



List of Executives



From the top left: Kazufumi Suehiro Masako Kubo Miyuki Nakagawa Mikio Asano Shuichi Koyama Yusuke Kobayashi
From the bottom left: Hiroshi Minoura Koichiro Sato Tokio Kato Toru Kurono Akitaka Tejima Koichi Takenaka

Chairman & CEO Tokio Kato

(Born June 10, 1953)

April 1982	Joined the Company
August 1987	Director
June 2003	Managing Director
June 2005	President
June 2008	President & CEO
April 2019	Chairman
April 2020	Chairman & CEO (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his work experience in sales, production, and business management, etc., as well as his extensive experience as a manager.

Managing Director Koichiro Sato

(Born July 8, 1963)

July 1992	Joined the Company
October 2014	Director, Taiyo Electric Mfg. Co., Ltd.
June 2016	President & Representative Director, Taiyo Electric Mfg. Co., Ltd.
April 2019	Corporate Executive Officer, NITTO KOGYO Corporation
June 2020	Director
April 2024	Managing Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in the sales department and his experience as a manager at our subsidiary.

President & COO Toru Kurono

(Born March 2, 1959)

April 1981	Joined the Company
June 2009	Corporate Executive Officer, MA Development Division
June 2011	Director
June 2014	Managing Director
April 2019	Executive Vice President & COO
April 2020	President & COO (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in areas such as production, development, and overseas departments.

Managing Director Akitaka Tejima

(Born October 20, 1964)

April 1988	Joined the Company
March 2015	Managing Director, SunTelephone Co., Ltd.
June 2017	Senior Managing Director, SunTelephone Co., Ltd.
April 2019	Corporate Executive Officer, NITTO KOGYO Corporation
June 2020	Director
April 2024	Managing Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in the business management department and his experience as a manager at our subsidiary.

Director Hiroshi Minoura

(Born July 16, 1961)

April 1984	Joined the Company
April 2018	Corporate Executive Officer
June 2021	Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in areas such as production and development departments.

Director Yusuke Kobayashi

(Born August 22, 1969)

April 1993	Joined the Company
March 2013	President of ELETTO (THAILAND) CO., LTD.
April 2020	Corporate Executive Officer, NITTO KOGYO Corporation
April 2023	General Manager, Business Planning Department
June 2024	Director (Current Position)

His appointment reflects his extensive work experience in areas such as production, development and corporate planning, as well as his experience as a manager at our subsidiary.

Outside Director (Audit and Supervisory Committee Member) Miyuki Nakagawa

(Born November 22, 1964)

April 1990	Public Prosecutor, Tokyo District Public Prosecutors Office
April 2008	Counselor, Minister's Secretariat, Judicial System Department, Ministry of Justice
January 2011	Counselor, Cabinet Secretariat, Assistant Chief Cabinet Secretary Office
April 2013	Public Prosecutor, Tokyo High Public Prosecutors Office
August 2013	Director, General Affairs Division, Saitama District Public Prosecutors Office
April 2015	Specially Appointed Professor, Chuo University, Graduate School of Law (Public Prosecutor on Dispatch)
March 2019	Retired from Public Prosecutor
April 2019	Professor, Chuo University, Graduate School of Law (Current Position)
Registered as a Lawyer	
May 2019	Head of Kosui Law Office (Current Position)
June 2019	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)
June 2021	Outside Director, Nissan Chemical Corporation (Current Position)
Outside Director, FANCL CORPORATION (Current Position)	
June 2022	External Auditor, Shinsei Bank, Limited (now SBI Shinsei Bank, Limited) (Current Position)
August 2022	External Auditor, ASKUL Corporation (Current Position)

Her appointment reflects many years of her extensive practical experience in the legal profession. It is expected of her to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals from a highly specialized perspective.

Outside Director (Audit and Supervisory Committee Member) Masako Kubo

(Born October 12, 1959)

April 1992	Joined OMRON Personnel Creative Service Co., Ltd.
September 2005	Kyoto Branch Manager, Kansai Sales Division, OMRON Personnel Creative Service Co., Ltd.
October 2011	Director, OMRON Personnel Creative Service Co., Ltd.
April 2015	President & Representative Director, OMRON Personnel Creative Service Co., Ltd.
April 2018	Corporate Executive Officer, OMRON Corporation
President & Representative Director, OMRON Expertlink Co., Ltd	
April 2022	Specially Designated Professor, the Research Center of Community Partnerships, Kyoto Women's University (Current Position)
June 2022	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)
May 2024	Outside Director, Furuno Electric Co., Ltd. (Current Position)

Her appointment reflects her extensive experience and specialized knowledge in the personnel-related business and HR services industry over many years. It is expected of her to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals regarding our management from her experience in company management.

Director Koichi Takenaka

(Born August 28, 1962)

April 1985	Joined the Industrial Bank of Japan, Limited
April 2014	Head of Foreign Exchange Department, Mizuho Bank, Ltd.
April 2017	Joined the Company
	Corporate Executive Officer
April 2018	Head of Overseas Division
June 2022	Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his many years of work experience in the financial industry and his work experience in our company's overseas department.

Director (Audit and Supervisory Committee Member) Kazufumi Suehiro

(Born February 4, 1963)

April 1986	Joined the Company
April 2019	President, Taiyo Electric Mfg. Co., Ltd.
April 2021	Corporate Executive Officer, NITTO KOGYO Corporation
June 2021	Director (Audit and Supervisory Committee Member) (Current Position)

His appointment reflects his extensive work experience in sales and development departments and his experience as a manager at a subsidiary of the company, as well as his knowledge of finance and accounting. It is expected of him to further the soundness, appropriateness and transparency of the company's management decisions.

Outside Director (Audit and Supervisory Committee Member) Mikio Asano

(Born July 29, 1952)

April 1975	Joined Toyota Tsusho Corporation
April 1998	Head of Non-Ferrous Metals Division, Toyota Tsusho Corporation
October 2001	Head of Risk Management Division, Toyota Tsusho Corporation
June 2003	Director, Toyota Tsusho Corporation
June 2007	Managing Director, Toyota Tsusho Corporation
June 2009	Senior Managing Director, Toyota Tsusho Corporation
June 2011	Executive Vice President and Representative Director, Toyota Tsusho Corporation
June 2017	Adviser, Toyota Tsusho Corporation
June 2019	Outside Director, GECOSS CORPORATION (Current Position)
June 2020	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)

His appointment reflects many years of his work experience at a general trading company and sufficient knowledge of finance and accounting. It is expected of him to further the soundness, appropriateness and transparency of the company's management by providing appropriate advice and proposals from his experience in company management.

Outside Director (Audit and Supervisory Committee Member) Shuichi Koyama

(Born June 15, 1957)

April 1981	Joined the Toyota Motor Co., Ltd (current Toyota Motor Corporation)
June 2001	Exclusive Vice President, Toyota Technical Center, U.S.A. Inc.
January 2006	President, Toyota Motor Manufacturing, Indiana, Inc.
January 2009	General Manager, Automotive Body, Toyota Motor Corporation
June 2010	Managing Director, Toyota Motor Corporation
June 2013	Executive Vice President and Representative Director, Toyota Boshoku Corporation
President & Representative Director, TB Kawashima Co., Ltd.	
June 2017	Adviser, TB Kawashima Co., Ltd.
June 2020	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)
June 2024	

His appointment reflects the professional knowledge and experience gained from many years working as an engineer. It is expected of him to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals from his experience in company management.



Audit and Supervisory Committee



From the left: Masako Kubo, Miyuki Nakagawa, Kazufumi Suehiro, Mikio Asano, Shuichi Koyama

Overview of the Main Organization

	Audit and Supervisory Committee
Purpose	It is an independent organization entrusted by the shareholders to audit and supervise the execution of duties by the directors. The Audit and Supervisory Committee members (Outside Directors) who are members of the Nomination and Remuneration Committee will confirm the appropriateness and suitability of the nomination and remuneration of directors (excluding directors who are also members of the Audit and Supervisory Committee) and form an opinion.
Primary speaker/Chairperson	Kazufumi Suehiro, Full-time Audit and Supervisory Committee Member
Organization	Five Directors who are Audit and Supervisory Committee Members (of which four are Outside Directors)
Number of meetings held	Meetings held in FY2023: 16 occasions
Activities in FY2023	In addition to attending Board of Directors meetings, deliberating at Audit and Supervisory Committee meetings, and inspecting important documents of approval, the committee also monitored and verified the status of business by interviewing directors, executive officers, and those in charge of business departments, and by receiving reports on the status of business at group-wide meetings attended by executives of major group companies and providing feedback as necessary. Regular meetings were held with the audit corporation, and information and opinions were exchanged on audit plans, explanations of key audit items, audit results reports, key audit matters (KAM), and other topics in order to promote collaboration. Full-time Audit and Supervisory Committee members attend Management Meetings, Internal Governance Committee meetings, Sustainability Committee meetings, and other important meetings. They also hold regular liaison meetings with auditors of Group companies. Through these activities, they confirm the appropriateness of the internal control system and the status of business, and by sharing this information with other audit committee members, they enhance the effectiveness of the Audit and Supervisory Committee.

Improving the Effectiveness of the Audit and Supervisory Committee Holding of Audit and Supervisory Committee Liaison Meetings

To complement the Audit and Supervisory Committee, the audit and supervisory committee member liaison meetings are held every month to share information on audit activities and other matters between the committee members. In addition, members are provided with explanations on the agenda items and reports to be discussed at the Board of Directors meeting in advance from the consideration stage, and this helps them to deepen their understanding of the matters concerned.

Collaboration with Internal Audit Department

The Audit and Supervisory Committee receives regular reports from the Internal Audit Department (Audit Office/Internal Controls Office) on audit policies, audit plans, the status of audit implementation, audit results, and other matters, exchanges information, and works to ensure closer collaboration. The full-time audit committee members in particular strengthen collaboration through participation in audits conducted by the Internal Audit Department and regular liaison meetings.

Message from Outside Directors

Miyuki Nakagawa

My name is Miyuki Nakagawa, and I was appointed as an Outside Director back in 2019. I worked as a public prosecutor for about 30 years at the Public Prosecutors Office and other government agencies. As social conditions change rapidly in recent years, how to carry out sustainable management is a pressing issue for companies. This year, our company started operating the Seto Factory, an environmentally friendly factory that is most advanced in the industry, receiving 100% of its electricity from renewable energy sources. We are also transforming into a global company by expanding not only domestically but also overseas to Southeast Asian countries such as Thailand in recent years. In order to realize and fulfill our responsibility as a leading company in the domestic power cabinet industry, I will continue to supervise and express opinions from a perspective of an outside director who ensures compliance while respecting the opinions of various stakeholders so that our company can be a company that provides reliability and peace of mind.

Mikio Asano

When it comes to global issues such as environmental problems, conflicts around the world, and the rapid evolution of AI, the list could go on and on. To address these issues, companies are taking on their respective roles. On our part, with our mission of Provide reliability and peace of mind when it comes to the future of our planet, we embrace “accelerating evolution” as our medium-term basic policy and move forward with a “challenge and reform” mentality. We are not only aiming to enhance our portfolio, which is currently focused on the electrical and information infrastructure manufacturing business, but also aiming to further expand into other fields and develop new fields. There are two aspects that are important in this dynamic approach. One is risk management. Think of it as a word association game rather than something complicated, and take a stance that focuses on identifying risks. The second is to review operations as a preliminary step towards reform. This involves checking the purpose of each operation and finding out what happens afterwards. These findings will enable us to review our operations and lead to major reforms. I would also like to work hard with everyone involved to achieve our goals.

Masako Kubo

The new Mid-term Management Plan started in FY2024. In line with the basic policy of “accelerating evolution”, the goals and KPIs for each business are now clarified. Taking pride in our mission of “Provide reliability and peace of mind when it comes to the future of our planet”, we will make proposals for improving group governance by monitoring and evaluating the progress of each measure to ensure that our employees can be proud of the business, products and services we provide and to encourage them to take on new challenges. I would also like to mention D&I as non-financial information. Morning drama series not only resonated with women, but also with many people in general. This was because the women of that time were making changes to break free from the various restrictions of society. At the same time, this seems to be a message telling us that we can galvanize the strength of an organization by accepting, acknowledging, and celebrating diversity and individual differences. We will continue to provide accompanying support with the aim of creating an organizational culture that is worthwhile to work in.

Shuichi Koyama

Since being appointed as a director and an audit and supervisory committee member, it has become clear to me that we need to respond to environmental changes quickly. Throughout my career, I was consistently engaged in the planning, development and production of automobiles and related parts, including a six years overseas assignment. I would like to build on this experience and pursue the essence of manufacturing at the NITTO KOGYO Group, which is engaged in global management, to accelerate product development that will delight customers around the world, and to further improve productivity. I believe that these efforts will be important for further strengthening our corporate foundation in the future. The world is changing dramatically. There are things we must preserve, but we must also have the courage to take on the challenge of changing the things that need to be changed. By emphasizing the basics of “valuing people” and “Genchi Genbutsu” (going on-site to see things in-person), and in order to realize the goals of all stakeholders, I would like to contribute to the enhancement of corporate value by promoting prompt decision-making regarding the direction of corporate strategy and management execution, which is the responsibility of the Board of Directors.



Corporate Governance

Basic Stance and Basic Policy Concerning Corporate Governance

Basic Stance

NITTO KOGYO is constantly intent upon sincere action and just management based in good conscience, deeply concerned with enhancing its stakeholders' trust, constructing a healthy, highly transparent organizational system able to respond rapidly to the changing management environment. In addition, we aim to construct fair and regulated corporate governance, achieve a sustainable growth and improve long-term corporate value.

Basic Policy

1. Ensuring Shareholders' rights and Equality

Along with creating an environment where all shareholders are treated equally in accordance with their holdings and where they can exercise their rights suitably, NITTO KOGYO will disclose information in a suitable time and manner so as to avoid any information discrepancy among shareholders.

2. Suitable Collaboration with Stakeholders Other than Shareholders

NITTO KOGYO has five pillars of CSR management policy.

- (1) We shall continue to create new values that will satisfy our customers.
- (2) We shall promote corporate activities based on respect for human beings.
- (3) We shall implement compliance management rooted in high ethical and moral values.
- (4) We shall contribute to maintaining our beautiful earth for the next generation.
- (5) We shall always conduct management that increases the values of our shareholders.

3. Ensuring Fair Information Disclosure and Transparency

NITTO KOGYO actively discloses information recognized as necessary for stakeholders (including non-financial information), in addition to disclosure under the law, on its website.

4. Duties of the Board of Directors, etc.

Based on its fiduciary duty and accountability to the shareholders, the Board of Directors bears responsibility for sustainable growth and the long-term improvement of corporate value. To fulfill this responsibility, along with monitoring management as a whole and ensuring management fairness and transparency, the Board of Directors makes decisions in the company's best interests through evaluating the risks faced by the company and planning countermeasures, etc.

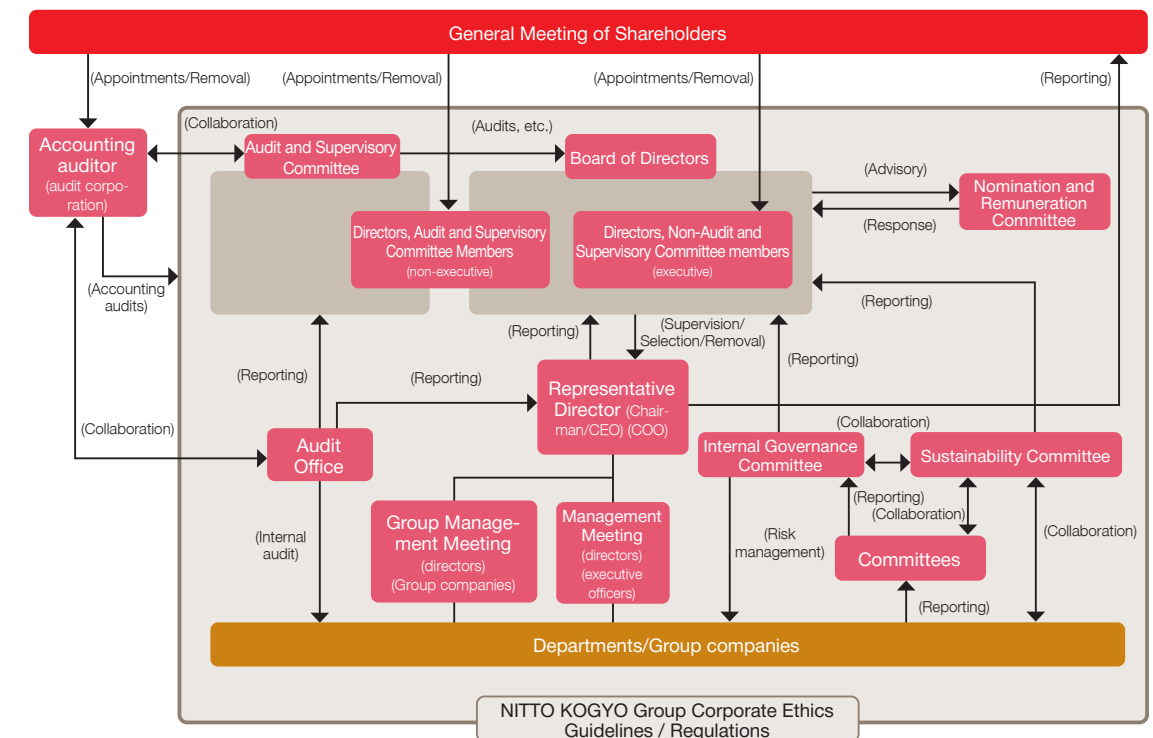
As an independent organ with the shareholders' mandate, the Audit and Supervisory Committee bears responsibility for ensuring healthy and sustainable corporate growth and a high-quality corporate governance system in response to public trust through auditing executive duties as implemented. In order to fulfill this responsibility, the Committee strives to maintain an independent and objective stance, always remains consistently fair and unbiased, and makes appropriate judgments.

5. Dialogue with Shareholders

Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. In addition, we exhibits yearly at IR events and sustain dialogue with individual investors. The company intends to engage in even more thorough dialogue with shareholders in future.

Overview of the Corporate Governance System

While conducting wide-ranging discussion and accurate decision-making through its executives and implementing business duties, NITTO KOGYO has introduced the "Company with Audit and Supervisory Committees" organizational structure considered to be most suitable for a management structure conducting appropriate monitoring and supervision and a corporate governance system capable of enrichment. In addition, the company has established supplementary organs in the form of the Nomination and Remuneration Committee, Group Management Meeting, Management Meeting, Sustainability Committee, and Internal Governance Committee.



1. Board of Directors

The Board of Directors is composed, based on its Regulations, of seven directors (excluding directors, Audit and Supervisory Committee members) and five ones who are Audit and Supervisory Committee members (of whom four are Outside Directors). In addition to its monthly meetings, the Board meets as necessary to make decisions on important matters as determined by laws, the Articles of Incorporation, or the Board Regulations, and to report on and monitor the execution of important duties. With all five Audit and Supervisory Committee members, including four external executives, in attendance, the Board actively seeks advice and opinions from a fair and neutral stance on important management matters, and works to reinforce monitoring and supervision functions and to conduct operations smoothly.

2. Audit and Supervisory Committee

The Audit and Supervisory Committee is composed, based on its Regulations, of five directors, Audit and Supervisory Committee members (of whom four are Outside Directors). In addition to its monthly meetings, the Committee meets as necessary to report on duties and share information, working to enhance governance functions. In addition, through Committee members' attendance at important meetings and investigations of company business and financial status, the Committee conducts monitoring, supervision, and examination of the status of executive decision-making and directors' decisions made at Board of Directors meetings and elsewhere and of the implementation status of supervisory duties. The status and results of audits are regularly reported to the President (COO) and the Board of Directors, with suitable measures taken as needed to provide advice or recommendations.

3. Nomination and Remuneration Committee

Positioned as an advisory organ to the Board of Directors, the Nomination and Remuneration Committee is composed of at least three directors selected by a Board of Directors resolution, of whom more than half must be independent outside directors. It is formed as a space to discuss important management matters concerning nomination and remuneration of directors, generally held five times yearly, discussing and responding to questions from the Board of Directors. Along with the Board of Directors above, it is intended to enrich NITTO KOGYO corporate governance by reinforcing the fairness, transparency, and objectivity of proceedings concerning nomination and remuneration of directors.



4. Group Management Meeting

The Group Management Meeting, positioned as an advisory organ for the President (COO) selected at the Board of Directors, is composed of the executive directors, full-time Audit and Supervisory Committee members, the Presidents of NITTO KOGYO group companies, etc. It is formed as a space for discussion of important management matters for the entire Group, generally held once monthly for wide-ranging discussion and examination of management issues and important matters for the entire Group, intended for dynamic and effective business operation along with the Board of Directors.

5. Management Meeting

The Management Meeting, positioned as an advisory organ for the President (COO) selected at the Board of Directors, is composed of the executive directors, executive officers, full-time Audit and Supervisory Committee members and so forth. It is formed as a space for discussion of important management matters related to manufacturing, construction and service businesses related to electrical and information infrastructure, generally held twice monthly for wide-ranging discussion and examination of management issues and important matters, intended for dynamic and effective business operation along with the Board of Directors.

6. Sustainability Committee

The Sustainability Committee is composed, in accordance with the Sustainability Regulations, of executive directors, certain executive officers, and full-time Audit and Supervisory Committee members. It meets at least once a year and collaborates with other committees to discuss sustainability, monitor department progress, and report to the Board of Directors, aiming to further reinforce sustainability initiatives.

7. Internal Governance Committee

The Internal Governance Committee, positioned according to its Regulations as the organ in charge of internal governance, is composed of executive directors, certain executive officers, full-time Audit and Supervisory Committee members, etc. It generally meets four times yearly to confer, discuss, and report on the operation of the internal governance system overall, aiming to improve the efficiency and efficacy thereof.

Skills matrix for Directors

Name	Gender	Position at the Company	Attributes	Corporate Management	Marketing/Sales	Financial Accounting	Development Production Quality	Environment	Human Capital Human Resource Development	Global	Judicial Affairs/Risk Management	DX IT	Origin Qualifications
Tokio Kato	Male	Chairman & CEO		●		●					●		
Toru Kurono	Male	President & COO		●				●		●			
Koichiro Sato	Male	Managing Director		●	●								
Akitaka Teijima	Male	Managing Director				●			●			●	
Hiroshi Minoura	Male	Director			●		●						
Koichi Takenaka	Male	Director				●		●		●			
Yusuke Kobayashi	Male	Director				●	●			●			
Kazufumi Suehiro	Male	Director (Audit and Supervisory Committee member)		●		●	●						
Miyuki Nakagawa	Female	Director (Audit and Supervisory Committee member)	Outside/Independent								●		Professor Lawyer
Mikio Asano	Male	Director (Audit and Supervisory Committee member)	Outside/Independent	●		●					●		Wholesale
Masako Kubo	Female	Director (Audit and Supervisory Committee member)	Outside/Independent	●	●				●				HR services
Shuichi Koyama	Male	Director (Audit and Supervisory Committee member)	Outside/Independent	●			●					●	Manufacturing industry

* A maximum of three areas of expertise and experience are stated for each director. This does not represent all of the expertise and experience possessed by each director.

Roles and Independence of Outside Directors

Roles of Outside Directors (FY2023)

Position	Name	Attendance	Overview of activities and duties performed regarding the role expected for Outside Directors
Director (Audit and Supervisory Committee member)	Hidefumi Iwasa	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, marketing and organizational culture and contributes to stimulating discussions and improving the effectiveness of the Board of Directors through his active participation and comments. As vice-chairman of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the company's discretion, he contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and directors' remuneration.
Director (Audit and Supervisory Committee member)	Miyuki Nakagawa	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on her many years of experience in the legal profession, she provides useful advice and suggestions on governance structures and risk management and makes active contributions to stimulating discussion and improving the effectiveness of the Board of Directors. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.
Director (Audit and Supervisory Committee member)	Mikio Asano	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, safety and group management and contributes to stimulating discussions and improving the effectiveness of the Board of Directors by making active comments and taking an active role. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.
Director (Audit and Supervisory Committee member)	Masako Kubo	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on her extensive experience, knowledge and insight as a business manager, she provides useful advice and suggestions regarding governance structures and reform of corporate culture and actively contributes to stimulating discussion and improving the effectiveness of the Board of Directors' meetings through her comments and activities. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.

Independence of Outside Directors

The criteria or policy for selecting outside directors at our company is based on the requirements for outside directors set out in the Companies Act and the criteria of independence set out by the stock exchange, as well as the following criteria for independence set out by our company, which are used to select candidates for independent outside directors.

All four of our outside directors are designated as independent directors as stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.

[Evaluation criteria and qualities of our company's independent outside directors]

1. Not being an executive* of a major business partner (mainly a purchaser) whose annual transaction amount with our company exceeds 2% of the partner's consolidated sales
2. Not being an executive of a major business partner (mainly a supplier) whose annual transaction amount with our company exceeds 2% of our consolidated sales
3. Not being a consultant, accounting expert, legal expert, or other professional service provider (or in the case of an organization, not being an executive officer of the organization) who receives more than 10 million yen per fiscal year from our company in addition to director's remuneration (or in the case of an organization, a sum equivalent to 2% or more of the organization's total revenue) or other property
4. Not being a major shareholder of the Company holding more than 10% of the total voting rights, or, if the shareholder is a corporation, not being an executive of that corporation
5. Not falling under any of the above items 1 to 4 in the last 5 years
6. Total term of office as Outside Director not exceeding a total of 8 years

Note that even if a candidate for Outside Director falls under any of the above items 1 to 6, if it is determined that the candidate has independence for other reasons, that reason shall be explained at the time of nomination.

* An executive is an executive director, corporate officer, executive officer, or employee who is at the upper management level of a department manager or higher.



Compliance

Compliance is a major premise for sustainable development

Since our establishment, NITTO KOGYO has built a relationship of trust with our shareholders, clients, suppliers and local communities by providing excellent products and services. This relationship of trust is a treasure created through the sincere actions and constant efforts of many of our predecessors. This treasure is firmly inherited in the NITTO KOGYO Group. It is our responsibility as members of the Group to further enhance this relationship and pass it on to future generations.

If any misconduct occurs, it could quickly damage the brand value, trust and credibility that the Group has worked to build up to this point. We believe that thorough compliance is an essential prerequisite for the sustainable development of our group.

Activities Promoting Compliance

We want all officers and employees of the Group to share the same values, understand and be able to put compliance into practice. The NITTO KOGYO Group Corporate Ethics Guidelines was created and distributed to them for this purpose. Moreover, by holding an annual corporate ethics workplace meeting and creating opportunities to discuss compliance, the company is engaged in activities to promote compliance awareness down to the individual level.

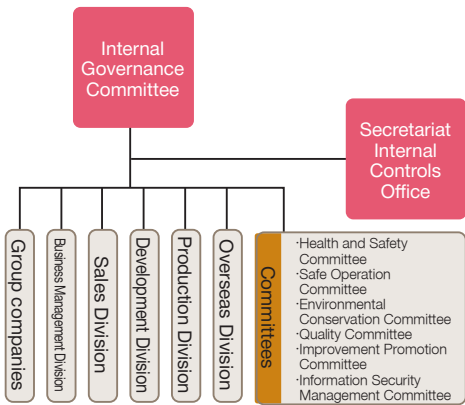


Construction of Internal Control System

In accordance with the Basic Policies for Internal Control Systems resolved at the Board of Directors meeting, the company establishes internal control systems by involving officers, employees and all those engaged in business operations.

Internal controls are further enhanced with the establishment of the Internal Governance Committee, an organization that oversees and promotes internal controls for the entire group, together with Health and Safety Committee, Safe Driving Committee, Environmental Conservation Committee, Quality Committee, Improvement Promotion Committee, Information Security Management Committee, and other subordinate organizations. Through each headquarters, systems are being developed and operated to ensure compliance, appropriate and efficient operations, proper risk management, and the reliability of financial reporting.

Internal Governance Committee Organization Chart



Establishment of reporting channels

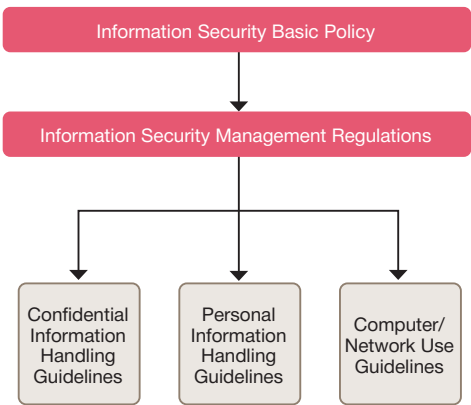
A Helpline is established as a common contact point for the entire Group, and an External Hotline is also available for overseas use, in order to detect and solve any violations of the Corporate Ethics Guidelines as early as possible.

We ensure that those who report their concerns will not be put at a disadvantage and that the content of the consultation will not be leaked to the outside. The company formulates measures based on a fair investigation to resolve the problem and prevent its recurrence.

Information Security Management

It is of the utmost importance to live up to the trust of clients and business partners, also in terms of information management.

There is always a risk of information being leaked, stolen or lost. For this reason, measures are taken to ensure secure and appropriate management and use of confidential information held by the company, let alone the information provided by our clients and business partners. Measures include the formulation of the Information Security Basic Policy and the establishment of the Information Security Management Committee. Moreover, in order to improve the information security management level, internal education is provided to managers and above via e-learning, and information security audits are conducted regularly to improve awareness in the workplace.



Risk Management

Business Risks, etc.

The following are the main risks likely to influence the financial status and business performance of the NITTO KOGYO Group. Items in the text concerning the future are based on Group judgments as of the end of the previous consolidated fiscal year (March 31, 2024). With awareness of these risks, the Group intends to make every effort to avoid them and, should they occur, to handle them accordingly.

*Partial excerpt

Business Environment

Demand for NITTO KOGYO Group products is largely related to the number of private-sector non-residential buildings and orders for machinery in the domestic market, therefore ultimately heavily influenced by trends in the domestic economy. In addition, technological innovation regarding products in the fields of information/communications and electronic parts is rapid, and the Group's financial status and business performance may be affected by the obsolescence of parts in stock or the failure to receive orders.

Regarding the Group's business environment, while we are aware that the potentials for these risks to take shape are always present, we are taking measures to further enhance the competitiveness of our core businesses, such as starting operation of the Seto Factory in spring 2024, which will achieve a smart factory using digital transformation (DX). At the same time, we are promoting various measures such as expanding business domains, establishing overseas business bases centered on Southeast Asia, and establishing new businesses.

Large-scale Disasters, etc.

Many of the Group's main offices are located in areas that are highly likely to be affected by the Nankai megathrust earthquake, which is expected to occur in the future. In the case of a major natural disaster of this kind, production capacity and logistics functions would be seriously affected by damage to factory buildings and production facilities, delays in supply chain recovery, electricity supply shortages, etc., affecting Group financial status, business performance, etc.

There is a good possibility that the Nankai megathrust earthquake will occur in the near future. In order to prioritize human life while minimizing the effect on production and sales in times of a major disaster, NITTO KOGYO is working actively to organize a business continuity plan such as disaster drills, safety confirmation drills, anti-seismic measures, dual data management, etc.

Information Systems and Information Security

NITTO KOGYO Group is dependent on information systems to carry out sales, production, and other business activities. It also handles confidential and personal information related to customers, suppliers, and employees. The Group's financial status and business performance will suffer if unforeseen circumstances lead to a long-term information systems outage or leaks of confidential and personal information.

While conscious that the relevant risks cannot easily be entirely eliminated, given the more advanced cyberattacks now common, we are working to reduce the risks through information system countermeasures against external attacks, computer virus countermeasures, employee education on security compliance, etc., as well as continuing to make active use of new information systems.

