>

- The above includes one Outside Director, one Corporate Auditor, and one Outside Corporate Auditor who retired mid-term during the fiscal year.
- Regarding one Director, who retired as Outside Director and was appointed Part-time Director as of the closing of the 158th Ordinary General Meeting of Shareholders held on June 23, 2023, his period of tenure as an Outside Director is classified as "Outside Director" and his period of tenure as Part-time Director is classified as "Director (excluding Outside Directors)," and is included in the above "Total amount of remuneration, etc." and "Number of eligible Directors and Corporate Auditors."
- The maximum amount of base 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 (including no more than 120 million yen 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.
- The above bonuses to Directors, excluding Outside Directors, are the amounts paid by resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders as described in Note 3 and excluding Part-time Director.
- The upper limits of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were set at 364 million yen and 48,400 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
- The upper limit of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were set at 243 million yen and 32,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
- In accordance with the determination process, the Board of Directors has delegated the determination of the specific details of remuneration in cash and bonuses for directors to Hideo Takasaki, President-Director based on a resolution of the Board of Directors.
- Consolidated operating profit and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance-linked share-based remuneration are calculated. For the fiscal year, the Company's consolidated operating profit was 139,132 million yen and consolidated ROE 10.9%. There will be no payment of performance-linked share-based remuneration as the Company did not achieve its targets. Restricted share remuneration is linked to the market price of the Company's shares. There is nothing that needs to be disclosed in relation to its performance.
- Individual remuneration and so on granted to Directors and others for the fiscal year 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.
- 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.

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 each 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.

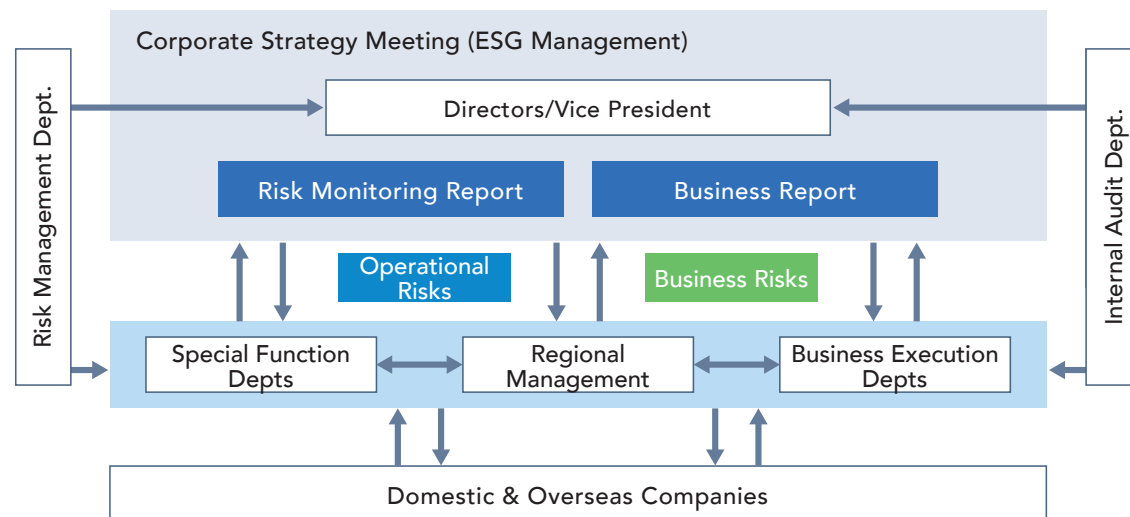
Management Status of Major Risks

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.

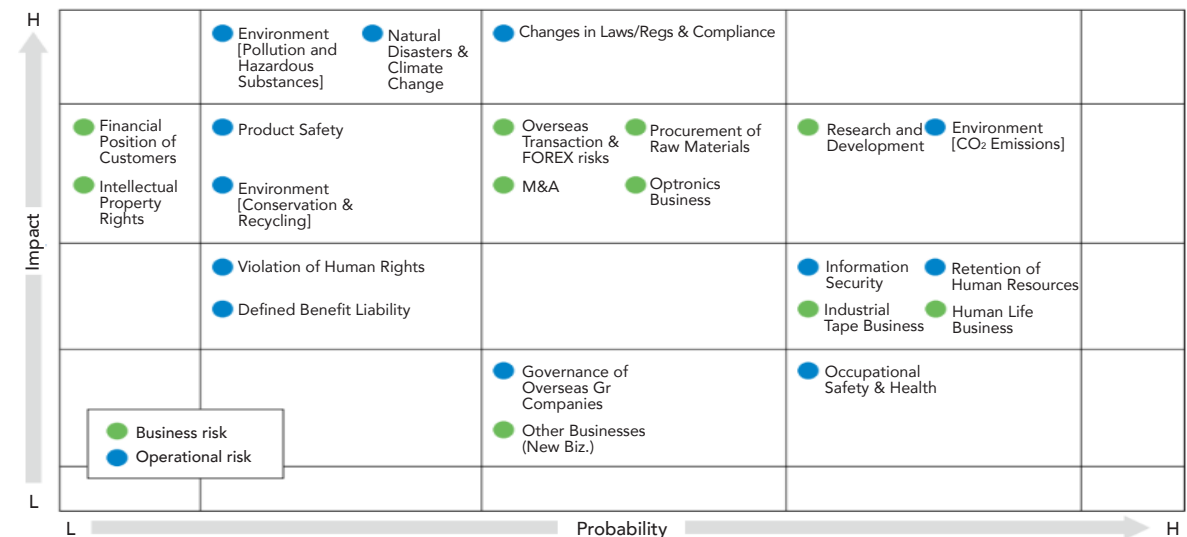
At the end of fiscal year, each responsible department conducts self-assessment for the major risks (business risks and operational risks) that have been reported and deliberated in the Corporate Strategy Meeting, based on assessment criteria such as the establishment of a management system, the actions for controls and countermeasures, 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 FY2023



Risk Assessment Results of FY2023

Major Risks	Direction	Assessed Items	Status of Risks & Measures
Overseas Transactions & Foreign Exchange Risks	↗	Deterioration of cash flow	Timely monitoring of the Group's internal fund balance, financing situation and asset & liability by currency
		Exchange rate fluctuation	Control of currency volatilities using with exchange contracts
		Trade restrictions/incidents	Strong management with visualization and BCP for logistics in case of delays and incidents due to conflicts, terrorisms and strikes
		Logistic conditions/visualization	
Financial Position of Customers	→	Irrecoverable receivables	Adequate credit checks and insurances to provide for bad debts
Procurement of Raw Materials	→	Change of supply chain conditions	Actions taken for geopolitical risks and chemical regulations by Supply Chain Committee for sustainable procurements
		Deterioration of procurement conditions & environments	
Research & Development	→	Delayed/obsolete R&D	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 electorronics/ semi-conductor market	Concentration of resources to the high value-added products for growing markets with keeping our constitution resilient to the market conditions
		Chaneges in automobile productions	
Optronics Business	→	Product or tech obsolescence	Establishment of various production sites to fulfill responsibility of supplying goods responding flexibly to drastic market fluctuations and changes
		Changes in external environment	
		Difficult procurement	
Human Life Business	↗	Changes in external environment	Challenges to gain the competitive technologies in line with progresses of customers' R&D Continuous efforts to establish organization resilient to price increase of raw materials and labor cost
		Difficult procurement	
Other Business • M&A	↗	Failure of new business	Proper grasp of customers' needs to create new business
	→	Failed M&A & partnerships	Deep consideration of market trends, customer needs and superiority in market

↗ : Increased → : No Change ↘ : Decreased

Major Risks	Direction	Assessed Items	Status of Risks & Measures
Product Safety	↗	Product defects/tightening of regulations	Strict international quality management and continuous improvement as well as appropriate measures in case of an inappropriate incident violating the Basic Quality Policy
Environment (CO ₂ Emissions)	↗	Response to environmental regulations	Promotion of energy conservation in manufacturing processes because of sharp increase in market prices for renewable energy
Environment (Conservation & Recycle)	→	Tightening of regulations	Promotion of the effective use of resources and the recycling on the entire supply chain
Environment (Pollution & Hazardous Substance)	→	Increasing responsibilities/costs	Implementation of stricter control and reduction of consumption
Information Security	↗	Information leakage/illegal use	Establishment of the rule and consideration of effective measures against leakage of internal information
		IT system destruction/failure	Incidents decreased due to strengthening of controls despite of continuous deterioration in the external environment
Changes in Laws, Regulations & Compliance	→	Revision of laws and regulations	Conduct of compliance surveys on a global basis Promotion of early detection of compliance violations by disseminating the business conduct guidelines and the whistle-blowing system
		Violation of law	
		Breach of compliance	
Governance of Group Companies	→	Accounting frauds and errors	Establishment of solid governance system by exhaustive monitoring in cooperation with three-axes management by businesses, functions, and regions
		Procurement frauds	
		Ineffective and inadequate internal controls	
Natural Disasters & Climate Change	→	Earthquakes	Conduct of evacuation drills, disaster-related decision-making drills, and establishment of BCP under slogan of "We place safety before everything else"
		Heavy rain, floods, typhoons (global warming)	
Retention of Human Resources	↗	Loss of human resources	Initiatives to acquire, develop and retain diversified human resources such as enhancement of engagement and realization of comfortable work environment prevailing against the tough labor market.
Occupational Safety & Health	→	Occupational accidents & disasters	Continuous efforts to identify and mitigate risks and initiatives to ensure compliance of rules under the conditions that the number of critical and serious accidents and fire accidents remain at the same level as the previous year
Human Rights	→	Human rights violations (The Group)	Establishment of management system for human rights Issues with support by Group Council
		Human rights violations (Supply chain)	Initiatives to resolve issues throughout the supply chain based on the Basic Policy on Human Rights
Defined Benefit Liabilities	→	Defined benefit liability	Stable investment performance resulted by the diversified assets

For details of major risks, please visit our website below.

<https://www.nitto.com/jp/en/sustainability/governance/management/risk/>

Compliance

Compliance Promotion System

Compliance is a key foundation for an enterprise to achieve sustainable growth. The Nitto Group established the Nitto Group Business Conduct Guidelines (BCG), a code of conduct for its officers and employees that serves as the foundation and cornerstone of compliance.

To promote compliance, we established the compliance department under the officer in charge of compliance, which collaborates with the heads of each site and Group company around the world. The compliance department adheres to BCG to guide all compliance decisions, providing business execution departments and Group companies with operational development and support, supervision, and monitoring, while business execution departments and Group companies report their self-check findings and risk identification results to the compliance department. The officer in charge of compliance is debriefed on the series of activities above and addresses significant matters by reporting to management at the Corporate Strategy Meeting or elsewhere, thus ensuring compliance.

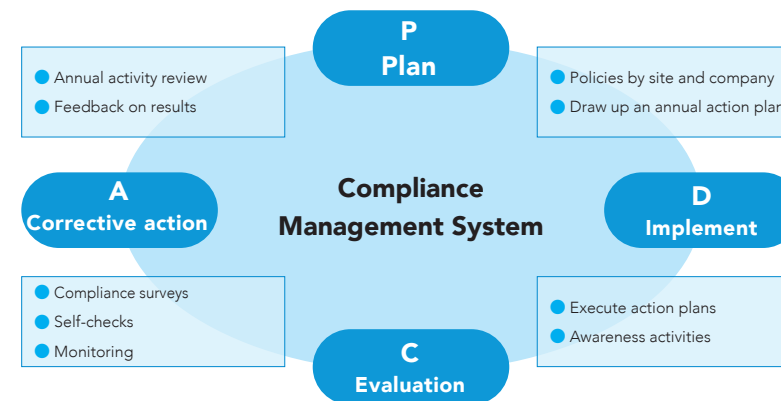


Compliance Management System

The Nitto Group maintains the compliance management system, with the compliance department serving as an executive office. In light of the extensive exposure of the Nitto Group's business both at home and abroad, a separate council is established for each of three layers: the whole Group, each region, and each site. These councils follow a PDCA cycle for every fiscal year to make continued efforts to raise the level of compliance and reduce associated risks. We have also established a system that allows each level of council to mutually share information, aiming to achieve autonomous management suited to regional and individual company circumstances and globally coordinated management.

Other programs in this regard include compliance surveys for all Group employees, as well as pinpointing risks through self-checks and monitoring. As we refine the PDCA cycle by taking into account a broad range of information, such as environmental changes both within and outside the company, on top of the findings of such programs, we ensure that the effectiveness of our management system is enhanced.

Nitto Group's Compliance Management System



Publicity and Dissemination of BCG

We are making focused efforts to make BCG, the cornerstone of the Nitto Group's compliance, thoroughly known. In fiscal 2023, we added another BCG-supported language to make it 18 localized versions. Furthermore, to help employees be more aware of compliance issues that may arise in their work, we updated the education curriculum for each trainee group.

In Japan, since January 2024, we have designated the 25th day of odd-numbered months as BCG Day, which is designed to provide employees with opportunities to become daily aware of and deepen their understanding of BCG, with each workplace coming up with original ideas to do so, such as reading BCG or discussing what BCG says at a morning meeting. We plan to transplant this practice in stages on foreign soil starting in April 2024.

Whistle-Blowing System

At the Nitto Group, we open a wide window for whistle-blowing by employees and display posters to increase recognition and understanding of the system, in order to ensure early discovery of legal violations and ethical issues. In fiscal 2023, in some regions, we relocated a contact point for the Partner Hotline, where our business partners can go to report noncompliance cases and suspicious instances. They can now bypass the Nitto Group's website but reach the contact point via external organizations such as law firms. Our partners now confidently avail themselves of the system without worrying about the confidentiality of their information. Our next step is to complete this process for the entire Nitto Group by establishing contact points using external organizations in each region, taking into account the circumstances of each country and region.

