

Outside Directors' Roundtable

Driving the Reform Toward True Consolidated Management



The NITTO KOGYO Group is moving forward with its transformation from group management based on individual companies to true consolidated management. Regarding the vision for organizational culture, human capital, and governance, Director (Full-time Audit and Supervisory Committee Member) Kazufumi Suehiro sought the candid opinions and recommendations of Outside Directors (Audit and Supervisory Committee Members) Miyuki Nakagawa, Mikio Asano, Masako Kubo, and Shuichi Koyama.

Give the NITTO KOGYO Group the courage to take one more step forward

Suehiro: What is your opinion of the NITTO KOGYO Group?

Nakagawa: I think it's a company that earnestly and diligently manufactures products. When I visited NITTO KOGYO's Karatsu Factory, I was impressed by the earnestness of the employees, the clarity of the explanations for visitors, and their willingness to properly convey their work.

Koyama: Regardless of their job role, all employees strive to execute their assigned tasks thoroughly and in accordance with established guidelines. While this approach leads to the production of error-free products, I sense they are not very bold when it comes to making improvements. I think the company would improve if all employees took on the challenge of doing things better and faster.

Kubo: Because the company has grown in a niche market, its organizational culture appears somewhat inward-looking and stability-oriented. In order to respond to future societal changes and achieve continuous growth, I expect each employee to consciously act toward our vision for the future, creating a groundswell of change throughout the organization.

Asano: As everyone said, the NITTO KOGYO Group is a solid, well-managed company.

While this can be a positive aspect, it also has its downsides. When I ask whether a particular process

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at the factory is really worthwhile, they respond with suggestions on ways to improve it. This shows that they do have ideas for taking further steps but lack the courage to change what they've been doing. Management is aware of this and is struggling with it. I believe our role is to encourage them to take the plunge and turn those ideas into reality on their own.

Identify issues in HR strategy and move on to the next phase

Suehiro: How do you perceive the human resources issues that our group faces?

Kubo: As a manufacturing company, we focus on creating excellent products. However, I would prefer not to see the fundamental human resource strategies behind that effort labeled simply as "human capital management." The key to responding to feedback from the employee engagement survey



results is translating the management team's message of "valuing people" into concrete initiatives. If we can create an organization where each employee's diversity is respected, and where they feel their opinions reach management, we can tackle transformation with a greater sense of unity.

Asano: When I was appointed as an outside director, most of the HR department was responsible for labor issues. Now that our HR system has been enhanced and personnel have been assigned to develop mechanisms to motivate employees, I expect our efforts will lead to transforming the corporate culture.

Back then, besides HR, there were also issues in the Corporate Planning Department. There were only a few members, and no one was doing the core work of corporate planning. I have consistently suggested that, for the NITTO KOGYO Group to achieve true transformation toward consolidated management, we must strengthen personnel in both HR and Corporate Planning, and I believe we are finally starting to see results.

Nakagawa: Indeed, I believe that the time has come for the NITTO KOGYO Group to transform into a truly consolidated management structure. In the past, managing NITTO KOGYO alone was sufficient, but we have now entered a new phase that requires management overseeing multiple companies. While President Kurono fulfills his role as management leader, it is critical that we must enhance our human capital to make it more attractive. Otherwise, we

won't be able to maintain group management.

Koyama: I think our human resources strategy isn't progressing quickly enough to keep up with our business strategy. The key to new factory construction and M&A is whether we incorporate the NITTO KOGYO brand, including its quality and productivity, into those ventures. If we do, careful management is required, but if we don't, the market might not accept them, resulting in losses. We certainly must incorporate the brand into these ventures, but this requires a strong, company-wide commitment to developing our human resources.



Suehiro: While our group is focusing on energy management and overseas businesses, advancing human resource strategy alongside business strategy is necessary to develop these into new pillars.

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Strengthening governance that is proactive, not just defensive

Nakagawa: I think NITTO KOGYO's defensive governance is solid, thanks to our longstanding experience. It is especially excellent that the company decided to transition early to strengthen governance, given that we are a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee can hold discussions among its members alone. I believe this is an excellent system which fosters a corporate culture that respects diversity, because it makes it easier for external perspectives to be communicated to the management team. Thanks to the establishment of this system that gathers internal feedback while incorporating external perspectives, our employees have become aware that they must speak up when problems arise. Now that their feedback reaches management, appropriate action can be taken.

In the past, the Board of Directors focused primarily on receiving execution reports, but now it has shifted toward a more supervisory role, which is how it should be. Additionally, to enhance discussions on management and facilitate swift decision-making, the same members hold follow-up sessions after Board of Directors' meetings to address the most pressing issues.

Asano: Our role as outside directors on the Board of Directors is also evolving. In recent years, we have been involved in planning the Mid-term Management Plan, offering proposals with a medium- to long-term focus. To strengthen governance going forward, we intend to promote the restructuring of group companies and make proposals to optimize the organization. We understand that it takes time to nurture manufacturing company subsidiaries. However, integrating companies with similar business models or merging them into NITTO KOGYO can lead to more effective governance and simpler management.

Kubo: I believe that clarifying exit thresholds for businesses is a significant step forward, particularly given the increase in M&A activity and the establishment of affiliated companies. I will continue to monitor this issue to ensure that decisions are made from a group-wide perspective.

Asano: The Board of Directors' decision to establish exit thresholds in advance when new companies are formed or acquisitions are made reflects a growing sense of urgency in management.

Kubo: Portfolio management will be implemented going

forward. We will reevaluate each business, consider improvement measures, and ensure that decisions are data-driven.

Koyama: Although it was commendable that the responsibilities and authority of group companies were clarified to ensure proactive governance, everyone must now develop a greater sense of involvement and deepen discussions within the Board of Directors based on this foundation. For example, we need to change our mindset so that if an overseas business entity is underperforming, the domestic department handling the same business must take the initiative to help them improve.

Suehiro: Thanks to the recommendation from the outside directors that the person responsible for each business be clearly defined, awareness of responsibility and authority was fostered, and the person responsible for each business was clarified. I believe that outside directors play a significant role.

Respecting diversity fosters the company's future

Asano: As the president also values balance between defense and offense, maintaining a 51-49 (defense-offense) balance of each is important, as is evident throughout history and across cultures. For the NITTO KOGYO Group, defense means each company genuinely focusing on creating synergies. While awareness is gradually growing, from a defense perspective, thorough implementation will be essential for achieving consolidated management. Synergy leads to offense. Offense

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arises when each employee approaches their work with high aspirations. Aligning Corporate Planning's management strategy with the human resources strategy is crucial to achieving this.

Kubo: To promote diversity, I believe it is necessary for everyone to recognize and respect individual differences and create an environment in which employees can work comfortably and pleasantly. Specifically, in the fabric of our approach, the warp represents the company's management philosophy, and the weft represents the employees. One example of the warp is President Kurono's message regarding Job Satisfaction Reform, a term that everyone can easily understand. Through this message, President persistently and continuously tells employees why they are undertaking initiatives and what they are striving to achieve. The weft involves expanding career development programs that reflect these efforts, implementing open recruitment for roles

through application submissions, and promoting mutual learning among employees through initiatives like the GOZIHAN Lounge, which allows anyone interested to participate online from anywhere. I hope this leads to fulfillment and growth for each employee.

Nakagawa: I once asked a customer, "How do you like NITTO KOGYO's panel boards?" He replied, "They're expensive, but truly excellent." Hearing that convinced me of our sense of presence. Although there are many challenges in energy management that we should help solve, I believe the NITTO KOGYO Group should maintain this position, avoid becoming too defensive, and expand its field of activity.

Koyama: From executives to those performing the actual work, it is important for everyone to set ambitious goals, formulate action plans, and execute them with dedication. This must be a collaborative effort. As soon as someone lacks initiative and leaves it up to someone else, this collaboration breaks down. I believe the company will improve significantly when each employee connects with others while challenging themselves to drive transformation. As outside directors, we will support these efforts by making swift decisions to ensure that no opportunity is missed.

Provide reliability and peace of mind when it comes to the future of our planet, and fulfill our corporate responsibility to build a sustainable society

Suehiro: In closing, would you please share a message with our stakeholders?

Nakagawa: At the NITTO KOGYO Group, our mission is to provide reliability and peace of mind when it comes to the future of our planet.

We are committed to supporting this mission without ceasing.

Kubo: We will ensure that our group fulfills its corporate responsibility toward realizing a sustainable society.

Koyama: By encouraging faster decision-making in management execution, we will contribute to enhancing corporate value.

Asano: Although the concept of happiness may differ among stakeholders, including customers, business partners, employees, shareholders, investors, and local communities, we strive to be a company that brings happiness to all.

Suehiro: In order to continue fulfilling our mission, we must maintain this sense of urgency. Thank you for your time today.



List of Executives

● Director



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.



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
June 2022	Corporate Executive Officer

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 and corporate planning departments.



President & COO

Toru Kurono

(Born March 2, 1959)

April 1981	Joined the Company
June 2009	Corporate Executive Officer
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.



Director

Yusuke Kobayashi

(Born August 22, 1969)

April 1993	Joined the Company
March 2013	President of ELETTA (THAILAND) CO., LTD.
April 2020	Corporate Executive Officer, NITTO KOGYO Corporation
June 2024	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 production, development and corporate planning departments and his experience as a manager at our subsidiary.



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 and overseas departments and his experience as a manager at our subsidiary.



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

Katsuhiko Kawaji

(Born July 31, 1966)

April 1989	Joined the Company
March 2016	President & Representative Director, TOHOKU NITTO KOGYO Co., Ltd.
April 2022	Corporate Executive Officer, NITTO KOGYO Corporation
June 2025	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 production department and his experience as a manager at our subsidiary.

List of Executives

● Directors who are Audit and Supervisory Committee Members



Director
(Audit and Supervisory
Committee Member)

**Kazufumi
Suehiro**

(Born February 4,
1963)



Outside Director
(Audit and Supervisory
Committee Member)

**Miyuki
Nakagawa**

(Born November 22,
1964)



Outside Director
(Audit and Supervisory
Committee Member)

Mikio Asano

(Born July 29, 1952)



Outside Director
(Audit and Supervisory
Committee Member)

**Masako
Kubo**

(Born October 12,
1959)



Outside Director
(Audit and Supervisory
Committee Member)

**Shuichi
Koyama**

(Born June 15, 1957)

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)
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
June 2022	External Auditor, Shinsei Bank, Limited (now SBI Shinsei Bank, Limited) (Current Position)
August 2022	External Auditor, ASKUL Corporation (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 by providing appropriate advice and proposals from a highly specialized perspective.

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)

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.

April 1992	Joined OMRON Personnel Creative Service Co., Ltd.
September 2005	Kyoto Branch Manager, Kansai Sales Division, OMRON Personnel Creative Service Co., Ltd.
June 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)

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 decisions by providing appropriate advice and proposals from his experience in company management.

April 1981	Joined the Toyota Motor Co., Ltd (current Toyota Motor Corporation)
August 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
June 2017	President & Representative Director, TB Kawashima Co., Ltd.
June 2020	Adviser, TB Kawashima Co., Ltd.
June 2024	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (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.

April 1981	Joined the Toyota Motor Co., Ltd (current Toyota Motor Corporation)
August 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
June 2017	President & Representative Director, TB Kawashima Co., Ltd.
June 2020	Adviser, TB Kawashima Co., Ltd.
June 2024	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)

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.

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 longterm 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.

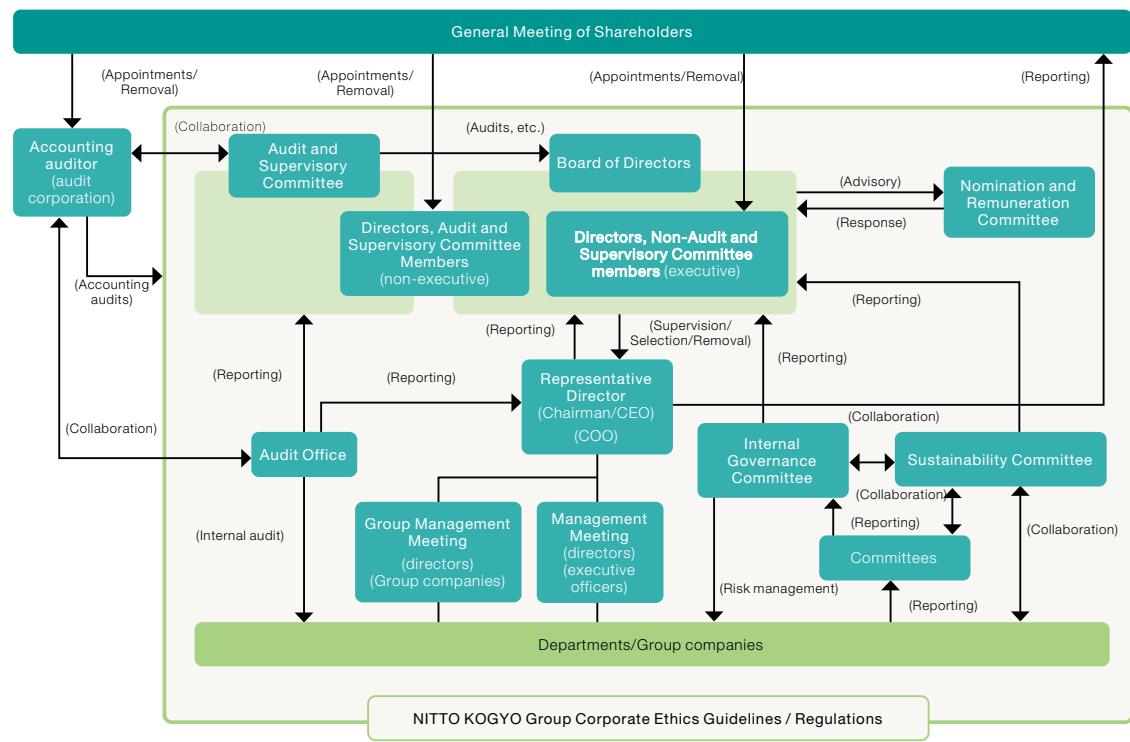
5. Dialogue with Shareholders

Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. The company intends to engage in even more thorough dialogue with shareholders in future.

Corporate Governance

● 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.

Corporate Governance

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 three 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 Tejima	Male	Managing Director				●			●			●	
Koichi Takenaka	Male	Director				●		●		●			
Yusuke Kobayashi	Male	Director				●	●			●			
Katsuhiko Kawaji	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.

Corporate Governance

● Process for determining director compensation

Basic Policy

Our basic policy regarding remuneration for directors is to establish a fair, transparent, and objective system while ensuring that compensation levels are commensurate with the roles and responsibilities expected of our executives. This policy is designed to motivate them to contribute to the sustainable growth and increased corporate value of the NITTO KOGYO Group. To further strengthen our corporate governance system, the Nomination and Remuneration Committee, which consists primarily of independent outside directors, deliberates this basic policy and related procedures, and the Board of Directors makes decisions based on the Committee's recommendations.

Remuneration for each director (excluding those who are members of the Audit and Supervisory Committee) consists of base salary as fixed compensation, performance-based compensation, and non-monetary compensation (stock-based compensation). The standard ratio for each type of compensation is 7:2:1 for fixed compensation, performance-based compensation, and non-monetary compensation. (When KPI targets are achieved at 100%)

For representative directors, performance-based compensation carries more weight than for other directors.

	Base salary (fixed compensation)	Performance-based compensation, etc. (profit-linked compensation)	Non-monetary compensation, etc. (performance-based stock compensation)
Representative Director	65%	25%	10%
Other Directors	70%	20%	10%

Policy on base salary

Base salary is determined as monthly fixed compensation by taking into comprehensive consideration factors such as position level, full-time or part-time status, industry standards, the company's performance, and employee salary levels.

Policy on performance-based compensation

The goal of performance-based compensation is to improve awareness of performance enhancement each fiscal year. It is a cash reward reflecting KPI performance indicators and paid as a bonus calculated based on the degree of achievement relative to the target value for current net profit attributable to the consolidated parent company's shareholders for each fiscal year.

Policy on non-monetary compensation

Using the Board Benefit Trust (BBT), a performance-linked stock compensation system, non-monetary compensation is designed to reflect KPIs and contribute to improving medium- to long-term performance and increasing corporate value. Upon retirement, it will be paid in the form of shares or an equivalent amount, calculated based on points corresponding to the degree of achievement relative to the target consolidated operating profit for each fiscal year and the target consolidated operating profit for the final year of the Mid-term Management Plan.

● Implementation status of measures concerning shareholders and other stakeholders

1. Status of initiatives to invigorate general meetings of shareholders and facilitate the exercise of voting rights

	Supplementary explanation
Early notice for general meetings of shareholders	Sent prior to the statutory deadline
Exercise of voting rights via electronic means	Adopted online voting via the internet, etc.
Joining the electronic voting platform and other initiatives to improve the voting environment for institutional investors	Joined the electronic voting platform operated by ICJ Co., Ltd.
Provision of the convocation notice in English (summary)	Translated the convocation notice and reference documents into English
Other	Implemented visualization for all items at general meetings of shareholders (reporting matters, resolution items, etc.), posted convocation notices online before the statutory deadline, and streamed meeting videos afterwards

2. Status of IR activities

	Supplementary explanation	Explanation by the representative themselves
Regularly held briefings for individual investors	Participated in company briefing events for individual investors hosted by securities companies, etc., as appropriate	Not provided
Regularly held briefings for institutional investors and analysts	Meetings (individual and group) were held with analysts and institutional investors as needed following each quarterly earnings announcement. Organized biannual financial results presentations led by the president	Provided
Posting of IR documents on the website	Posted documents including timely disclosure documents, summary of accounts, reports, convocation notices, IR calendar, performance highlights, earnings briefing materials and transcripts (all in Japanese with English translation), etc.	
Establishment of an IR post (person in charge)	General affairs department	

3. Initiatives regarding respect for stakeholders' positions

	Supplementary explanation
Internal regulations and policies stipulating respect for stakeholders' positions	We distribute the NITTO KOGYO Group Corporate Ethics Guidelines, which outline our basic policy on corporate ethics, to all executives and employees. These guidelines promote thorough adherence to compliance and corporate ethics through training in each workplace. We also established a Helpline as an internal contact point for inquiries regarding the NITTO KOGYO Group Corporate Ethics Guidelines and the internal reporting system. Additionally, we established an External Hotline as an overseas contact point.
Implementation of environmental conservation activities, CSR activities, etc.	Prepared the Integrated Report and posted it on the website

Corporate Governance

Roles and Independence of Outside Directors

Roles of Outside Directors (FY2024)

Position	Name	Attendance	Overview of activities and duties performed regarding the role expected for Outside Directors
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 vice-chairman 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 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, organizational culture 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 human capital and 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.
Director (Audit and Supervisory Committee member)	Shuichi Koyama	Board of Directors Meeting: 13/13 occasions (100%) Audit and Supervisory Committee Meeting: 13/13 occasions (100%) Nomination and Remuneration Committee Meeting: 5/5 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, production and quality and actively contributes to stimulating discussion and improving the effectiveness of the Board of Directors' meetings through his 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.

Note: Shuichi Koyama was newly appointed as a director of the Audit and Supervisory Committee at the 76th regular general meeting of shareholders, held on June 27, 2024. Therefore, the attendance rates listed are after his appointment to the Board of Directors (13 meetings), the Audit and Supervisory Committee (13 meetings), and the Nomination and Remuneration Committee (5 meetings).

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

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.



Establishment of reporting channels

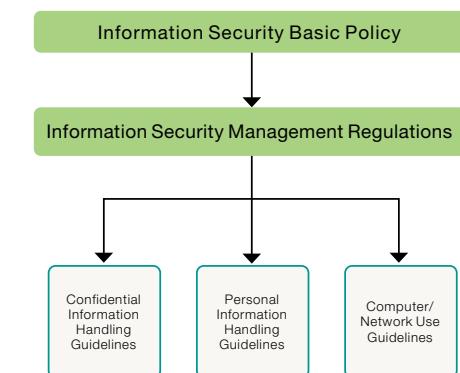
A Helpline is established as a common contact point for the entire Group, and an External Hotline is also available for overseas use, in order to detect and solve any violations of the Corporate Ethics Guidelines as early as possible.

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 main risks likely to influence the NITTO KOGYO Group financial status, management results, etc., include the following. Items in the text concerning the future are based on Group judgments as of the end of the consolidated fiscal year (March 31, 2025). With awareness of these risks, the Group intends to make every effort to avoid them and, should they occur, to handle them.

*Partial excerpt

Business Environment

Demand for NITTO KOGYO Group products is related largely to the number of private-sector non-residential buildings and machinery orders in Japan, and is ultimately affected greatly by domestic economic trends. In the information and telecommunications and electronic components fields, there is a risk of inventory obsolescence and loss of projects due to the rapid pace of technological innovation. Additionally, the worsening of the business environment, indirectly caused by the United States' additional tariff measures, may also impact our Group's financial position and operating results.

The Group recognizes that it is always possible such risks may materialize in its business environment, but we will further enhance the competitiveness of our core business and push forward various measures such as expanding our business domains, establishing overseas business bases centered on Southeast Asia, and establishing new business.

Large-scale Disasters, etc.

Many of the Group's major business bases are located in areas that are highly likely to be affected by a Nankai Trough earthquake, something that is expected to occur in the future. If such a large-scale natural disaster, etc., does occur, problems such as damage to plant buildings and production facilities, delays in the restoration of supply chains, and power supply shortages could exert great impacts on production capacity, logistics functions, etc., and affect the Group's financial position and business results.

We recognize that the probability of damage due to a Nankai Trough earthquake in the near future is high. The Group places the highest priority on human life and is actively developing business continuity plans including disaster prevention drills, safety confirmation drills, various earthquake-proofing measures, and the duplication of data management to minimize the impacts on production and sales at the time of a large-scale disaster.

Information Systems and Information Security

NITTO KOGYO Group relies on information systems in sales, production and other business activities, and also handles confidential information and personal information related to customers, suppliers, employees and other parties. If something like a prolonged shutdown of an information system or a leakage of confidential information or personal information occurred due to an unforeseen event, it could affect the financial position and business results of the Group.

We recognize that it is difficult to eliminate such risks completely due to increasingly sophisticated cyber attacks, etc., but we are working to reduce risks through the implementation of countermeasures against external attacks on information systems, countermeasures against computer viruses, employee education on security compliance, etc., and continuing to use new information systems positively.

Please follow the link below for full information on the main risks that could influence the NITTO KOGYO Group's financial condition and business performance:
<https://www.nito.co.jp/english/IR/risk/>

