Corporate Governance Guidelines

Approved by the Board of Directors
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Chapter 1: General Provisions

Article 1: Purpose

Nitto Denko Corporation (“Nitto”) has set forth policies that Nitto should continuously address and its guidelines on external disclosure (hereinafter, “these Guidelines”), with regard to its corporate governance system, from the perspectives of sustainable growth and medium- to long-term enhancement of corporate value.

Article 2: Corporate Philosophy

Nitto has established its fundamental values and sense of purpose with respect to performance of business in the form of its Corporate Philosophy, and publicly discloses the same.

Article 3: Code of Conduct

Nitto has established the “Nitto Group Business Conduct Guidelines” as the basis of the Nitto Group’s compliance practices. The Code of Conduct will guide the Nitto Group’s officers and employees to act ethically in their business activities in compliance with laws and ordinances.

Article 4: Basic Views on Corporate Governance

1. Nitto has set forth its basic views on corporate governance as per Appendix 1, and publicly discloses the same. Depending on to whom and via what media such information is disclosed, Nitto may add to or delete content in the Appendices hereto to the extent that the intent of disclosure is not altered (the same policy applies to disclosures of information concerning corporate governance mentioned hereafter).
2. As a means to ensuring effective corporate governance, Nitto has adopted the Corporate Auditor System, a brief summary of which is disclosed as per Appendix 2.

Article 5: Management Concept

Fully aware of its mission as a manufacturer, Nitto prioritizes the areas to which it allocates its management resources in the following order and use such prioritization as criteria for management, so that it may continue to enhance its corporate value amid fast-changing business conditions.

1. Capital expenditures
2. Dividend payments
3. M&As
4. Share buybacks

Article 6: Mid-Term Management Plans

With a conscious awareness of the capital cost borne by the Company, Nitto draws up concrete Mid-Term Management Plan to sustain its growth, and it publicly discloses brief summaries of the same and its progress status (including action to implement management that is conscious of cost of capital and stock price).

Chapter 2: Promotion of Sustainability

Article 7: Initiatives for Material Issues for Sustainability

1. Nitto maintains the Nitto Group Basic Policy on Sustainability and discloses its content to the public.
2. Nitto discloses its initiatives provided for in the preceding paragraph as part of the disclosure of its management strategies.
3. Nitto supports the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) and discloses climate-related information.

Article 8: Importance of Diversity

1. Out of its belief that diversity plays a key role in practicing its Corporate Philosophy, Nitto seeks to diversify the attributes of its executive officers and employees (including elements such as the balanced allocation of specializations to be acquired, gender, age, work experience, race, ethnicity, or cultural background) and promotes the creation of an organization in which their special qualities and individuality are brought into full play.
2. Nitto lays down its approach to ensuring diversity when appointing its employees, performance targets, policy on human resource development, and policy on internal environment development in the form of the Basic Policy on Human Resource Management, and publicly discloses such policies, performance targets for

appointment, and the status of activities based on the policies.

Chapter 3: Appropriate Disclosure

Article 9: Disclosure Efforts

Nitto not only discloses its financial and non-financial information appropriately as required by law, but also voluntarily provides information whose disclosure is not necessarily required by law (including information in English).

Article 10: Basic Policy on Disclosure

Nitto has established its Basic Policy on Disclosure with a view toward continuing to provide important information related to the Nitto Group from the perspectives of timeliness, transparency, and fairness.

Article 11: General Rules on Disclosure Places

Nitto, in principle, discloses corporate governance information on its website, in addition to other methods designated by law, in order to ensure that such information can be checked at all times.

Chapter 4: Ensuring the Rights and Equal Treatment of Shareholders

Article 12: Ensuring the Equal Treatment of Shareholders

Nitto discloses its information in a timely and appropriate manner so that every shareholder is treated equally in accordance with his or her equity stake and has equal access to such information.

Article 13: Procedures for Convening Notices, Etc.

1. Nitto makes early disclosures of notices of convocation of ordinary general meetings of shareholders on its website, thereby providing shareholders with sufficient time to consider the agenda of such meetings and exercise their voting rights appropriately. Further, Nitto sends such notices, in principle, approximately three (3) weeks prior to the respective meeting dates.
2. Nitto strives to develop an environment that allows all shareholders, including those not attending the general meetings of shareholders, to exercise their voting rights appropriately (including, but not limited to, translating convening notices into English, allowing use of an electronic voting platform, and holding general meetings of

shareholders on dates that are different from those of other companies).

3. Nitto sets a policy for the procedure of substantial shareholders' participation in the general meetings of shareholders.

Article 14: Matters Concerning Cross-Shareholdings

Nitto does not hold shares of other listed companies for the purpose of cross-shareholding and publicly discloses such a policy.

Article 14-2: Performance of Functions as Corporate Pension Asset Owner

1. Upon managing its corporate pension, Nitto has separately established frameworks for human resource management and operation of business in order, *inter alia*, to systematically employ and place appropriately qualified personnel, and Nitto publicly discloses such frameworks.
2. Nitto appropriately manages the conflicts of interests that may arise between the corporate pension beneficiaries and Nitto.

Chapter 5: Appropriate Cooperation with Stakeholders

Article 15: Relationships with Stakeholders

Nitto takes into account the great importance of establishing corporate governance in cooperating appropriately with stakeholders and respecting their interests.

Chapter 6: Roles, Etc. of (the Board of) Directors

Article 16: Roles of the Board of Directors

1. Recognizing its responsibilities to shareholders and all other stakeholders, the Board of Directors is responsible for Nitto's sustainable growth and mid- to long-term enhancement of corporate value by practicing the Corporate Philosophy through efficient and effective corporate governance.
2. In order to fulfill the responsibilities described in the preceding paragraph, the Board of Directors engages in more comprehensive and substantial discussions on subjects that include, but are not limited to, management strategies; mid- to long-term management plans; management issues; suitability of the current governing structure; social, environmental, and other issues concerning sustainability; investment in human resources and intellectual property; strategies concerning the business portfolio; nomination of management team member candidates; evaluation of the

management and determination of their remuneration; and evaluation of critical risks and formulation of their countermeasures. At the same time, the Board strives to ensure fairness and transparency in management by fulfilling oversight functions over management as a whole.

3. The Board of Directors is responsible for developing a promotion system for compliance and risk management, respectively, as well as an internal audit system, and receives reports on audit results.

Article 17: Roles of Outside Directors

1. Outside Directors are expected to play the following roles.
   - Provision of opinions on management policies and management improvement based on their ample knowledge and experience in management and other areas of expertise that have been built up throughout their professional and business careers, from the broad perspective of promoting sustainable corporate growth and increasing corporate value over the medium- to long-term
   - Oversight of management through important decision-making by the Board of Directors
   - Oversight of conflicts of interest between the company and parties concerned, including, but not limited to, the management and major shareholders
   - Fulfillment of oversight functions from a standpoint that is independent of management to determine, for instance, whether or not it is possible to fulfill accountability for shareholders and other stakeholders
2. Outside Directors are expected to communicate/coordinate with the management and cooperate with Corporate Auditors or the Board of Corporate Auditors.
3. In order to ensure the independence of Outside Directors, Nitto has established "Criteria for Independent Outside Directors and Outside Corporate Auditors", and publicly discloses the same.

Article 18: Composition, Qualifications, and Nomination Procedure for (the Board of) Directors

1. In order to promote substantial discussions by the Board of Directors, Nitto believes that the appropriate number of the Board of Directors members should be no more than ten (10), at least one-third of whom should be Independent Directors. Further, it ensures that diversity is secured in the composition of thereof, including elements such as the balanced allocation of specializations to be acquired, gender, age, work experience, race, ethnicity, or cultural background.

2. If any of the Outside Directors hold concurrent positions as officers at other companies, etc., Nitto pays due attention to the statuses of such concurrent positions to determine whether the time and labor required to properly fulfill their roles and responsibilities as Directors at Nitto are set aside, and discloses the statuses of such concurrent positions every year.
3. In order to ensure the effectiveness of the Board of Directors, Nitto has established the Officer Appointment Standards for appointment of Directors.
4. The Board of Directors determines the details of agenda items concerning appointment of the Directors to be submitted to the general meeting of shareholders after receiving advice from the Nomination and Remuneration Advisory Committee.

Article 18-2: Procedures for Dismissing Directors

1. In order to ensure the effectiveness of the Board of Directors, Nitto has established the Officer Dismissal Standards for dismissal of Directors.
2. When a Director believes that another Director meets the criteria of any of the Officer Dismissal Standards, he/she, in performance of the duties of a Director, proposes dismissal of the relevant Director at a meeting of the Board of Directors.

Article 19: Disclosure of Composition, Qualifications, and Nomination Procedure of (the Board of) Directors

1. Nitto has set the composition, qualifications, and nomination procedure for (the Board of) Directors, stipulated in Article 18 as per Appendix 3, and publicly discloses the same.
2. Nitto publicly discloses the fact that Director candidates satisfy the Officer Appointment Standards.

Article 20: Succession Plan

1. Pursuant to the succession plan for the president (Chief Executive Officer), the Board of Directors appropriately exercises supervision to ensure that an individual with the necessary knowledge, experience, and ability to be a candidate for the successor is fostered systematically, with sufficient time and resources devoted thereto.
2. The Board of Directors decides candidates who would succeed the incumbent president (Chief Executive Officer) in accordance with the succession plan described in the preceding paragraph when the president (Chief Executive Officer) is to step down from his or her office.

Article 21: Decision-Making Standards

1. In order to ensure that the Board of Directors plays its roles effectively as stipulated in these Guidelines, Nitto has established "Nitto Denko Group Regulation for Decision-making Rules", which determine matters to be delegated to organizations that perform business operations.
2. Nitto reviews "Nitto Denko Group Regulation for Decision-making Rules" as appropriate in order to ensure the effectiveness of the Board of Directors.
3. Nitto publicly discloses a brief summary of this Article as per Appendix 4.

Article 22: Individual Agenda Items for Board of Directors Meetings

1. Every year, the Board of Directors shall be briefed on the results of voting for items proposed by the company and approved at the general meetings of shareholders of the current fiscal year. The Board of Directors shall also analyze the voting results and, when they deem it necessary, consider engaging in dialogue with shareholders or taking other measures.
2. When proposing to shareholders that authority be delegated to the Board of Directors for certain items to be resolved at the general meetings of shareholders, the Board of Directors shall consider whether it is adequately organized to fulfill its corporate governance roles and responsibilities.
3. The Board of Directors oversees that no further purchase of listed shares for the purpose of cross-shareholding is made.
4. When adopting or implementing so-called anti-takeover measures, the Board of Directors shall provide sufficient explanation to shareholders with a view to fulfilling its fiduciary responsibility to them.
5. When implementing a capital policy that could harm its shareholders' interests (including, but not limited to, measures such as increasing capital, engaging in management buyouts [MBOs], and making tender offers), the Board of Directors shall provide sufficient explanation of its rationale to the shareholders.
6. When Nitto engages in transactions with such parties as its management or major shareholders (i.e., related party transactions), the Board of Directors shall resolve such transactions or entrust such transactions to Outside Directors as appropriate. In order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and to prevent any such concerns from being raised, the Board of Directors has established a brief summary of such procedures as per Appendix 5, and publicly discloses the same.
7. The Board of Directors shall be responsible for formulating and revising the Code of

Conduct and shall resolve such procedures. In order to see if the Code of Conduct is disseminated and practiced broadly across the organization, including the front line of domestic and global operations, the Board of Directors shall be briefed on the results of the Code of Conduct dissemination survey.

8. The Board of Directors shall be responsible for establishing and improving a system for whistleblowing, and shall be briefed on the results of whistleblowing in order to oversee its implementation.
9. Recognizing that Mid-Term Management Plans are commitments to shareholders, the Board of Directors shall do its best to achieve such plans. The Board of Directors shall also investigate the achievement levels of Mid-Term Management Plans, fully analyze the company's actions, and reflect such analytical findings in plans for the ensuing years.

Article 23: Roles of the Secretariat of the Board

1. The Secretariat of the Board of Directors shall, prior to each Board of Directors meeting, closely examine whether items to be presented at the meetings fall under the category of items to be resolved at such meetings or related party transactions pursuant to "Nitto Denko Group Regulation for Decision-making Rules".
2. The Secretariat of the Board of Directors shall ensure that materials for items and proposals on the agendas of Board of Directors meetings are distributed sufficiently far in advance of the meeting dates (except for emergent and confidential items) to all of the Directors, including Outside Directors, in order for substantial discussions to be made at all Board of Directors meetings.

Article 24: Responsibilities of Directors

1. As members of the Board of Directors, Directors participate in the company's decision-making process and oversee the performance of duties by other Directors.
2. In order to live up to shareholders' confidence in them, Directors demonstrate the competence expected of them and fulfill their duties as such by spending a sufficient amount of time devoted to Nitto by, for example, collecting sufficient information to prepare for Board of Directors meetings under a full awareness of their responsibilities to make bold decisions at such meetings that could potentially result in losses for the company, proactively expressing their opinions, and holding sufficient discussions.
3. When assuming their positions, Directors must fully understand their responsibilities by comprehending all applicable laws and regulations, Nitto's Articles of Incorporation, Board of Directors rules, and other internal rules of Nitto.

Article 25: Self-Training and Training of Directors

1. New Inside Directors shall undergo officer training programs upon assumption of their positions.
2. New Outside Directors shall undergo training on Nitto's business lines, financial position, and other matters upon assumption of their positions.
3. In order to fulfill their roles, Directors shall constantly and proactively collect information on Nitto's financial conditions, compliance, corporate governance, and other matters.
4. In addition to matters concerning the three preceding paragraphs, Nitto has set forth a brief summary of training for Directors as per Appendix 6, and publicly discloses the same.

Article 26: Internal Investigations by Outside Directors

1. Outside Inside Directors may, when necessary, request Directors, Vice Presidents, and employees of Nitto to provide them with explanations or reports, or to submit internal materials.
2. Outside Directors may, when necessary, consult with external specialists at Nitto's expense.

Article 27: Self-Evaluations

Each year the Board of Directors analyzes and evaluates its effectiveness as a whole by inviting each Director to provide his or her opinions on the Board of Directors and other matters. A summary of such analysis/evaluation findings shall be externally disclosed and utilized for improvement of the operations of the Board of Directors and other purposes.

Article 28: Remuneration of Directors

1. The remuneration of Inside Directors must be linked to the medium- to long-term interests of shareholders and must be appropriate, fair, and balanced, so that Directors may be better motivated to maximize Nitto's corporate value.
2. Nitto has set its policy for remuneration of Directors as per Appendix 7, and publicly discloses the same.
3. The remuneration of Part time Directors and Outside Directors shall reflect their responsibilities of being involved in Nitto's business operations, but shall not contain any elements of performance-based remuneration such as equity-related remuneration schemes.

4. The Board of Directors determines the details of agenda items concerning the remuneration of Directors to be submitted at general meetings of shareholders after receiving advice from the Nomination and Remuneration Advisory Committee.

Chapter 7: Roles, Etc. of the Board of Corporate Auditors (Members)

Article 29: Roles of the Board of Corporate Auditors (Members)

The Board of Corporate Auditors (Members) shall bear in mind their fiduciary responsibilities to shareholders and make appropriate decisions from an independent and objective standpoint when executing their roles and responsibilities, including auditing of the performance of duties by Directors, and the exercise of their powers concerning appointment and dismissal of external accounting auditors, and their audit fees.

Article 30: Roles of Outside Corporate Auditors

1. In light of the fact that their appointment is required by law in order to further enhance the independence of the audit system, as well as the reasons for their appointment, etc., Outside Corporate Auditors shall offer candid opinions on the results of their audit under the recognition that they are, above all else, expected to objectively express audit opinions from an independent and neutral standpoint.
2. Nitto has established "Criteria for independent Outside Directors and Outside Corporate Auditors", and publicly discloses the same in order to ensure the independence of Outside Corporate Auditors.

Article 31: Composition, Qualifications, and Nomination Procedure of the Board of Corporate Auditors (Members)

1. In order to promote substantial discussions by the Board of Corporate Auditors, Nitto believes that the appropriate number of Board of Corporate Auditors members should be not more than five (5), half or more of whom should be Independent Corporate Auditors. Furthermore, the Corporate Auditors shall be served by individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, and special attention should be paid to ensure that at least one (1) Corporate Auditor is elected who has sufficient finance and accounting expertise.
2. If any of the Outside Corporate Auditors hold concurrent positions as officers at other companies, etc., Nitto pays due attention to the statuses of such concurrent positions to determine whether the time and labor required to properly fulfill their roles and

responsibilities as Outside Corporate Auditors at Nitto are set aside, and discloses the statuses of such concurrent positions every year.

3. In order to ensure the effectiveness of the Board of Corporate Auditors, Nitto has established the Officer Appointment Standards for appointment of Corporate Auditors.

Article 32: Disclosure of Composition, Qualifications, and Nomination Procedure of the Board of Corporate Auditors (Members)

1. Nitto has set the composition, qualifications, and nomination procedure of the Board of Corporate Auditors (members) stipulated in the preceding article as per Appendix 3, and publicly discloses the same.
2. Nitto publicly discloses the fact that Corporate Auditor candidates satisfy the Officer Appointment Standards.

Article 33: Roles of the Secretariat of the Board of Corporate Auditors

The Secretariat of the Board of Corporate Auditors shall ensure that materials for items and proposals on the agendas of Board of Corporate Auditors meetings are distributed sufficiently far in advance of the meeting dates (except for emergent and confidential items) to all of the Corporate Auditors, including Outside Corporate Auditors, in order for substantial discussions to be made at all Board of Corporate Auditors meetings.

Article 34: Responsibilities of Corporate Auditors

1. Corporate Auditors appoint individuals to assist them in performing their duties and, as members of the Board of Corporate Auditors, audit the performance of duties by Directors and prepare audit reports.
2. In order to live up to shareholders' confidence in them, Corporate Auditors demonstrate the competence expected of them and fulfill their duties as such by spending a sufficient amount of time devoted to Nitto by, for example, collecting sufficient information to prepare for Board of Directors meetings under an awareness of their responsibilities to express their opinions appropriately at Board of Directors meetings or to the management.
3. When assuming their positions, Corporate Auditors must fully understand their responsibilities by comprehending all applicable laws and regulations, Nitto's Articles of Incorporation, the Board of Corporate Auditors rules, and other internal rules of Nitto.

Article 35: Self-Training and Training of Corporate Auditors

1. New Inside Corporate Auditors shall undergo officer training programs upon

assumption of their positions.

2. New Outside Corporate Auditors shall undergo training on Nitto's business lines, financial position, and other matters upon assumption of their positions.
3. In order to fulfill their roles, Corporate Auditors shall constantly and proactively collect information on Nitto's financial conditions, compliance, corporate governance, and other matters.
4. In addition to matters concerning the three preceding paragraphs, Nitto has set forth a brief summary of training for Corporate Auditors as per Appendix 6, and publicly discloses the same.

Article 36: Internal Investigations by Outside Corporate Auditors

1. Outside Corporate Auditors may, when necessary, request Directors, Vice Presidents, and employees of Nitto to provide them with explanations or reports, or to submit internal materials.
2. Outside Corporate Auditors may, when necessary, consult with external specialists at Nitto's expense.

Article 37: Remuneration of Corporate Auditors

1. The remuneration of Corporate Auditors shall be determined by deliberation among Corporate Auditors in accordance with the respective duties and responsibilities of individual Corporate Auditors within the limit of the total amount of remuneration resolved at the general meetings of shareholders, provided, however, that their remuneration shall not contain any elements of performance-based remuneration such as equity-related remuneration schemes in light of the fact that they assume such duties as auditing the performance of duties by Directors.
2. Nitto has set its policy for the remuneration of Corporate Auditors as per Appendix 8, and publicly discloses the same.

Chapter 8: Matters Concerning External Accounting Auditors

Article 38: Matters Concerning External Accounting Auditors

1. In order to ensure the proper execution of audits by External Accounting Auditors, the Board of Corporate Auditors (members) establishes standards for appointment of External Accounting Auditors and verifies their independence and expertise in accordance with such standards.
2. The Board of Corporate Auditors (members) exchanges information with Directors,

relevant internal departments, and External Accounting Auditors on the reappointment and appointment of External Accounting Auditors and examines the same every fiscal year (for reappointment, such information includes the performance of duties by External Accounting Auditors and other considerations).

3. The Board of Directors and Board of Corporate Auditors give due consideration to the following in order to ensure the proper execution of audits by External Accounting Auditors.
   - Securing adequate time to ensure high-quality audits
   - Ensuring that External Accounting Auditors have access to the senior management, including the CEO and the CFO, by way of interviews, etc.
   - Ensuring adequate coordination between External Accounting Auditors on the one hand and Corporate Auditors (including attendance at the Board of Corporate Auditors meetings) and the internal audit department on the other.
   - Establishing a system for the company to respond when External Accounting Auditors discover any misconduct and seek an appropriate response or when they identify any inadequacies or problems.

Chapter 9: Matters Concerning the Nomination and Remuneration Advisory Committee

Article 39: Establishment of the Nomination and Remuneration Advisory Committee

1. Nitto has established the Nomination and Remuneration Advisory Committee as an advisory body for the Board of Directors, and it convenes its meetings as necessary. However, Nitto shall hold an Advisory Committee at least once a year on the respective themes of nomination and remuneration of management team.
2. The majority of the members of the Nomination and Remuneration Advisory Committee shall be Independent Outside Directors.

Article 40: Roles of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee deliberates on matters concerning the nomination and remuneration of the management team, provides opinions in response to Board of Directors consultations, and makes recommendations to the Board of Directors as necessary.

Chapter 10: Dialogue with Shareholders

Article 41: Dialogue with Shareholders

Nitto has established its basic policies concerning measures and development/improvement of organizational structures aimed at promoting constructive dialogue with shareholders as per Appendix 9, and it publicly discloses the same. Further, it publicly discloses brief summaries of the status of dialogue with shareholders every year.

Chapter 11: Operational Policies

Article 42: Revision and Abolition of the Guidelines

These Guidelines may be revised or abolished by a resolution of the Board of Directors, provided, however, that minor changes, such as amendments to provisions as a result of organizational and other changes, shall be made with the approval of the executive officer in charge of legal affairs.

Article 43: Review of the Guidelines

1. These Guidelines shall be reviewed every year.
2. These Guidelines shall be reviewed according to the following steps.
   - Separately designate a department responsible for each provision.
   - Have the responsible departments consider the need for amendment of the provisions that they are responsible for each year, and draft amendments to relevant provisions when they deem it necessary.
   - Seek opinions from the Nomination and Remuneration Advisory Committee as necessary on issues concerning the review of these Guidelines, etc.
   - Have the department in charge of legal affairs serve as Secretariat for the control of these Guidelines.

   Functions of the Secretariat: To compile amendment drafts by responsible departments and present the same to the Board of Directors
   To manage the budget for the review of these Guidelines
   To consider the need for addition of new provisions to these Guidelines and coordinate responsible departments
3. Nitto discloses the status of consideration as the explanation for compliance with Supplementary Principle 5.1.1. of Japan’s Corporate Governance Code every year.

[Appendix 1]
Our Basic Views on Corporate Governance (Principle 3.1, ii)

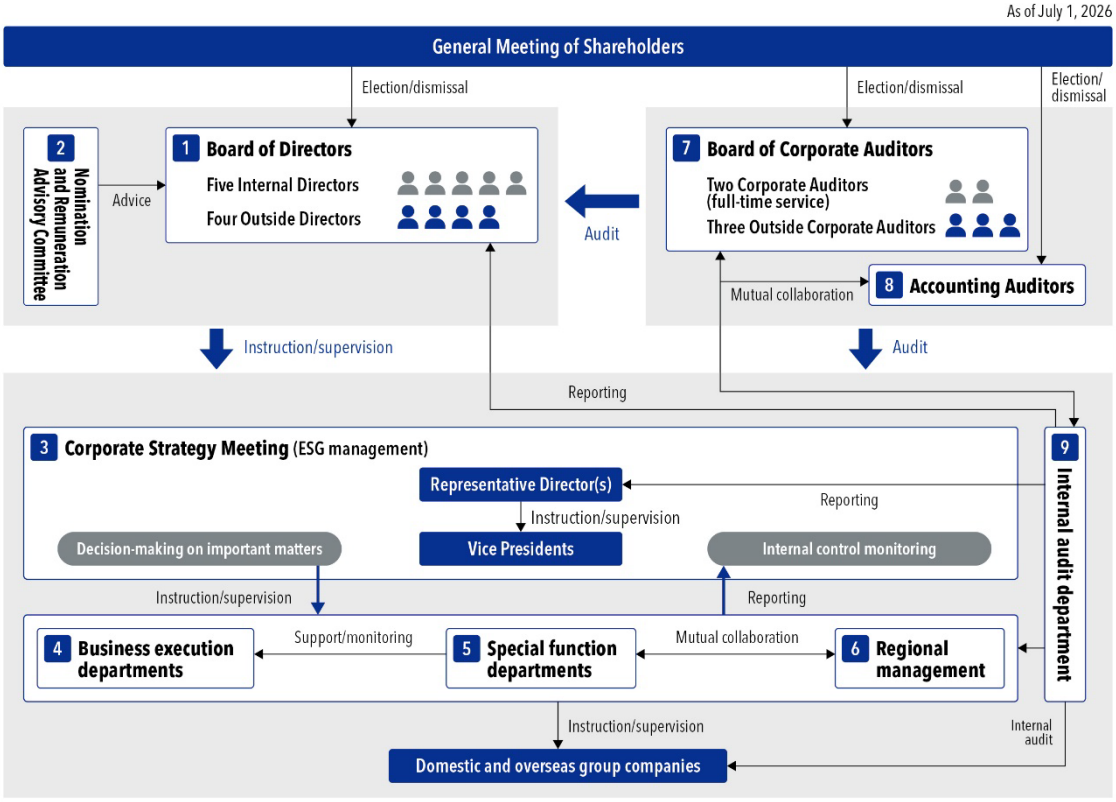
At the Nitto Group, we make clear our fundamental values and sense of purpose with respect to business performance in the form of our Corporate Philosophy.

In order to maximize our corporate value and achieve continuous growth under the Corporate Philosophy, we believe that prompt and transparent decision-making, as well as bold managerial decisions, are necessary. Being fully aware of the importance of establishing corporate governance to achieve such decision-making, we will further improve our corporate governance system by establishing these Corporate Governance Guidelines in accordance with the following basic principles.

1. We ensure the rights and equality of our shareholders.
2. We collaborate with our stakeholders appropriately.
3. We disclose information appropriately to ensure transparency.
4. We aim to realize the management functions expected of us by our stakeholders.
5. We engage in constructive dialogue with our shareholders.

[Appendix 2]

Brief Summary of Our Corporate Governance System



[Appendix 3]

Policies and Procedures for Electing and Dismissing Directors and Corporate Auditors (Principle 3.1, iv, Supplementary Principle 4.11.1)

[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 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.

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.

<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.

[Nomination of Outside Directors and Outside Corporate Auditors]

When nominating Outside Director and Outside Corporate Auditor candidates, individuals who are considered appropriate for such positions must meet the Independent Officer Appointment Standards and the Officer Appointment Standards. Furthermore, in order for Outside Directors and Corporate Auditors to set aside the time and labor necessary to properly fulfill their roles and responsibilities at Nitto, due attention is paid to the statuses of concurrent positions (officers, etc.) that they might hold at other companies to ensure that such statuses are appropriate.

<Criteria for Independent Outside Directors and Outside Corporate Auditors>

The Company, in an effort to ensure the objectivity and transparency of governance, has set forth the criteria for the independence of Outside Directors and Outside Corporate Auditors (hereinafter collectively referred to as “Outside Officer(s)”), as follows.

The Company considers an Outside Officer or a candidate for Outside Officer to have independence, if, after conducting an investigation to the utmost reasonable extent, it is determined that none of the following items are applicable to the Outside Officer or candidate for Outside Officer.

1. A person who is or has been in the past ten years an executing person (Director, Corporate Auditor, Vice President, or any other employee) of the Company or the Group (hereinafter collectively referred to as the “Group”);
2. A person who is an important executing person (Director, Corporate Auditor, Accounting Advisor, Executive Officer, Executive Director, or any other important employee. The

same applies hereinafter.) of a major shareholder of the Company (a shareholder holding 10% or more of the voting rights of the Company. The same applies hereinafter.);

3. A person who is an important executing person of a company of which the Company is a major shareholder;
4. A person who is an important executing person of a major counterparty of the Company (a counterparty for which the amount of payment or receipt for transactions with the Company for the latest fiscal year exceeds 2% of consolidated gross sales);
5. A person who is an important executing person of a major lender of the Company (a lender to which the Group's aggregate amount of loans payable at the latest fiscal year-end exceeds 2% of consolidated total assets);
6. A person who is a legal professional, accounting and tax professional, consultant, or research and education specialist who receives a large amount of remuneration or donation (for the latest fiscal year, 10 million yen or more in the case of an individual and more than 2% of consolidated gross sales in the case of a corporation or an organization) from the Company;
7. A person who has kinship status (being a relative within the third degree of kinship or a relative living together) with an executing person of the Group;
8. A person to whom any of the items 2. through 7. above has been applicable within the past ten years; and
9. In addition to the above, a person who has an interest that is reasonably considered to give rise to doubts about his or her independence as an Independent Outside Director or Independent Outside Corporate Auditor, or to give rise to a conflict of interest with shareholders of the Company.

[Appendix 4]

Brief Summary of the Scope and Nature of Matters Delegated to the Board of Directors (Supplementary Principle 4.1.1)

At Nitto, decisions are made at different levels: the Board of Directors serves as an organization for making management decisions and conducting oversight; the Corporate Strategy Committee undertakes business affairs based on decisions made by the Board of Directors; each business division (including corporate departments) has its own meeting structure(s); and heads of each department make decisions (see Nitto's website for information on the Corporate Governance System).

The scope and content of decisions to be made at each level are regulated through the Group's decision-making regulations and standards that are specifically segmented based on the nature of such decisions, amounts to be approved, and other factors. Management decision-making at the Board of Directors meetings and execution of operations are thus separated from each other, and the effectiveness of discussions at the Board of Directors meetings is ensured.

[Appendix 5]
Related Party Transactions (Principle 1.7)

At Nitto, related party transactions conducted by our Directors or major shareholders and other parties are resolved at Board of Directors meetings or entrusted to Outside Directors as appropriate in order to verify the rationality (business necessity) of such transactions and the validity of their terms and conditions.

Whether or not any items to be presented at Board of Directors meetings and other important meetings fall under the definition of related party transactions is examined by the Secretariat beforehand in conjunction with the legal department.

The soundness and appropriateness of such transactions are ensured through ex-post-facto checking of their nature, etc. by the internal audit department and through audits by the Board of Corporate Auditors (members).

[Appendix 6]
Training for Directors and Corporate Auditors (Supplementary Principle 4.14.2)

When nominating Directors and Corporate Auditors, Nitto makes it a policy to nominate candidates appropriate for such positions who, in light of the Officer Appointment Standards, can fulfill the duties and responsibilities of Directors and Corporate Auditors.

Additionally, Nitto periodically provides training on practicing the Corporate Philosophy, compliance, and corporate responsibilities that should be assumed by the Officers, which are attended not only by employees, but also by all of the officers, who thereby set an example for others to follow. Nitto's internal officers are obliged to constantly gather information and train themselves proactively in order to fulfill their roles.

Outside Officers will be provided with opportunities to learn Nitto's business lines, financial position, and other topics when taking office. After taking office, they will be offered materials for important meetings and be allowed to inspect Nitto's factories in and out of Japan to improve their abilities required to play the role of outside officers and fulfill their responsibilities as such.

[Appendix 7 and 8]

Executive Remuneration Policy (Principle 3.1, (iii))

1. Basic policy

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

* In addition to the basic requirement of having profound insights and high levels of expertise acquired from past experience, Nitto Persons should comprehend and live up to our Corporate Philosophy, deliver results, and continue to take 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*
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*

*Excluding Outside Directors

3. Policy related to 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*	To incentivize Directors to generate profit through business activities in the relevant fiscal year
	ROE*	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* and operating profit to revenue	To incentivize Directors to generate quality-backed profit targeted by the Niche Top strategy
	ROE*	To incentivize Directors to create shareholder value
	ESG initiative results	To incentivize Directors to resolve social issues

*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.

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.	

[Appendix 9]
Policies Related to Constructive Dialogue with Shareholders (Principle 5.1)

In order to achieve sustainable growth and increase our medium- and long-term corporate value, we provide clear explanations of our business to our shareholders and promote constructive dialogue with them in order to gain their understanding. To this end, we have established the following policies.

1. We at Nitto position IR activities as one of our key business issues, and senior management members personally promote dialogue with shareholders, with the CEO in charge and the CFO serving as a competent director.
2. In order to ensure the effectiveness of dialogue, a dedicated IR department has been established, and a cross-sectional structure for sharing and disclosure of IR information has been constructed through positive cooperation with the Legal, Corporate Planning, Corporate Accounting & Finance, General Affairs, Public Relations, Management of Group Companies, CSR, and other departments. In addition, an information-handling officer has been appointed to strive to ensure disclosure of information in a timely and appropriate manner.
3. As measures to promote opportunities for dialogue aside from individual meetings, information meetings are held every quarter, with the CEO, COO or CFO providing explanations. Additionally, overseas IR roadshows are conducted at least once a year.
4. Information on views and business issues uncovered through dialogue with shareholders are periodically relayed to senior management and relevant departments to communicate, share, and feed the same back to management.
5. In order to control insider information, the “Nitto Denko Group Regulations to Prevent Insider Dealings” have been established to ensure infallible information control. Meetings with shareholders and investors to be interviewed are limited during the “quiet periods” immediately prior to the announcement of financial results.