



Creating “Essential” Value to Achieve the 2030 Ideal State with the Aim of Simultaneously Solving Social Issues and Creating Economic Value

In fiscal 2024, the Nitto Group set a new all-time high profit for the first time in two years. In fiscal 2025, the final year of the ongoing mid-term management plan, Nitto for Everyone 2025, we are focused on achieving all financial and future-financial targets. Guided by our 2030 Ideal State, we will continue to pursue the Niche Top Strategy and Nitto-Style ESG Strategy to create “essential” value, regardless of changes in the external environment, in our pursuit of simultaneously solving social issues and creating economic value.

Hideo Takasaki
Representative Director, President
CEO, COO

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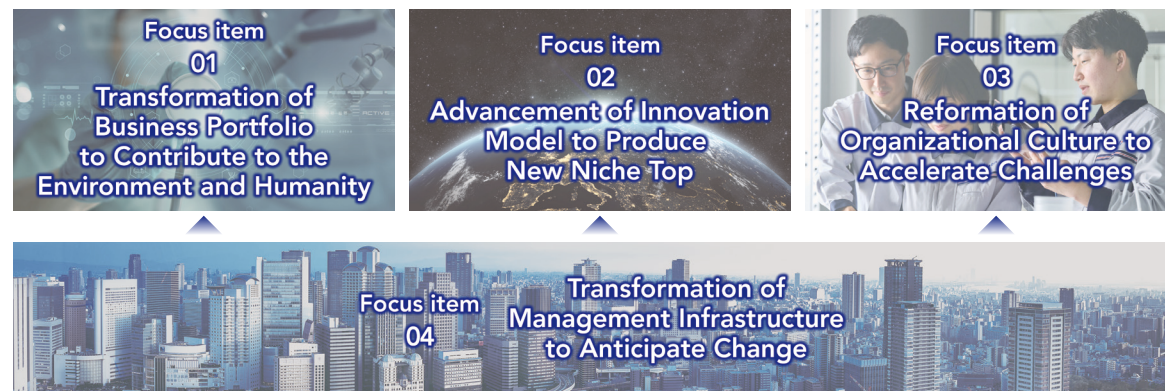
Achieving One Trillion Yen in Revenue While Maintaining High Profitability

In fiscal 2024, the Nitto Group reported new record highs in operating profit and the operating profit to revenue ratio. In addition, our revenue exceeded the 1 trillion yen mark for the first time. This accomplishment is especially commendable, as we achieved revenue growth while maintaining a high operating margin—a key priority for us—in a rapidly changing and uncertain global market.

One of the reasons behind this impressive operating profit growth is that our Niche Top products drove performance in the two segments of Industrial Tape and Optronics by capturing three key changes in the electronics market and beyond.

The first change is the expansion of the market. Optical film sales grew due to the increase in the size of automotive displays and the number of installations. Additionally, the rapid spread of generative AI stimulated storage demand for data centers, which in turn boosted sales of precision circuit substrates for high-capacity HDDs. The demand for high-precision circuits also rose due to the increased production of high-end smartphones. The second change is the increase in the number of models using our products. For high-end smartphones, in addition to assembly materials, sales of battery bonding electrical release tapes grew supported by the movement among EU member states to legislate the “right to repair” as part of efforts to build a resource-circulating society. The third change is the recovery of final demand. Demand for optical films used in high-end notebook computers and tablets, as well as process materials for semiconductor memories and ceramic capacitors, returned to a recovery track, though still below peak levels.

To attain the 2030 Ideal State, i.e., an “essential top ESG company” Implementing Our Niche Top Strategy and ESG Strategy



For the Human Life segment, on the other hand, we reported an operating loss for the second consecutive year in fiscal 2024. The mainstay of the oligonucleotide contract manufacturing business faced challenges due to the slower-than-expected growth of the oligonucleotide therapeutics market. However, sales are expected to increase in fiscal 2025, driven by the anticipated receipt of commercial drug-related orders. With the oligonucleotide contract manufacturing market projected to grow by 20% annually through 2030, the Nitto Group is making up-front investments in anticipation of continued market expansion. By capturing rising demand as the number of clinical cases increases and sales of commercial drugs for major diseases expand, we aim to further grow the business and improve its profitability. We are also working to increase profitability of membranes (high-polymer separation membrane) and personal care materials. For example, while our membrane products have traditionally focused on seawater desalination, we are currently promoting products that help

eliminate wastewater and effluents, which offer even higher added value. The tightening of wastewater regulations outside of Japan is expected to drive demand further. Looking ahead, we are envisioning a circular process in which CO₂, hydrogen, and other gases are separated, collected, stored, and converted into valuable resources. For the Nitto Group to build a better-balanced business portfolio, we believe it is critical to strengthen the Human Life business. The products and services offered in this segment typically have longer life cycles than other segments and it takes time to bring each business onto a stable growth trajectory. Nonetheless, we will continue making steady efforts from a mid- to long-term perspective.

In fiscal 2025, although the market environment surrounding the Nitto Group is expected to be even more uncertain, we will unite the Group’s collective strength to fulfill all financial and future-financial targets outlined in the mid-term management plan.

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Further Enhancing Innovation and Transformation of Business Portfolio with the Niche Top Strategy and Nitto-Style ESG Strategy

The Nitto Group aims to become an “essential top ESG company that continually brings amazement and inspiration as a Niche Top creator” by 2030. Backcasted from this future vision, the current mid-term management plan, Nitto for Everyone 2025, takes a dual approach by implementing the Niche Top Strategy and Nitto-Style ESG Strategy in an integrated manner.

With the Niche Top Strategy, we pursue “essential” value in each product category to secure a leading market share, while the ESG Strategy places ESG at the core of our management, driving business activities aimed at addressing challenges related to the global environment and human society. To put these strategies into practice, we have narrowed our new R&D subjects to those that meet the standards of the PlanetFlags/HumanFlags scheme, which certifies products that make exceptionally high contributions to the environment and/or human life, with no exceptions to this policy. By advancing these two strategies, we hope to see more Nitto offerings recognized as PlanetFlags/HumanFlags and Global Niche Top™ or Area Niche Top™ products (double recognized products), enabling us to simultaneously solve social issues and create economic value.

Under the mid-term management plan, we are leveraging the strong cash-generating capacity of our Niche Top products to proactively invest resources in transforming our business portfolio for future growth. We plan to spend a total of 300.0 billion yen for capital investments, including decarbonization investments, over the three years from fiscal 2023 to fiscal 2025, as originally planned. This is approximately double the amount spent during the previous three-year period from fiscal 2020 to fiscal 2022. With this, we aim to proactively invest in “things that will grow,” such as semiconductors, automobiles, displays, HDDs, oligonucleotide therapeutics, membranes, and hygiene

materials, all areas expected to undergo market expansion and other changes, with the aim of creating the next wave of “essential” value.

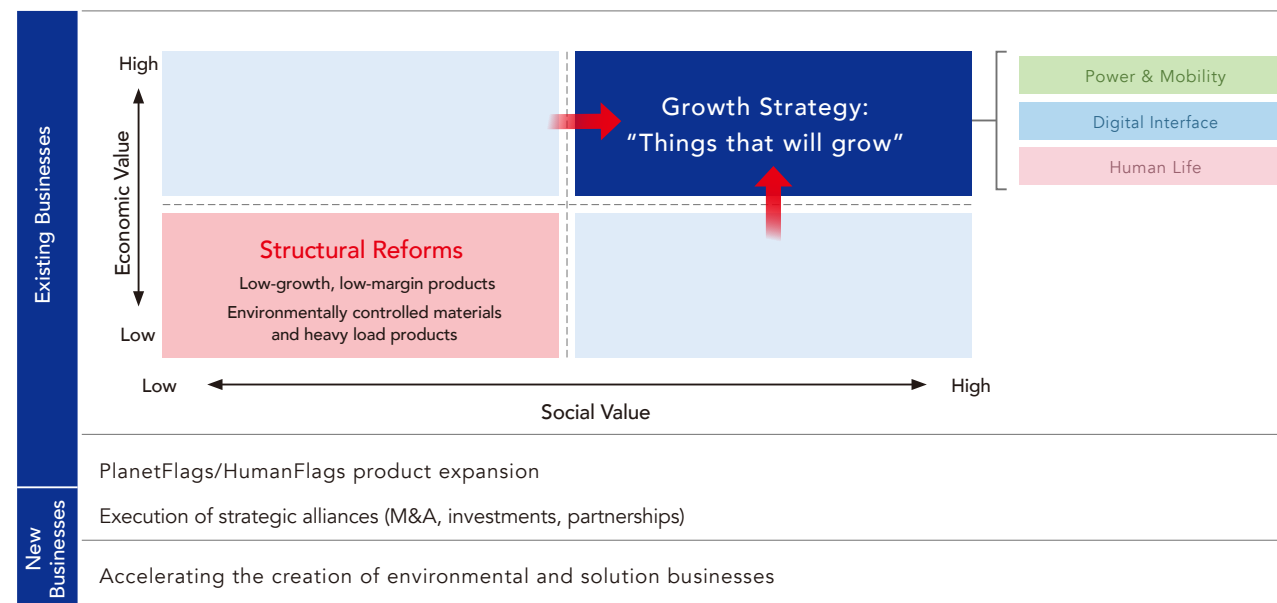
At the same time, we are streamlining products whose growth has slowed or profitability has declined due to changes in the business environment, as well as those that contain substances subject to environmental regulations or have a high environmental impact. Many of our existing products remain not very profitable because they still follow outdated approaches. I believe the worst course of action is procrastination, so I make bold decisions without delay, such as whether to transfer a business or discontinue production.

Meanwhile, we will carry forward the unique experience and knowledge cultivated in such businesses into new fields.

As described above, we will continue making proactive investments in growth areas and streamline products based on their growth potential, profitability, and eco-friendliness. In doing so, we will steadily advance our business portfolio transformation to generate high profits and build a robust business foundation that enables us to make greater contributions to society.

▶ P.21–22 Progress in The Mid-Term Management Plan

Focused investment in things that will grow and reliable implementation of structural reforms



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Nitto-Style Innovation Model Giving Birth to Niche Top Products and PlanetFlags/ HumanFlags Products

The Nitto-Style Innovation Model likens the process from idea generation to commercialization to a series of transitions—"0→1," "1→10," and "10→100"—each representing a critical phase of development and scaling. In each transitional phase, we have programs in place to facilitate innovation. For instance, in the first phase between "0 (Idea)" and "1 (Theme)," we hold the Nitto Innovation Challenge (NIC), an annual convention that invites all employees to submit ideas for new businesses. In the "1 to 10 (Product)" phase, we enhance the quality and speed of project development by promoting internal convergence through Group-wide initiatives and other means. Finally, during the transition from "10" to "100 (Business)," the most outstanding cases of *Sanshin* Activities are recognized at the annual Global *Sanshin*

Competition, a great opportunity for sales personnel to learn from one another's approaches. In fiscal 2024, over 100 persons gathered from across the Group to participate.

Among these programs, the NIC is considered to be particularly unique. Kicking off in 2020, NIC received over 1,000 innovative ideas for new businesses and products from around the world in its first year. Although the number of entries declined year-on-year in its second and third years, it began to grow again in the fourth and fifth years, reaching over 1,500 in 2024.

In the selection process, meaningful ideas deemed worthy of continued examination are narrowed down to around six entries. To prepare for the final screening, an internal expert familiar with each idea is assigned as a buddy to help refine it. Members of our management team, including myself, serve on the final screening panel, which often leads to lively discussions. At the screening venue, panel members are given blue and yellow sticks for voting after judging: blue indicates interest in pursuing the subject, while yellow suggests the subject needs further development before advancing to the next stage. If a blue stick is raised, the business division that raised it takes responsibility for developing the project. If a yellow stick is raised, the idea is developed by the divisions related to its theme. Even if no stick is raised, the proposer may continue refining the idea and submit it to NIC again in the following year.

Each of the ideas submitted to NIC receives feedback, allowing applicants to learn from it and try again the following year. NIC plays a major role in Nitto's innovation, serving as a mechanism to support the formation of ideas into projects and to enhance employee motivation and engagement.

▶ P.12 Innovation Model

Innovation Made Possible by the Strong Customer Base

In driving innovation, we utilize the Nitto Group's six kinds of capital: a strong customer base, diverse employees, eight core technologies, a healthy financial base, safe and quality manufacturing, and the sustainable use of resources. Among these six, the one that supports every stage, from project formation to productization and commercialization, is our strong customer base.

If we look back on the history of our business, we see that the trust built with customers has evolved into critical value. Whenever a customer with a leading position in their industry embarks on a new innovation, Nitto is always their first call. This allows us to work with customers early in their product life cycles and to shape their needs into tangible solutions. It is also a valuable opportunity for us to introduce the latest technologies and functions that Nitto has refined, often in ways no other company can replicate, with close collaboration among our sales, marketing, and engineering teams, allowing us to precisely comprehend our customers' intentions.

Let me use our smartphone-related products as an example. We began by supplying polarizing films and sensor films, followed by printed circuit boards. Then, in 2024, we began selling battery bonding electrical release tape. As each of these businesses connects to form the total solutions we offer, we continue to build customer trust.

With the expansion of "right to repair," this electrical release tape has great potential to become the next Global Niche Top™ product, as further needs are anticipated. It has been about ten years since electrical release technology first caught my attention. Back then, it was still a "hidden gem" among customers, but I volunteered to pitch what I believed was an innovative technology, saying, "There will come a time when

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this technology will be in great demand. Wouldn't you join me?" Needless to say, not every fledgling business follows the path we hope it will. Yet somewhere, at some point, change is always underway. I make it a daily principle to go bold in allocating management resources when I sense that the time is right, and I see it as my role to lead in making those important decisions.

Celebrating Failure as a Badge of Courage— Building a Culture Where Employees Enjoy Taking on Challenges

Believing that human resources are the single most important asset for the Nitto Group to sustain its growth, we are making continuous efforts to build an organization that empowers diverse individuals and fosters lasting satisfaction. What we value most is cultivating a corporate culture where employees "enjoy taking on challenges," and we consistently tell them, "It is perfectly fine to fail, as failure is the badge of having challenged yourself." It is far more valuable to have experienced failure than never to have tried, and I place greater value on "those who challenged themselves but failed" than on "those who achieved results without taking risks." For example, if you play ten games, ideally you should have seven wins and three losses. Knowing how to "lose" in different ways and overcome those challenges helps build the kind of business insight needed to become a future leader.

To foster this culture of "enjoying taking on challenges" and enhance the value of the Nitto brand, the Nitto Group sponsors professional sports events. Since 2017, Nitto has been the title partner of the Nitto ATP Finals, the season-ending championship for men's tennis players, especially popular in Europe and China. We believe that the spirit of striving for the top in our business aligns with the passion of world-class athletes competing at the highest level. At the Nitto ATP Finals,

we also carry out social programs to support children in their efforts to shape their future. We invite children battling illness to watch the matches and support global organizations that help children through fundraising by Nitto Group employees.

In 2023, Nitto launched the Nitto ATP Finals Torino Green Project with the aim of reducing CO₂ emissions in Turin, the host city of the tournament. The project raises funds through charity auctions and donations to support afforestation initiatives in the city, such as planting trees in a park near Inalpi Arena, the venue of the Nitto ATP Finals.

▶ P.46–48 Empowering Diverse Employees

Taking Leadership in Building Environmentally-Responsive Supply Chains

In 2018, as we celebrated the 100th anniversary of our founding, the Nitto Group resolved to become a company that contributes to the global environment and human life for the next century. This commitment led to the adoption of our new policy of "placing ESG at the core of management" in fiscal 2021. We are also allocating our resources toward environmental initiatives, which resulted in our obtaining the international initiative Science Based Targets (SBT) certification in August 2024. In addition to our Scope 1+2 GHG (CO₂) emission reduction target of 46.3% by 2030 from 2020 levels, we have also set a Scope 3 reduction target of 25% from 2022. Our ultimate goal is to reduce environmental impact to zero across the supply chain, as well as within the Group. We are ready to take the lead in pursuing this ambitious goal and will accelerate efforts designed to realize a decarbonized society in collaboration with customers and suppliers.

At the 29th United Nations Climate Change Conference (COP29) held in Azerbaijan in November 2024, Nitto was selected as an exhibitor at the Japan Pavilion organized by the Ministry of the Environment, Japan. There, we showcased our unique technologies related to CO₂ separation, capture, fixed conversion, and utilization. I am delighted to share that many visitors stopped by our booth every day and showed strong interest in these technologies. We will remain focused on achieving negative emissions through two main approaches: reducing CO₂ emissions by capturing CO₂ emitted from factories using membrane products for storage, fixation, or conversion into valuable resources, and developing technologies to capture CO₂ directly from the atmosphere.

▶ P.37–38 Realizing a Decarbonized Society



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Building a Resilient Management Infrastructure

The Nitto Group supplies Niche Top products that hold a leading share in global markets, which places on us the responsibility to ensure both uninterrupted and stable delivery. To strengthen our supply chains, we are proactively addressing potential risks, including geopolitical risks, chemical substance regulations, and climate change. Also, to ensure our customers receive only the highest-quality products, we conduct quality awareness surveys and *Kuruma-za* related to product quality for all employees. We also include quality compliance in the agenda for the Global Conference, which brings together senior executives from Group companies around the world, thereby reinforcing quality compliance. In parallel, we are pursuing business reform and business model transformation

by implementing initiatives that leverage AI and other digital technologies, prioritizing them based on return on investment.

Our top priority has always been, and will continue to be, employee safety. Guided by the policy of “placing safety before everything else,” we are working toward our ultimate goal of reducing all occupational accidents and injuries to zero. I am pleased to say that this safety-first mindset is deeply ingrained in our employees. We will remain committed to eliminating “critical accidents,” which may result in death or permanent disability, and “serious accidents,” which could lead to critical outcomes. Our goal is to create a workplace environment where employees can carry out their duties safely and with peace of mind.

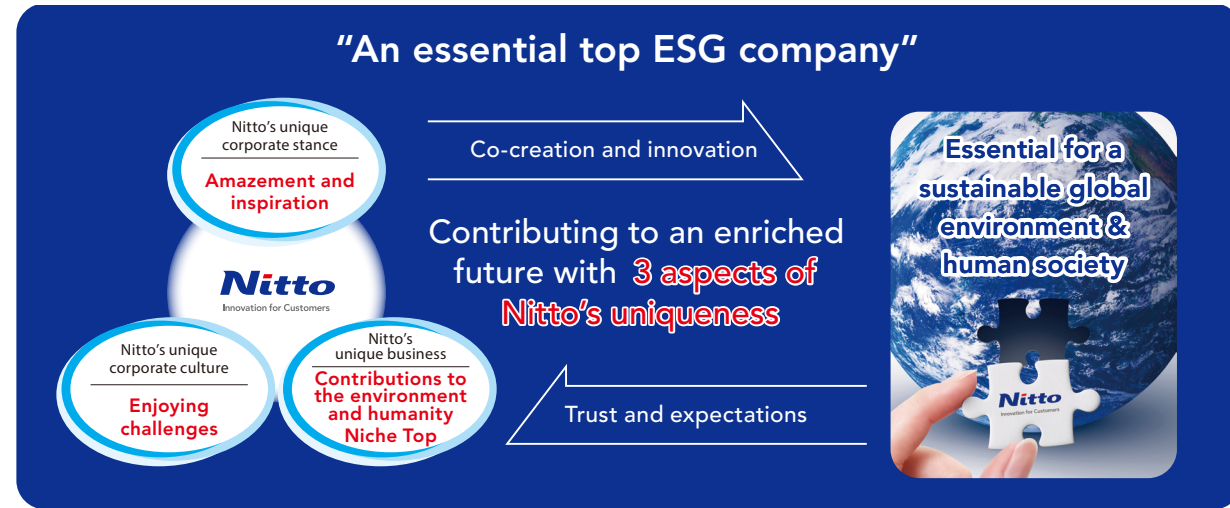
Through the continued implementation of these initiatives, we will build a robust management infrastructure that supports sustainable business growth.

Enhancing Nitto Group’s Corporate Value

The primary duty of top executive is to increase our company’s corporate value in a sustainable manner. For this to happen, I believe it is crucial that all Nitto products proudly stand high as PlanetFlags/HumanFlags within their respective categories and evolve into Global Niche Top™ or Area Niche Top™ products. In other words, we aim to continue generating high profits by simultaneously solving social issues and creating economic value. In fiscal 2025, while putting the finishing touches on the current mid-term management plan, Nitto for Everyone 2025, we will also begin formulating the next mid-term management plan with the 2030 ideal state in view.

The Nitto Group will continue taking on new challenges to sustainably enhance its corporate value and remain a company that brings happiness to its stakeholders. We sincerely appreciate the continued support and understanding of all our stakeholders.

The 2030 Ideal State



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Nitto Group's Management Strategy

Nitto Group's Mission

Corporate Philosophy (Mission)

Contribute to customers' value creation with innovative ideas

Basic Approach to ESG Management

Basic Policy on Sustainability

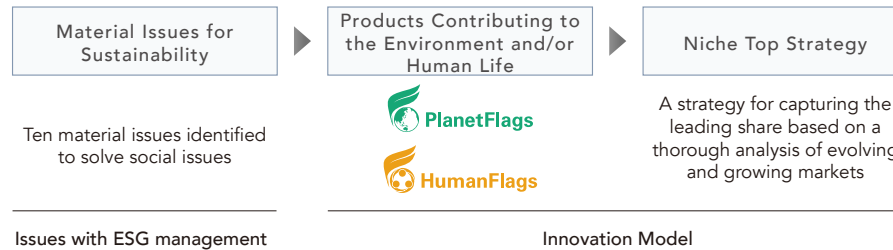
Simultaneously solving social issues and creating economic value

The Nitto Group keeps challenging itself to realize a sustainable future and support well-being for everyone by serving the global environment, humankind, and society as our customers.

Nitto Group's Long-Term Targets

The 2030 Ideal State

An "essential top ESG company" that continually brings amazement and inspiration as a Niche Top creator



Three-Year Action Plan

Mid-Term Management Plan, "Nitto for Everyone 2025"

Implementing Our Niche Top Strategy and Nitto-Style ESG Strategy

(Financial and future-financial targets are set as management targets)



In accordance with its Mission, "Contribute to customers' value creation with innovative ideas," and with the strong determination to place ESG at the core of its management, the Nitto Group has clearly stated in its Basic Policy on Sustainability that it will "simultaneously solve social issues and create economic value" through business activities.

To this end, we aim to be an "essential top ESG company that continually brings amazement and inspiration as a Niche Top creator" by 2030. To achieve this long-term target, we need to bridge the gap with our current position. To that end, determining risks and opportunities as we promote ESG management, we have identified high-priority issues for the Nitto Group, the environment, and society in the form of "material issues for sustainability."

One of the key approaches to solving these issues is the Nitto-style Innovation Model. In the three focus domains of "Power & Mobility," "Digital Interface," and "Human Life," we aim to create PlanetFlags/HumanFlags and achieve sustainable growth and high profitability by differentiating ourselves through the *Sanshin* Activities and Niche Top Strategy. This reflects our aspiration to be a company essential not only to the global environment and human society, but also to our customers and the industries we serve. By developing double recognized products, we will continue to create value as an "essential top ESG company."

As an action plan to realize the 2030 Ideal State, in fiscal 2023, we kicked off a mid-term management plan, Nitto for Everyone 2025. As we set financial targets to prioritize profitability and future-financial targets to promote ESG management, we are working on the four focus items driven by a strong desire to convert future-financial into financial and corporate value.

The Nitto Group will aim to realize a sustainable global environment and enriched human society by creating "essential" value for the world.

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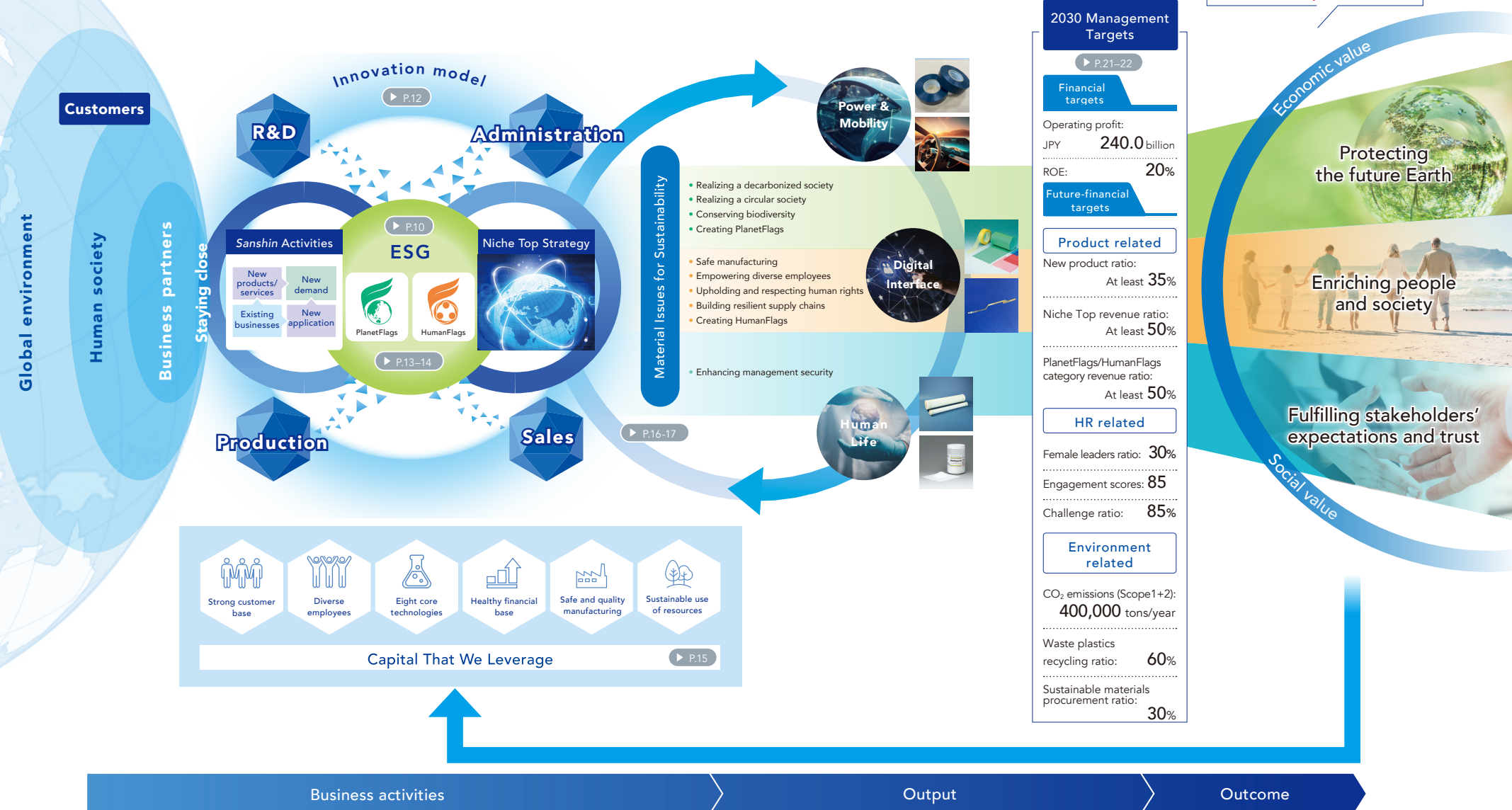
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Value Creation Process

Intending to be a Niche Top creator, the Nitto Group seeks to become an “essential top ESG company” that continually brings amazement and inspiration. With R&D, Production, Sales, and Administration working as one, we never cease to create innovative and broad values through customer-oriented approaches and unique business models.



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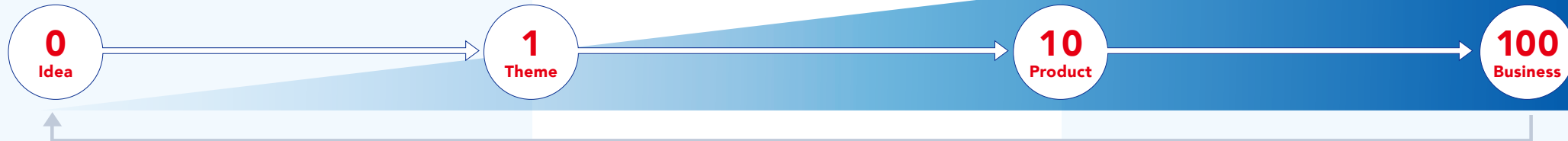
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Innovation Model

The Nitto-Style Innovation Model allows us to repeatedly verify hypotheses until we are convinced of our path to victory, enabling us to develop ideas into profitable businesses seamlessly.

By guiding us to create a number of PlanetFlags/HumanFlags products as we pursue the Niche Top Strategy, it enables the Nitto Group to achieve sustainable growth.

In each phase of this innovation process, we capitalize on our unique assets to take original approaches to promote innovation.



Challenge and Diversity

In this phase, no new project themes are embarked on unless they look promising to be future PlanetFlags/HumanFlags products. In the three focus domains where the Nitto Group's strengths can be fully leveraged, employees take on challenges to generate ideas, which are subject to prompt hypothesis testing. Ones that are judged to offer promise will move on to the next phase to start a project.

Perfection + Speed

By integrating the eight core technologies and a pool of knowledge into promising project themes, new businesses and technologies are developed through collaboration across R&D, Production, Sales, and Administration. In addition to promoting the utilization of intellectual property aimed at expanding revenue, perfection and speed are enhanced through convergence approaches, including strategic alliances, rather than in-house resources alone.

Ability to Get Things Done

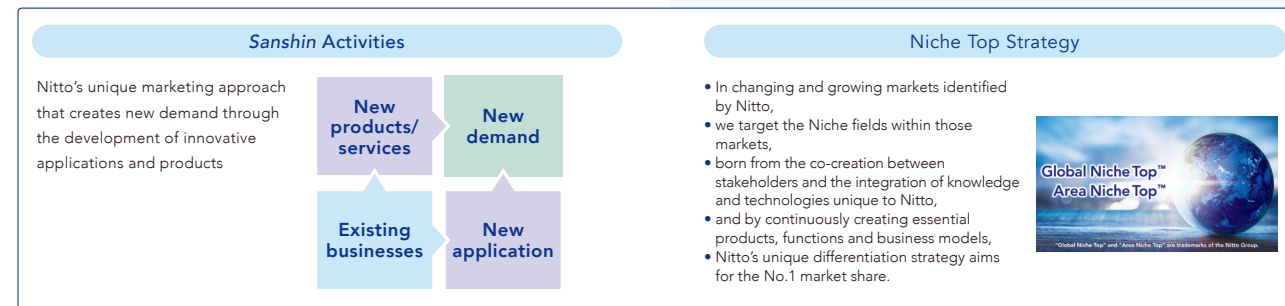
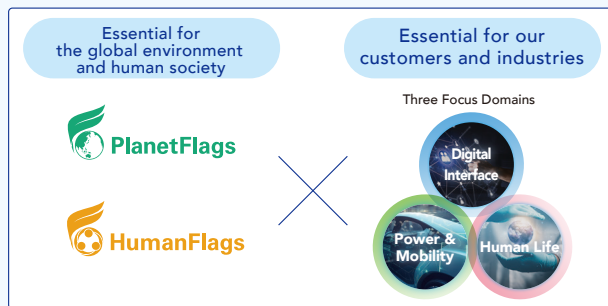
Through pursuing differentiation unique to Nitto, which is made possible by the Niche Top Strategy, we deliver essential products and services that meet the diverse preferences of our customers. It is this ability to get things done that enables Nitto to earn the trust and expectations of our valued customers. By commending employees for their efforts and achievements in the fields, we encourage them to take on challenges, which in turn will produce a chain of new ideas and project themes.

Programs that Underpin Innovation

- **Technology Kuruma-za:** Executives from the corporate technology division gather to discuss technology strategy.
- **R&D Innovation Networking Conference (RINC):** R&D themes are widely shared from top management to the field in the early stages to accelerate theme promotion.
- **Nitto Innovation Challenge (NIC):** Invites all employees to offer ideas for new businesses. Outstanding ideas will receive support to form a project.

- **Internal convergence:** Utilization of Group-wide projects, etc.
- **Management funds:** Schemes that enable timely resource allocation.
- **Strategic alliances:** M&As and capital injection in startup businesses, etc.

- **Global Sanshin Competition:** The most outstanding cases of Sanshin Activities are awarded. These programs also provide sales personnel with opportunities to learn from each other's approaches.
- **Group Activity Toward Excellence (GATE):** Continual improvement activities by small groups designed to solve problems with bottom-up approaches.



Relevant Capital



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Essential Nitto Products

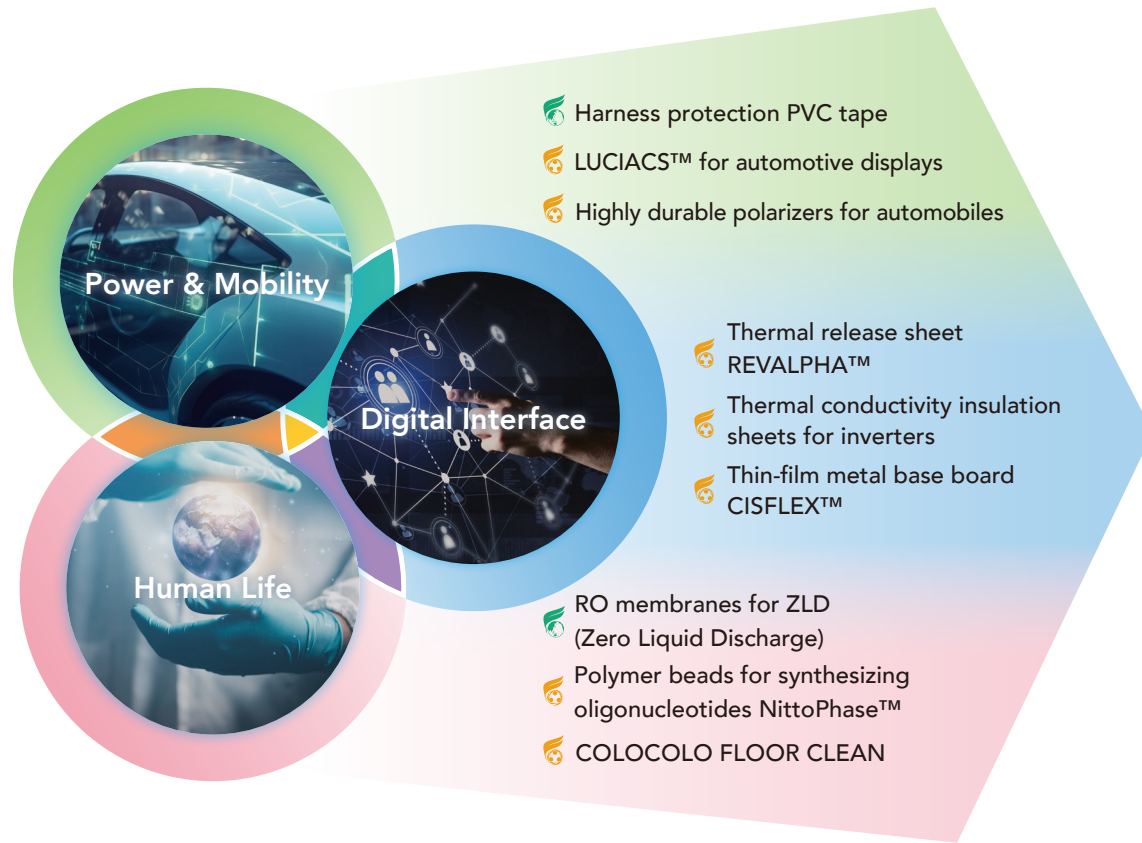
Output

By serving the global environment, humankind and society as its "customers," the Nitto Group delivers essential products by concentrating on the three focus domains and the intersections of them.

Number of products recognized as either  PlanetFlags or  HumanFlags **35** (up to fiscal 2024)

Focus Domains

Examples of recognized products

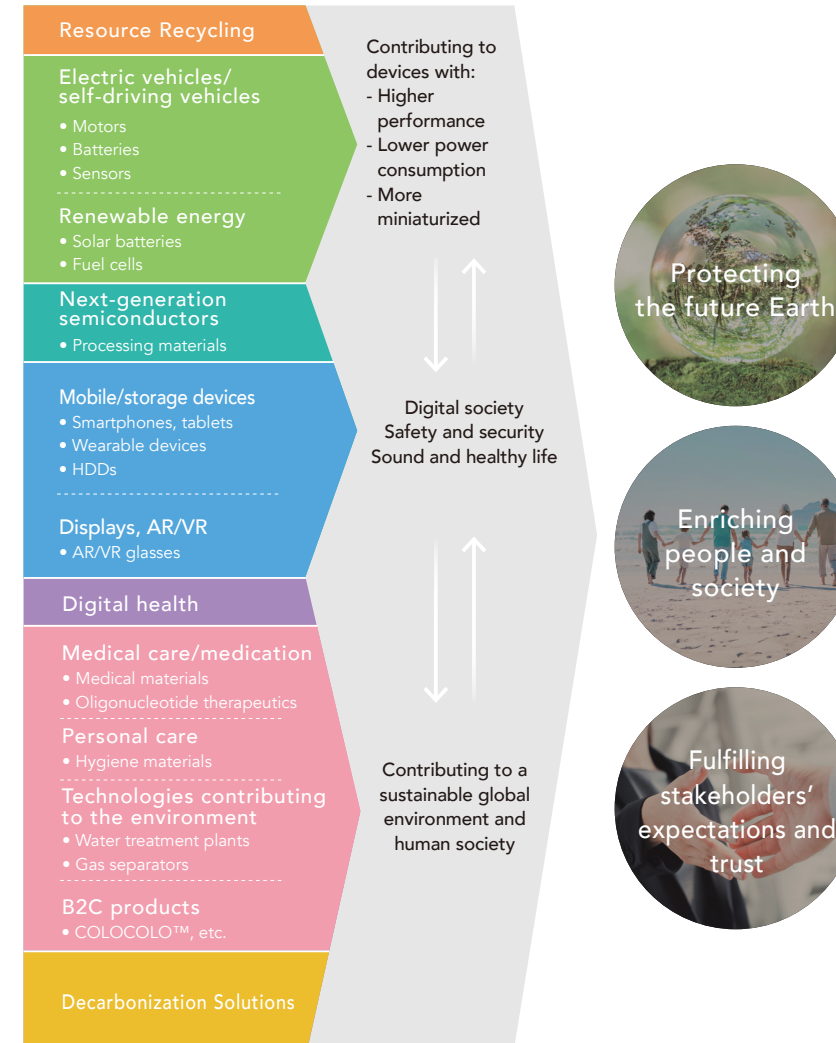


Please refer to our corporate website for details of PlanetFlags/HumanFlags.

 <https://www.nitto.com/jp/en/sustainability/infocus/flags/>

Outcome

The Nitto Group places ESG at the core of its management and strives to solve social issues through business, aiming to be a corporate group that continues to grow while contributing to the global environment and human society in order to realize a sustainable future.



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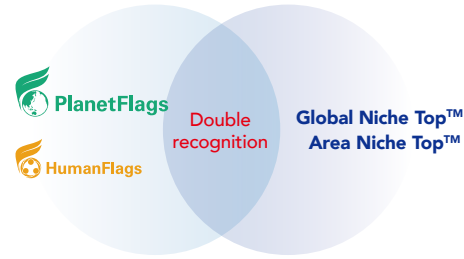
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Product Introduction

Cases of PlanetFlags/HumanFlags recognition

Harness protection PVC tape



Impact on society

- Life cycle CO₂ emissions: -46% Mobility weight: -1.3kg/vehicle
- * Calculated using data for the car model. The reduction rate differs depending on the car model.

Overview of the Product

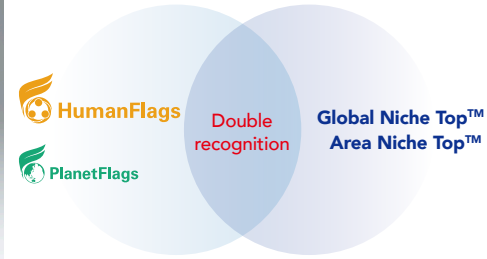
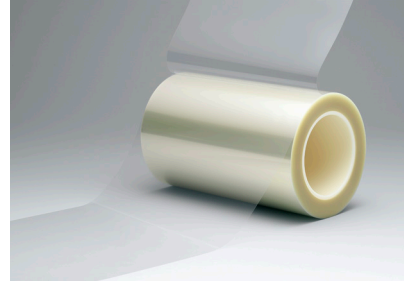
- Protects/binds automobile wire harnesses (electric wires)
- Enhanced wear resistance to provide both protective and binding functions
- Thinner design to help reduce vehicle weight

Innovations Unique to Nitto

- Anticipated customer needs for reducing the number of wire harness external components and associated human-hours, enabling us to begin product development ahead of competitors > **Customer-oriented approaches**
Anticipation of change
- Launched the development project early to secure time and resources for addressing the most challenging tasks > **Speed and perfection**
- Working tenaciously to balance the conflicting requirements of flexibility and wear resistance > **Challenge**
- Achieved a thin and lightweight design that strikes a fine balance between flexibility necessary for binding function and hardness (wear resistance) which is required for an external protective material > **Technological prowess**
Ability to get things done
- By integrating binding and protective functions into a single tape, we contribute to reducing both human-hours and the number of parts for customers, while also helping to lower environmental impact > **Sustainable manufacturing**

It is the unique Innovation Model and our corporate culture that contribute to the creation of essential Nitto products.

LUCIACS™ for automotive displays



Impact on society

- Highly durable for a safer driving experience
- Preventing color distortion in displays caused by high temperatures, improving visibility

Overview of the Product

- Optically clear adhesive tape for bonding components of automotive displays
- Maintains appearance with minimal change even under exposure to light or hot, humid conditions
- Solvent-free composition for reduced environmental impact

Innovations Unique to Nitto

- Developed LUCIACS™ for smartphones in response to a customer inquiry > **Customer-oriented approaches**
- Leveraging the high durability of LUCIACS™ for smartphones to expand into automotive applications, a niche market at the time but poised for significant growth > **Sanshin Activities**
Anticipation of change
- Listened closely to customer needs to develop a first-of-its-kind tape offering enhanced durability and reliability required for automotive displays > **Challenge**
- By fostering close collaboration among R&D, Production, Sales, and Administration, we made persistent efforts to overcome challenges through trial and error, pioneering commercialization ahead of competitors > **Collaboration across R&D, Production, Sales, and Administration**
Ability to get things done
- Built a broad product lineup, including thicker models, to achieve high durability and reduce display color irregularities > **Technological prowess**
Niche Top

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Capital That We Leverage

To create new value, it is vital that we inject all sorts of capital. The Nitto Group is fortunate enough to have six kinds of capital that it leverages. Cultivated over a long period, they have consistently evolved to become robust. This unique set of Nitto’s capital has underpinned the Group’s innovation, differentiating positively from our industry peers.

	Detailed account (importance) of capital	Examples of initiatives	Related pages
Strong customer base 	As its business has changed over time, the Nitto Group has been fortunate enough to forge a bond of trust with many different customers. We cherish this hard-earned future-financial value as “customer relations assets.” This close bond expanded beyond direct customers, i.e., business partners, to encompass end customers and suppliers, resulting in customer relations assets that extend throughout the supply chain. By fostering close relationships with customers and integrating sales, marketing, and technology teams to advance <i>Sanshin</i> Activities and the Niche Top Strategy, we are able to drive innovations.	<ul style="list-style-type: none"> • Global <i>Sanshin</i> Competition • Creating PlanetFlags/HumanFlags Products • NIC (New business creation event) • Signing strategic alliances (M&As/capital contribution, partnership) 	P.4–9 P.23–24
Diverse employees 	Considering human resources as our most valuable assets, the Nitto Group seeks to recruit and develop a diverse workforce in accordance with the Basic Policy on Human Resource Management. We provide an environment where employees enjoy taking on challenges and an organizational framework that enables them to deliver their full potential, thus cultivating Nitto Persons worldwide who practice The Nitto Way and providing them with opportunities to excel. The value created by our human resources differentiates us from competitors and leads to sustainable growth.	<ul style="list-style-type: none"> • Engagement surveys • Support for career development and autonomy • Human resource development programs including Nitto Global Business Academy (NGBA) • Empowerment of female employees through FLOWER Program etc. • Recruitment/retention of human resources 	P.43–50
Eight core technologies 	The Nitto Group has made constant efforts to combine and advance its founding technologies to develop diverse core technologies, which have since been applied to a broad range of products and services. In the three focus domains where these technologies and strengths are most impactful, and at the intersections of these areas, we hybridize our eight core technologies and their peripheral technologies to develop essential products and technologies, and maximize profits through intellectual property strategies.	<ul style="list-style-type: none"> • R&D Innovation Networking Conference (RINC) • PlanetFlags/HumanFlags recognition scheme • NIC (New business creation event) • Signing strategic alliances (M&As/capital contribution, partnership) • Utilization of intellectual property 	P.13–14 P.25–29 P.31–36
Healthy financial base 	The Nitto Group ensures sound financial conditions by balancing a solid equity base and adequate liquid capital on hand. This strategy not only secures a financial base that is protected from external influences and risk-resistant but also enables us to swiftly seize growth opportunities and access necessary funds, thereby catalyzing continuous growth.	<ul style="list-style-type: none"> • Promotion of ROIC-focused management, enhancement of ROE • Optimal cash allocation • Shareholder returns (stable dividends, flexible share buybacks) 	P.18–20
Safe and quality manufacturing 	“Placing safety before everything else,” the Nitto Group remains committed to a safety culture. By ensuring the security and safety of every stakeholder involved in the process—from raw materials procurement to product development, production, and use—both inside and outside the company, we aim to increase their satisfaction through the pursuit of top-notch manufacturing quality. Furthermore, we ensure that human rights are respected throughout our supply chains when conducting business activities, thus earning trust from our stakeholders while assuring business continuity.	<ul style="list-style-type: none"> • Commitment to a safety culture—Placing safety before everything else • Improvement of quality awareness • Sustainable procurement • Human rights due diligence • Small group activity, GATE 	P.41–42 P.51–52
Sustainable use of resources 	Fully aware of the environmental impact of energy and resource consumption, as well as CO ₂ emissions and waste generated during manufacturing, the Nitto Group is working to reduce these impacts through coordinated efforts among business execution departments, special function departments, and regional headquarters. By promoting environmental measures for decarbonization, 3Rs (Reduce, Reuse, Recycle), and pollution prevention while updating its businesses and technologies, the Nitto Group strives to realize a sustainable society while achieving business growth along the way.	<ul style="list-style-type: none"> • Declaration of Nitto Group Carbon Neutral 2050, support for SBT, joining RE100 • Global Green Committee (GGC) • Operation of a zero-CO₂ emission factory 	P.37–40

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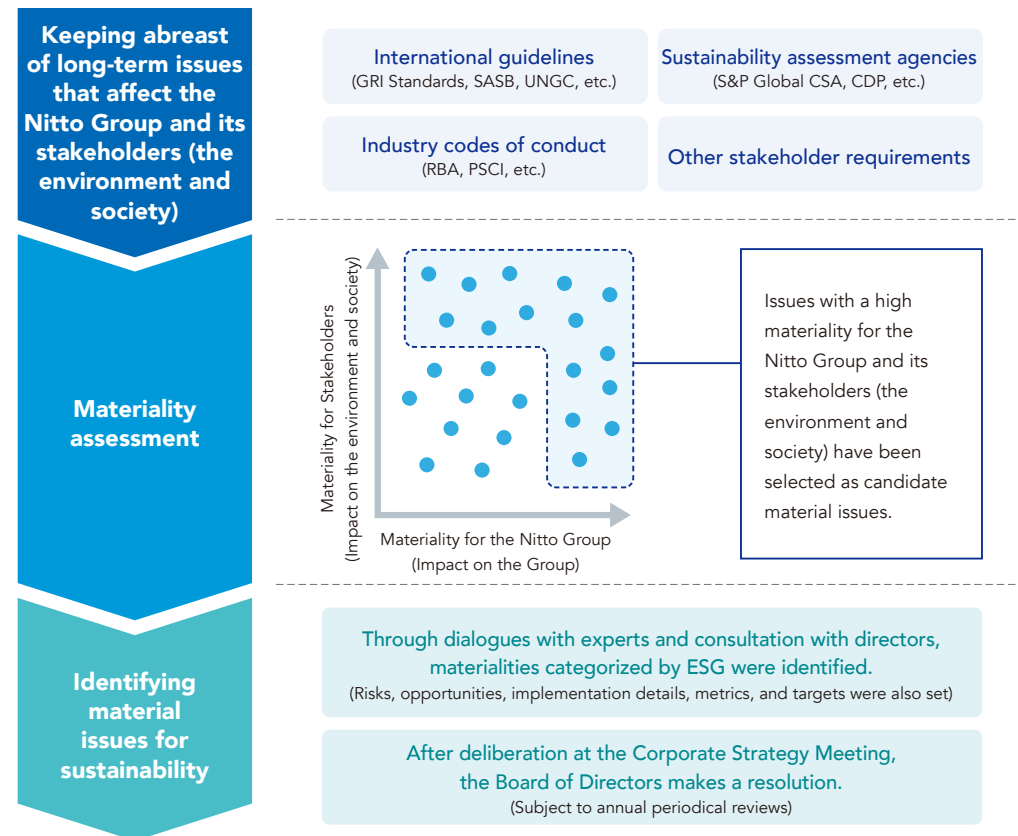
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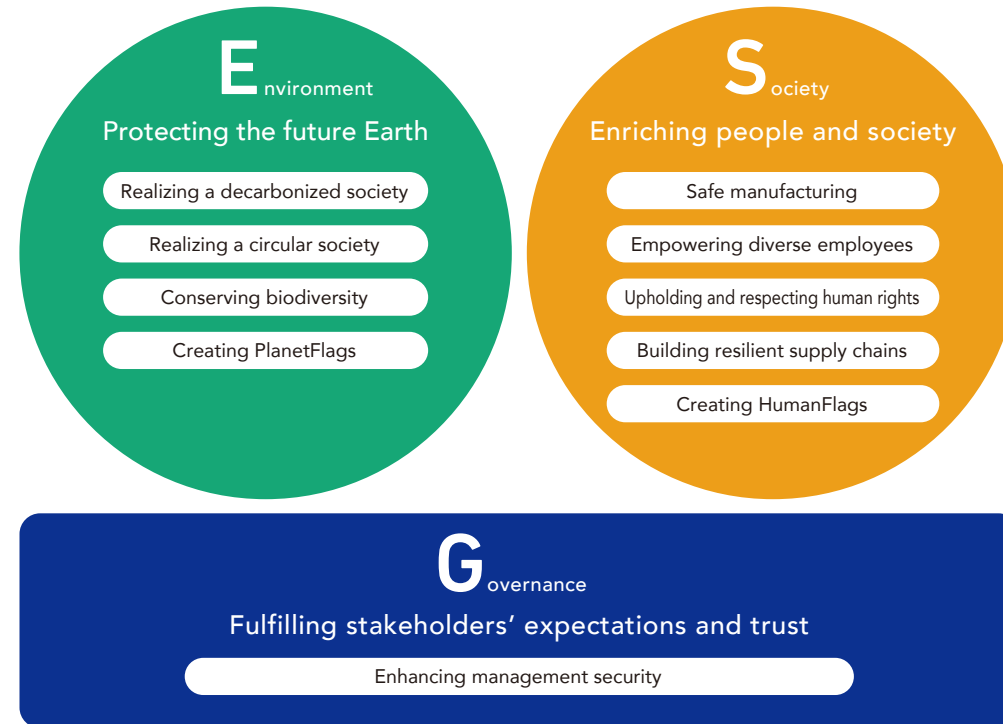
Amid the changing external environment with sustainability and ESG assuming growing importance worldwide, the Nitto Group has placed ESG at the core of its management and is addressing material sustainability issues. These material issues have been selected and identified as such from issues deemed important as they might affect the company and its stakeholders (the environment and society) over the long term. In implementing them, we identify risks and opportunities associated with each issue and reflect them in our business plans.

As indicated in our 2030 Ideal State, the Nitto Group is committed to becoming an “essential” entity for the global environment, humankind and the general public, aiming to simultaneously solve social issues and create economic value.

Identification Process



Material Issues for Sustainability



Criteria of Materiality

Category	Criteria
E Environment	Here, while strengthening our business foundation, we will address material issues of “decarbonization,” “circular economy,” and “biodiversity” through our products and services (PlanetFlags), in an effort to protect the future Earth as we work to conserve/improve the environment.
S Society	While strengthening our business foundation, here we will address material issues of “safety (occupational, quality),” “human resources,” “human rights,” and “supply chains” through our products and services (HumanFlags), in an effort to enrich people and society by offering value to humankind and society in the three focus domains.
G Governance	“Management security” is a material issue here. By ensuring transparency and fairness in management and adequacy in governance, we will fulfill the trust and expectations of stakeholders as we strengthen our business foundation.

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Material Issues for Sustainability	Implementation Details	Selected Recent Initiatives	KPIs/Targets for 2030
Realizing a decarbonized society 	<ul style="list-style-type: none"> Reduction in GHG emissions 	<ul style="list-style-type: none"> Acquisition of RE100 membership and SBT certification. Setting of a 2030 target for Scope 3 CO₂ emissions, in addition to that for Scope 1+2 Promotion of proactive use of renewable energy utilizing the PPA model and energy conservation by introducing hydrogen boilers <p>→P.37–38</p>	CO ₂ emissions (Scope1+2): 400,000 tons/year
Realizing a circular society 	<ul style="list-style-type: none"> Promotion of cyclic use of raw materials, energy, and waste 	<ul style="list-style-type: none"> Preferential selection of raw materials with minimal environmental impact (sustainable materials) Advancement of waste plastic recycling to reduce waste generation <p>→P.39</p>	Waste plastics recycling ratio: 60% Sustainable materials procurement ratio: 30%
Conserving biodiversity   	<ul style="list-style-type: none"> Prevention of air, water, and soil pollution 	<ul style="list-style-type: none"> Recycling of wastewater and effluents using our membrane products at two of our sites in Japan Promotion of solvent-free processes using water-based adhesives to reduce VOC emissions <p>→P.39</p>	(Managing by internal KPIs)
Creating PlanetFlags 	<ul style="list-style-type: none"> Providing solutions for decarbonization and material-circulation solutions Providing nature-positive products 	<ul style="list-style-type: none"> Acceleration of technology, product, and service development that contributes to environmental sustainability PlanetFlags recognition for products with significant environmental contributions, based on LCA-verified reductions in environmental impact <p>→P.13–14</p>	PlanetFlags/HumanFlags category revenue ratio: At least 50%
Safe manufacturing 	<ul style="list-style-type: none"> Improvement of workplace environment Enhancement of safety and quality of products 	<ul style="list-style-type: none"> Promotion of occupational safety to establish a safety culture from the three perspectives of “machine safety,” “safety perception,” and “safe procedures” Proactive chemical substance management in advance of laws/regulations and bolstering of quality awareness to ensure safe, high-quality products <p>→P.41</p>	(Managing by internal KPIs)
Empowering diverse employees  	<ul style="list-style-type: none"> Hiring and development of personnel daring to take on challenges Promotion of DE&I 	<ul style="list-style-type: none"> Revitalization of individuals by tailored training programs and career development support Revitalization of the organization through a corporate culture that encourages challenge-taking and values diversity <p>→P.43–50</p>	Female leaders ratio: 30% Engagement scores: 85 Challenge ratio: 85%
Upholding and respecting human rights 	<ul style="list-style-type: none"> Promotion of human rights due diligence 	<ul style="list-style-type: none"> Promotion of pro-human rights activities through the construction of a human rights due diligence management system Prioritization of key human rights issues through structured impact assessment <p>→P.51</p>	(Managing by internal KPIs)
Building resilient supply chains 	<ul style="list-style-type: none"> Sustainable procurement practices 	<ul style="list-style-type: none"> Promotion of sustainable procurement with three key perspectives of “risk management,” “CSR procurement,” and “green procurement” Enhancement of logistics efficiency by reducing truck driver standby time, restructuring a logistics network, etc. <p>→P.52</p>	(Managing by internal KPIs)
Creating HumanFlags   	<ul style="list-style-type: none"> Providing products that promote digital society Providing products that ensure comfort and security of life Providing products that support sound and healthy life 	<ul style="list-style-type: none"> Acceleration of the development of technologies, products, and services that support health and well-being HumanFlags recognition for products that address high-level human challenges <p>→P.13–14</p>	PlanetFlags/HumanFlags category revenue ratio: At least 50%
Enhancing management security 	<ul style="list-style-type: none"> Ensuring compliance Creation of a safety/quality-oriented culture Promotion of information security management 	<ul style="list-style-type: none"> Continuous improvement of corporate governance to ensure fast and transparent decision-making Promotion of compliance and risk management through close cooperation among the three axes of business divisions, regional headquarters, and functional departments <p>→P.53–68</p>	(Managing by internal KPIs)

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