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NITTA Corporation

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Securities code: 5186
<https://www.nitta.co.jp/en/>

The corporate governance of NITTA Corporation (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

At Nitta, we believe that the fundamental mission of corporate management entrusted to us by our shareholders is to pursue sustained growth and medium-to-long-term improvement in corporate value through fair business activity. Additionally, we have obligations to stakeholders other than shareholders, including employees, business partners, customers, local communities, and the global environment.

In practicing corporate management under this way of thinking, we recognize the importance of establishing corporate governance that covers securing accuracy and greater speed in decision-making, improving the transparency of management, enhancing information disclosure and IR, and strengthening risk management (including compliance systems). Accordingly, we are working to strengthen and enhance governance through means including management system innovation. “Corporate Governance Policy” is specified to execute these, and it is published on our website.

“Corporate Governance Policy”

https://www.nittagroup.com/en/csr/corporate_governance/

Reasons for Non-compliance with the Principles of the Corporate Governance Code

Nitta is executing all of the principles in the codes revised in June 2021.

Disclosure Based on the Principles of the Corporate Governance Code

Described based on the codes revised in June 2021.

[Principle 1-4. Cross Shareholdings]

- Nitta hold shares of corporation determined necessary for our policy with enhancement of business partnership, information collection, etc., as it purpose.
- Also, Nitta will confirm if the shares for cross shareholding is achieving intended results for specific issues periodically every year, and determine if those shares should be continuously retained at the Board of Directors after detailed check and validation of the retention risk, mid- to long-term economical rationality, etc., comprehensively considering the performance of the corresponding corporation, retention cost, status of the share values, etc. The shares determined there is no significance of retaining from this result will be reduced.
- Exercise of voting rights regarding the cross shareholding is performed comprehensively considering if it will cause enhancement of the value of the corresponding corporation in addition to if that agenda conforms to the cross shareholding policy of Nitta.

[Principle 1-7. Related Party Transactions]

Regarding the transaction between the related parties, Director is required to disclose the important facts and get approval about the transaction belonging to the business of Nitta for own or the third party defined in the Companies Act Article 356 at the Board of Directors, or when Nitta is performing a transaction, and when Nitta is warranting the obligation of director and a person other than Director is performing a transaction that profit of Nitta and corresponding Board of Directors is conflicting, and it is defined in the Board of Directors Regulations that the Director who performed the corresponding transaction is required to report the important facts regarding the corresponding transaction immediately after the corresponding transaction based on the Company Act Article 365.

Also, for the transaction with the related corporations that are not applicable to this, deliberate the purpose of the transaction, selection process, if it is arm's length price, consider the market price for the business conditions such as the price, and give approval of the corresponding transaction after confirming that the price is determined similarly with the general transaction conditions, and reports to the Board of Directors.

[Supplementary Principle 2-4-1. Securing the Diversity]

- Nitta is thinking that securing the diversity of employees is necessary for new business and acceleration of new product development raised in the Medium- to long-term management plan "SHIFT 2030", and to realize further globalization. Also, Nitta kept the policy to employ and promote the optimal personnel with performance Nitta is requiring without considering various attributes such as gender, nationality, employment format, handicaps, etc., when employing and promoting personnel.

- As the status of achieving the diversity for promotion of core personnel, currently the ratio of female managers is approximately 6%, which is not high, but out of these, approximately 25% are assigned to Department Manager or Deputy Department Manager jobs, and we are aiming to promote female managers to board member in the near future. Also, ratio of foreigner managers is approximately 1%, but we will take proactive measures to secure and nurture foreigner employees to enhance further globalization. Finally, the ratio of mid-career employee manager is approximately 27%, and there are actual achievements of promotion to the board member. To further enlarge the chance for the mid-career employee to succeed, we are planning to enlarge the training for the mid-career employee.

Also, human resource development and maintenance of the internal environment are planned and executed based on the Nitta Group Code of Conduct. For details, refer to Nitta website.

<https://www.nittagroup.com/en/csr/humanright/>

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owners]

- Nitta has defined the "Basic Policy for Pension Asset Management" to function performance expected as the asset owner of the corporate pension, and is performing the asset structuring, selection of the managing agency, and monitoring of the managing agency based on this policy.

- As an agency of the corporate pension, it is managed by installing the asset management committee, etc., constructed with people working in the human resource, accounting, finance departments with expertise and representative of labor and management including the people from the related companies. Also, we are placing and nurturing personnel with qualification regarding the management in a planned manner.

- As for the corporate pension, management of the contribution is entrusted to the management agencies, which will not cause conflict of interest between the receiver of the corporate pension and the company.

[Principle 3-1 Full Disclosure]

(i) Nitta has revised the conventional "Management Principle"/"Management Guidelines" and formulated "Nitta Group Mission" on March 18, 2017. Also, "Nitta Group Code of Conduct" is formulated to share the corporate values and ethics view and to execute them throughout the group. These are posted on our website.

<https://www.nittagroup.com/en/company/mission/>

https://www.nittagroup.com/en/csr/code_of_conduct/

(ii) The basic thoughts and policies regarding the corporate governance are posted in above I-1. "Basic Thinking Regarding the Corporate Governance," and it is also posted in our website.

https://www.nittagroup.com/en/csr/corporate_governance/

(iii) Policy to determine the compensation for director and top management, and its procedure

- The total compensation for the directors and auditors will be within the range of the total compensation resolved by the shareholders meeting. The compensation system for the directors (however, exclude the outside directors) and distribution to each director is deliberated by the Nomination/Compensation Committee upon the advisory of the board of Directors, and determined by the Board of Directors based on the report of the Nomination/Compensation Committee.

- Details of the director compensation system are described in [Director Compensations] in “Matters Regarding Organization Structure and Operation” in this report II.

(iv) Policy and procedure to nominate director and auditor candidates

- Nitta has defined that selection and nomination of the director and executive officer candidates is performed with following viewpoints in the officer provision. Selection and nomination of the auditor also conforms to this.

- New director shall be a person that has detailed knowledge of problems managing a corporation, has superior personality and insight, and can fulfill the responsibility as a manager either from inside or outside the company

- New executive officer shall be a person that fully understands the corporate management, has superior personality, insight, and ability to get things done, and can fulfill the responsibility

- Nitta has defined in the officer provision that request for resignation or propose dismissal bill to the shareholders meeting of director or executive officer (hereinafter, collectively described as “officer” in this section) under following reason. Dismissal of the auditor also conforms to this.

- ① When there was an incident that is suspected to be fraud, unjust, or infidelity as an officer

- ② When a qualification as an officer is missing and there is a reason equal to reprimand defined in the office regulations

- ③ When process or achievement of performance as officer is insufficient, and the Board of Directors has determined that retaining that person as an officer is inappropriate

- ④ When there was an action or behavior that is inappropriate as an officer

- When Nitta is to nominate director or executive officer, the Board of Directors asks the Nomination/Compensation Committee to advise regarding the candidate. The Nomination/Compensation Committee will deliberate the candidates, and report the candidate plan to the Board of Directors.

The Board of Directors will deliberate based on the report, and specify the director candidate.

For the executive officer, the Board of Directors will deliberate and decide based on the report. Also, candidate for auditor will conform to this procedure, but specified after agreement of the Audit & Supervisory Board.

- When Nitta is to dismiss the director or executive officer, similar procedure as nominating the candidate is to be taken. Dismissal of auditor is performed by the Audit & Supervisory Board.

(v) Disclosure of each appointment, dismissal, and nomination

- When Nitta is to appoint director or auditor, description of profile, position, important concurrent post condition, and other matters are described in the Shareholders Meeting Reference Document in the Shareholders Meeting Convocation Notice, and reason for nomination is disclosed.

[Supplementary Principle 3-1-3. Disclosure of Sustainability Initiatives]

- In the Medium- to long-term management plan “SHIFT 2030” published in December 2020, Nitta has listed “SHIFT for Corporate Value Enhancement” as one of the “3 Major SHIFTS”, and develop the efforts for sustainability with “Promote ESG and achieve the Goals of SDGs” as the goal.

Above all, for the measures regarding urgent issues of the Earth environmental problems such as the climate change problem, Nitta Group has defined the basic policy regarding the GHG (greenhouse gas) reduction in the production phase, which aims to reduce 46% in 2030 compared to 2013, and air mor “realization of carbon neutral” by 2050, and will be promoting the effort.

- To promote this effort, Nitta will hold “The CSR Promotion and Risk Management Committee” with directors and all department manager as the members 4 times a year, deliberate the plans and measures, and confirm the progression. For details, refer to Nitta website.

<https://www.nittagroup.com/en/investment/sustainable/>

- Also, Nitta has developed and executing the human resource nurturing program contributing to realize the “3 Major SHIFTs” in the above mentioned “SHIFT 2030” about the investment for human capital.

Furthermore, Nitta is executing the operation regarding the planning of the intellectual property strategy, and application and management of the intellectual property rights centrally in the Technical Center Intellectual Property Group. While the technology evolves and competition with competitors escalate, Nitta sets endeavor to secure the rights of own company, and to respect the rights of others and act cautiously not to infringe them as the basic policy. For details, refer to Nitta website.

<https://www.nittagroup.com/en/technology/policy/>

[Supplementary Principle 4-1-1. Role and Responsibility of the Board]

The Board of Directors will deliberate and determine the exclusive decision matters of the Board of Directors defined by the laws and resolutions defined by the “Board of Directors Regulations”. The range of authority and responsibility for execution of other operations are appropriately defined in the “Administrative Authority Regulations”, “Approval Decision Regulation”, and “Affiliate Company Management Regulations”, securing the system to effectively execute the operation.

[Principle 4-9. Independency Standard and Qualification of Independent Directors]

With regard to standards for independence of outside directors, Nitta follows the criteria for outside director independence stipulated in the 2010 Stock Exchange Guidelines for Listing Management, as well as the attribute information from the 2012 Revised Stock Exchange Listing Rules. However, with regard to the appointment, Nitta is determined as the outside directors are independent if following standards are not applicable.

- When relatives within the second degree of consanguinity of the relevant outside director have worked as operation executive of Nitta or affiliate companies
- When the company that the relevant outside director currently work as an operation executive or employee and the Nitta Group has a transaction, and amount of that transaction exceeds 2% of the consolidated net sales of either
- When the company that the relevant outside director currently work as an operation executive or employee is a financial institution that Nitta has borrowing, and total borrowed amount from the relevant financial institution to Nitta Group exceeds 1 billion yen at the most recent end of fiscal year
- When the relevant outside director is earning assets of 10 million yen or more at most current end of fiscal year, excluding the director’s remuneration, from Nitta Group as a consultant, a financial profession such as certified public accountant, etc., or legal profession such as attorney, etc.
- When Nitta has donated 5 million yen or more in most current previous fiscal year to the company that the relevant outside director currently work as an operation executive or employee

[Supplementary Principle 4-10-1. Nomination Committee/Compensation Committee]

- Nitta is a company with board of company auditors, but Nomination/Compensation Committee (hereinafter, described as the Committee) is established and operated since December 2018 as an advisory body for the Board of Directors.

Nitta has defined the member is to be constructed by all representative directors (2 people) and all independent outside directors (3 people) in the Committee Regulation. Therefore, ratio of the independent outside directors in this Committee is majority. Furthermore, the Committee chairman is selected from the independent outside director by the Board of Directors.

- The Nomination/Compensation Committee will deliberate the selection/dismissal of the director and executive officer, or matters regarding designing/distribution of the compensation system for the director and executive officer answering the advisory of the Board of Directors, and give advice or recommendation to the Board of Directors. Also, there is a internal regulations for the Board of Directors shall sufficiently respect the advice and recommendation from the Nomination/Compensation Committee.

[Supplementary Principle 4-11-1. Preconditions for Board Effectiveness]

- Nitta is selecting internal human resources with through knowledge of the operation of Nitta and external human resources with skills and experiences of corporate management, financial and accounting, legal, etc., in good balance so auditing that is functional to the timely and appropriate decision can be made for the important policy by the Board of Directors and execution of the operation can be made, and the ratio of the outside directors is 1/3 of the whole.

Also, to realize the Nitta Group Mission and the “SHIFT 2030”, Nitta has defined the expertise skill that members of the Board of Directors should have with the advice from the Nomination/Compensation Committee, and has set the certification standards for that.

- The Board of Directors will nominate the director candidate with the advice of the Nomination/Compensation Committee so the members will have well balanced skills, knowledge, and experiences required for the Board of Directors as a whole together with the diversity considering this certification standards.

- Also, Nitta has created the “Skill Matrix” listing the skills of the directors and executive officers, and posts in the “Shareholders Meeting Reference Document” in the “Annual Shareholders Meeting Convocation Notice”. Furthermore, independent outside director, Mr. Takehisa Ikeda, is currently a corporate manager of other company, and has the managing experience.

[Supplementary Principle 4-11-2. Concurrency Status of the Director/Auditor as Director of Other Listed Company]

Nitta is disclosing the important concurrency status of the director candidate, auditor candidate, director, and auditor in the reference document in the “Shareholders Meeting Convocation Notice” and the Operation Report “3.(1) Name, etc., of the director and auditor” every year. Also, the attendance and statement status of the outside director in the important meeting are disclosed every year in the Operation Report “3.(3) Matters regarding outside directors” of the “Shareholders Meeting Convocation Notice”.

[Supplementary Principle 4-11-3. Analysis and evaluation of the effectiveness of the Board]

Nitta uses a questionnaire to survey all directors and Audit & Supervisory Board members, including those outside the Company, about the effectiveness of the Board of Directors. The results are reported to the Board of Directors. An outline of the results is as follows.

- The operation of the Board of Directors (including frequency of meetings, number of agenda items, and time allotted for prior examination of materials) is appropriate overall.
- Board of Directors meetings maintain conditions in which outside directors and Audit & Supervisory Board members can freely express opinions.

As indicated, positive evaluations have been received, and our analysis and assessment show that the effectiveness of the Board of Directors is ensured overall.

At the same time, opinions have also been received calling for deliberations on management strategy and management planning with consideration of profitability and capital efficiency; sufficient discussion of efforts and disclosure related to ESG, the SDGs, and other improvements of sustainability; and further enhancement of training opportunities for officers. Drawing on such opinions, we intend to work toward further improvement of the effectiveness of the Board of Directors.

[Supplementary Principle 4-14-2. Director Training]

It is defined in the “Officer Provision” that directors of Nitta is required to adequately grasp the trend of the era, and change of the management environment and market continuously, acquire new knowledge and technology adapting to them, and enhance the qualification of self by searching for human quality. It is defined in the “Auditor Audit Standards” that auditors are required to continuously better oneself to improve the audit quality, so the expected role and responsibility as member of the audit function can be fulfilled. Furthermore, the Company is providing an opportunity for required training continuously as required.

[Principle 5-1. Policy for Constructive Dialogue with Shareholders]

Nitta has defined the “Policy Regarding Constructive Dialog with the Shareholders“ (hereinafter described as “the Policy”) as follows based on the view point of continuous growth and improvement of the corporate value, and proactively proceed with constructive dialogs with the shareholders/investors (hereinafter described as “shareholders”).

Policy Regarding Constructive Dialog with the Shareholders

1. Purpose

The Policy defines the control system and efforts of Nitta for following purposes.

(1) The shareholder can appropriately understand the management strategy and financial status of Nitta, and acquire confidence and due recognition.

(2) Through the constructive dialog, improve the sustainable growth and medium- to long-term enhancement of corporate value.

2. Dialog with the shareholders

The officers in charge of management control group will manage the dialog with the shareholders as a whole at Nitta, and serve to realize a constructive dialog. For the actual dialog with the shareholders, the dialog will be held with cooperation with other management including the Representative Director.

3. System to promote the constructive dialog

To enhance the dialogs with the shareholders and make them effective, Nitta has set the Management Administration Group, which is the department in charge of IR, as the window and secretariat of dialog, and together with the management and related departments in the company to provide accurate and fair information disclosure.

4. Enhancement of dialog methods

In addition to the information disclosure mandated by the law, Nitta is taking effort to disclose information regarding the finance and management strategy by holding results briefings, small meetings, briefing to individual investors, etc., proactively and voluntarily, and will try to enhance the understanding of operation status of Nitta and the dialog.

5. Feedbacks such as investor’s consideration

Nitta will appropriately feedback the considerations identified through the constructive dialogs with the shareholders to the Board of Directors and the management, and utilize them to continuously improve the corporate value.

6. Control of the insider information

Nitta has defined “Disclosure Policy” as a rule regarding the disclosure of information, and together with publishing this, we will strictly obey this. Also, to prevent unfair transaction such as the insider trading, internal regulations “Insider Trading Prevention Regulation” and “Disclosure and Control of Important Information Regulation” are defined, and important information are appropriately controlled based on these.

End

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,104,000	10.81
NITTA RUBBER INDUSTRIAL Co., Ltd.	2,842,052	9.90
iBP co., Ltd.	2,301,000	8.01
Custody Bank of Japan, Ltd. (trust account)	1,465,000	5.10

Onga Holdings LLC	1,430,500	4.98
Nitta Business Partners Shareholder Association	977,900	3.40
Nitta Kyoekai	639,700	2.22
Tadashi Nitta	498,000	1.73
BNYMSANV AS AGENT / CLIENTS LUX UCITS NON TREATY 1	456,300	1.59
Zeon Corporation	424,800	1.48

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-
Name of Parent Company, if applicable	None

Supplementary Explanation

1. Regarding the “major shareholders”, state as of September 30, 2021 is described.
2. The Company holds 1,576,504 treasury shares, but is not included among the above major shareholders. Treasury shares do not include 399,100 shares of the Company owned by Custody Bank of Japan, Ltd. (trust account) as trust property of the Employee Stock Ownership Plan (ESOP). Also, the ratio is calculated after deduction of treasury shares.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Business Sector	Rubber Products
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which May have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding

Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board*
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*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

Directors

Number of Directors Stipulated in Articles of Incorporation	9 people
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9 people
Election of Outside Directors	Elected
Number of Outside Directors	3 people
Number of Independent Directors	3 people

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masataka Nakao	From Tax Accountant												
Hiroe Toyoshima	From Lawyer												
Takehisa Ikeda	From another company								○				

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masataka Nakao	○	-	<p>To reflect a wide range of experiences and insights, including the expertise to our managerial decision-making.</p> <p>Also, this does not apply to operation executive of the mother/sister companies of Nitta, operation executive of major business partners of Nitta, attorneys, accountants, and consultants receiving large amount of compensation other than the officer compensation, or their close relatives (second degree). They also do not apply as person requested by the exchange rules to disclose the neutrality, and they shall be able to manage the validity of execution of the operation in fair and neutral manner, so they are specified as our independent officer.</p>
Hiroe Toyoshima	○	-	<p>To reflect a wide range of experiences and insights, including the expertise to our managerial decision-making.</p> <p>Also, this does not apply to operation executive of the mother/sister companies of Nitta, operation executive of major business partners of Nitta, attorneys, accountants, and consultants receiving large amount of compensation other than the officer compensation, or their close relatives (second degree). They also do not apply as person requested by the exchange rules to disclose the neutrality, and they shall be able to manage the validity of execution of the operation in fair and neutral manner, so they are specified as our independent officer.</p>
Takehisa Ikeda	○	<p>There are transaction of lease contract of the equipment used at Nitta with Sumitomo Mitsui Finance and Leasing Co., Ltd., where our outside director, Mr. Takehisa Ikeda works as Representative Director Senior Managing Executive Officer, but the amount of such transaction is less than 0.1% of net sales of the most current fiscal year, and we</p>	<p>To receive advice against the important managerial matters based on broad knowledge and insight nurtured in the experienced of corporate management and the experience at the financial institutions.</p> <p>Also, he does not apply as operation executive of the mother/sister companies of Nitta, operation executive of major business partners of Nitta, attorneys, accountants, and consultants receiving large amount of compensation other than the officer compensation, or their close relatives (second degree). He also does not apply as person</p>

		have determined that this will not affect the determination of shareholders/investors due to its scale and characteristics of the transaction.	requested by the exchange rules to disclose the neutrality, and he shall be able to manage the validity of execution of the operation in fair and neutral manner, so he is specified as our independent officer.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination/ Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination/ Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

- Nitta has a "Nomination/Compensation Committee" with both functions as a nomination committee and compensation committee as an advisory body to the Board of Directors, with its purpose to enhance the fairness, transparency, and objectivity of nomination and compensation of directors, etc., and to advance the corporate governance.
- The Nomination/Compensation Committee is structured with 3 or more members, and as a basic rule, all the representative directors and all the independent outside directors are assigned as members. Also, the chairman of the committee is selected from the independent outside directors by the resolution of the Board of Directors.
- Members of Nomination/Compensation Committee as of June 24 2021 are as follows.
Chairman: Masataka Nakao (Outside Director)
Member: Hiroe Toshima (Outside Director)
Member: Takehisa Ikeda (Outside Director)
Member: Yasunori Ishikiriyama (Representative Director / President, President Executive Officer)
Member: Takeshi Kobayashi (Representative Director, Senior Managing Executive Officer)
- The Nomination/Compensation Committee will deliberate on following matters answering the advisory of the Board of Directors, and gives advice or recommendation to the Board of Directors.
 - Matters regarding nomination and dismissal of directors and auditors (shareholders meeting resolution item)
 - Matters regarding nomination and dismissal of representative director
 - Matters regarding compensation system designing, compensation level, distribution of compensation, etc.,

for directors and auditors

- (4) Matters regarding compensation limit of directors and auditors (shareholders meeting resolution item)
- (5) Matters regarding nomination, dismissal, and compensation of the executive officers
- (6) Matters regarding successor plan (including nurturing)
- (7) Other important matters for managements, and matters that Board of Directors has determined that deliberation in the Nomination/Compensation Committee is necessary

- The Nomination/Compensation Committee will setup a secretariat, and the secretariat will be run by the Human Resources Director, or by the person designated by this Director.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "kansayaku"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4 people
Number of Audit and Supervisory Board Members	4 people

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Cooperation state of auditor and accounting auditors

Nitta holds periodic meeting with the auditors and the accounting auditors 5 times a year. Contents of the meeting are execution status of audit (number of audit days, visited locations, outline of the audit procedure, outline of the balance at the end of period audit, etc.), audit plan, audit system, indicated matters, etc. In addition to the periodic meeting, auditors will attend the on-site inventory witnessing, and confirm the audit state and indicated matters.

Cooperation state of auditors and internal auditors

Nitta holds a meeting with the auditors and internal auditor department every month. Contents of the meeting are audit plan and execution status of the audit (audit report regarding the internal control system) and report on improvement recommendation. Exchange of opinion is also conducted during the meeting.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2 people
Number of Independent Audit and Supervisory Board Members	2 people

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Miyoshi Morimoto	From Academic												△	
Tsuneaki Teshima	From another company													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category)

in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit and Supervisory Board Members	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Miyoshi Morimoto	○	Nitta has provided donation to be used as scholarship fund to the Matsuyama University where our outside director, Mr. Miyoshi Morimoto is working as a professor, but determined that this will not affect the determination of shareholders/investors due to its scale and characteristics.	To perform audit based on a wide range of experiences and insights, including the expertise independent from the directors. Also, he does not apply as operation executive of the mother/sister companies of Nitta, operation executive of major business partners of Nitta, attorneys, accountants, and consultants receiving large amount of compensation other than the officer compensation, or their close relatives (second degree). He also does not apply as person requested by the exchange rules to disclose the neutrality, and he shall be able to audit in fair and neutral manner, so he is specified as our independent officer.
Tsuneaki Teshima	○	-	To perform audit based on a wide range of experiences and insights, including the expertise independent from the directors. Also, he does not apply as operation executive of the mother/sister companies of Nitta, operation executive of major business partners of Nitta, attorneys, accountants, and consultants receiving large amount of compensation other than the officer compensation, or their close relatives (second degree). He also does not apply as person requested by the exchange rules to disclose

			the neutrality, and he shall be able to audit in fair and neutral manner, so he is specified as our independent officer of Nitta.
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5 people
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

All the outside directors fulfilling the qualification for independent officer are appointed as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme
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Supplementary Explanation for Applicable Items

Described in the “Directors compensations” section

Persons Eligible for Stock Options	-
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Supplementary Explanation for Applicable Items

-

Director Remuneration

Status of Disclosure of Individual Directors’ Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

Compensation paid to 9 directors were 209 million yen (where 3 were outside directors for 18 million yen) 37 million yen paid as compensation for granting of the share with restriction on transfer is included in the above mentioned compensation paid to the directors.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Disclosure of amount of compensation or determination policy of its calculation method
 1. Determination method of determination policy regarding the contents of compensation, etc., of individual director

The determination policy regarding the compensation for our director (same for the executive officer) is determined with deliberation of the Board of Directors held on February 5, 2021 based on the report of the Nomination/Compensation Committee.

2. Outline of determination method

(1) Basic policy

- (i) The composition of compensation will provide directors with incentive to steadily achieve yearly performance targets and to promote appropriate management, and will make directors sufficiently aware of sustainable improvement in corporate value over the medium to long term through the achievement of medium-term management plans.
- (ii) The compensation level will be sufficiently competitive in comparison with companies of similar scale in the same industry, to secure officers who are outstanding human resources possessing the abilities and the aptitude to meet the criteria for appointment to directors of the Company.
- (iii) The compensation system will enable fair and impartial evaluation with high transparency.

(2) Policy regarding structure of compensation and calculation of compensation

(i) Structure of compensation for directors excluding the outside directors

Compensation for the directors excluding the outside directors (however, includes the executive officers) is structured with fixed compensation, performance-based compensation, and compensation by granting of the share with restriction on transfer. Also, retirement bonus will not be paid at the time of resignation.

(ii) Structure of compensation for outside directors and auditors

Securing of the independency is required for each to appropriately take the expected role, so performance-based compensation and compensation by granting of the share with restriction on transfer are not adopted, and only the fixed compensation will be implemented.

(iii) Compensation level of directors

The Nomination/Compensation Committee has confirmed the level of the compensation for directors of the corporations with similar size and business types to Nitta based on the officer compensation research result by the external research agencies, and deliberate if the level is appropriate and valid also considering the achievement, etc., of Nitta. The Nomination/Compensation Committee will report or advice the deliberation result to the Board of Directors.

(iv) Structural ratio of the compensation

Structure of the compensation is as of above (i), but after referring to the compensation level of the corporations with similar business size and related business type and format, the structural ratio is set to approximately 70 of fixed compensation, 10 for performance-based compensation, and 20 for compensation by granting of the share with restriction on transfer (annual conversion) when the goal for performance-based compensation is 100% achieved.

3. Contents of each compensation and policy for determining the amount

(1) Fixed compensation

The fixed compensation is set to pay monthly with money as a basic compensation against fully exerting the qualification and performance to lead the corporate growth and its responsibility, and the compensation table for each job position is defined in the “Officer Compensation Regulation” by the Board of Directors based on the advice of the Nomination/Compensation Committee referring to the research result of the external research agencies.

(2) Performance-linked compensation

The performance-linked compensation is a monetary compensation paid in accordance with each fiscal year’s “company-wide performance evaluation” and “officers’ individual performance evaluations” following the end of the fiscal year, as an incentive to encourage appropriate management and the steady achievement of the fiscal year’s performance targets. As a basic rule, the annual compensation total is determined in June every year, and the amount this is divided by 12 is paid with money every month.

“Company-wide performance evaluation” is determined with quantitative evaluation, and consolidated net sales and consolidated operating profit which is a major index of the annual closing of accounts aiming for medium- to long-term growth, and consolidated operating margin which is an index to aim for improving the corporate value are used as the evaluation index.

“Officers’ individual performance evaluations” is determined with the quantitative evaluation and level of achieving the qualitative goal based on the medium- to long-term management plan execution plan, and budget achievement and degree of improvement from the previous year of the consolidated net sales, consolidated operating profit, and consolidated operating margin in the department in charge is used as the evaluation index for the quantitative evaluation. Also, for the performance-based compensation, actual compensation amount is calculated by the calculation method defined in the “Officer Compensation Regulation” resolved by the Board of Directors based on the advice of the Nomination/Compensation Committee, and determined by the resolution of the Board of Directors.

(3) Compensation by granting of the share with restriction on transfer

Monetary compensation receivables are paid as assets in kind related to the granting of restricted stock to directors, for the purpose of providing our directors with incentive to continuously enhance the Nitta corporate value, while promoting further value sharing between directors and shareholders. This compensation is basically paid on July every year. The total amount of the monetary compensation receivables to grant the share with restriction on transfer is 100 million yen or less per year, and the limit of the share is 50 thousand shares or less per year.

Amount of the monetary compensation receivables granted as compensation for granting of the share with restriction on transfer is calculated based on the amount table for each job grade and handling rules defined in the “Compensation for Granting of the Share with Restriction on Transfer Internal Regulation” determined by the Board of Directors based on the advice of Nomination/Compensation Committee, and determined by the resolution of the Board of Directors. The number of granted shares is calculated based on the closing price at the Tokyo Stock Exchange on the date specified in the “Compensation for Granting of the Share with Restriction on Transfer Internal Regulation” and the handling regulation, and determined by the resolution of the Board of Directors.

(4) Individual annual compensation amount for each director

Actual amount of the individual annual compensation amount for each director is to be determined at the Board of Directors meeting held on June each year, and it will not be entrusted to the Representative Director.

4. Compensation for outside directors and auditors

The compensation for the outside directors will be fixed compensation only as described in above 2 (2) (ii), and compensation amount of each outside director is determined by the resolution of Board of Directors based on the advice of the Nomination/Compensation Committee within the range of the compensation total defined by the resolution of the shareholders meeting.

Also, the compensation for the auditors will be fixed compensation only as described in above 2 (2) (ii), and compensation amount of each auditor is determined by the resolution of Board of Auditor based on the advice of the Nomination/Compensation Committee within the range of the compensation total defined by the resolution of the shareholders meeting.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

(Outside Director Liaison Committee)

Outside Director Liaison Committee was installed on July 2014 to provide sufficient information regarding the agenda to be submitted to the Board of Directors in advance, so the outside director can exchange and share the recognition of information based on the independent and objective position. As a basic rule, the meeting is held once every month. There also is an organization to support the work of the outside director.

Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
-	-	-	-	-	-

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)
After Retiring as Representative Director and President, etc.

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Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

Nitta is structured as a company with an Audit & Supervisory Board so as to facilitate the ability of the Board of Directors to perform proper business management while the Audit & Supervisory Board carries out management oversight.

Matters regarding the functions of operation execution, audit/oversight, nomination, compensation determination, etc., are as follows.

Matters regarding operation execution and oversight

Number of directors of Nitta is 9 people (where 2 are representative director and 3 are outside director) as of June 24, 2021. Nitta is holding a Board of Directors meeting once every month with President as the convener and chairman.

Nitta is performing the strategy planning, decision-making, oversight, instruction, etc., of Nitta and Nitta Group at the Board of Directors.

Also, Nitta has installed the Management Council as an organization to deliberate important management matters and contribute to the operation execution of President. Management Council is structures with the full-time directors and executive officers, and person appointed by President.

Nitta also installed Business Condition Report Meeting, reporting the matters to be reported based on the matters resolved in the Management Council, to notify the decision-making matters regarding the management of the whole group, and exchange opinions for mutual understanding. Business Condition Report Meeting is structures with the full-time directors and executive officers, and person appointed by President.

Auditors also attend the Board of Directors, Management Council, and the Business Condition Report Meeting.

Matters regarding audit and oversight

1. Status of the auditor audit and internal audit

Nitta is a company with board of company auditors, where the board of company auditors is structured with 4 people, with 2 out of them are outside auditors. They are executing the audit and monitoring function by attending to the Board of Directors, attending the important meetings, and visiting the office sites and the group companies by the Audit & Supervisory Board Member.

2. Matters regarding audit

Nitta is a company with board of company auditors, where the board of company auditors is structured with 4 people, with 2 out of them are outside auditors. The Audit & Supervisory Board is held once every month as a

general rule, with the Audit & Supervisory Board Member as a convener and chairman.

The Audit & Supervisory Board will receive reports regarding important matters, deliberate about them, and make resolutions. In addition to attending the Board of Directors, auditors are executing their audit and monitoring functions by attending the important meetings, and visiting the office sites and the group companies by the Audit & Supervisory Board Member.

Also, Auditor Liaison Committee constructed of auditors from Group companies is installed, enhancing the effectiveness of the auditing of the whole group in order to respond to the consolidated management. Furthermore, an organization to support the operation of auditors is established to enhance the audit function.

Internal audit department of Nitta will visit each department, each office site, and each Group company to confirm the maintenance and operation status of the internal control. The results, etc., of the internal audit is reported to the CSR Promotion and Risk Management Committee. The accounting auditor is Ernst & Young ShinNihon LLC.

3. Matters regarding nomination and compensation decision

Following consultation with the Board of Directors, the Appointment and Compensation Committee deliberates on candidates for appointment to and dismissal from the Board, human resource development programs, the compensation system for directors, and the level and distribution of compensation, after which it reports to the Board of Directors.

3. Reasons for Adoption of Current Corporate Governance System

Nitta is structured as a company with an Audit & Supervisory Board so as to facilitate the ability of the Board of Directors to perform proper business management while the Audit & Supervisory Board carries out management oversight.

To fully exercise these functions, we have selected multiple independent outside directors distanced from the execution of the business, and we think this system can secure an effective oversight of the business by the Board of Directors in independent and objective manner. Also, at least half of the Audit & Supervisory Board are independent outside auditors, which we believe that independent and objective audit against the legality or illegality of the decision making of the Board of Directors.

Furthermore, we have also adopted an executive officer system that separates decision-making (the Board of Directors) from business execution in order to ensure both appropriate business management and efficient business execution. We have also established a Management Council composed of full-time directors and executive officers who deliberate on important management matters to assist the president with business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Shareholders Meeting During Non-Peak Days	The 92nd Annual Shareholders Meeting was held on June 24, 2021 avoiding the day on which many companies hold shareholders meetings.
Electronic Exercise of Voting Rights	Exercising of voting right by internet is possible.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We are taking part in the electronic platform operated by ICJ, Inc. for the exercise of voting rights by institutional investors.
Provision of Notice (or Summary of Notice) of	We have translated part of our convocation notices into English,

the General Shareholders Meeting in English

and disclosed at the stock exchanges, our website, and the platform for the electronic exercise of voting rights.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Disclosure policy is defined, and it is posted on our website. https://www.nittagroup.com/en/investment/disclosure/	
Regular Investor Briefings held for Individual Investors	We join briefings for individual investors when held at Tokyo or Osaka.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	A briefing is held twice a year after disclosing the interim and fiscal year-end profit announcement. There will be 30 to 50 attendees for each briefing, mostly analysts, fund managers, or trade journal journalists.	Held
Regular Investor Briefings held for Overseas Investors	-	Not Held
Online Disclosure of IR Information	There is a section called “IR” in our website posting Summary of Financial Results, Consolidated Financial Highlights, Integrated reports, etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Department in charge of IR at Nitta is the Corporate Center Management Administration Department. Officer in charge is executive officer in charge of management administration, and person in charge of administrative circular is Management Administration Group Department Manager.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have formulated the “Nitta Group Code of Conduct” featuring the necessity of respecting the position of the stakeholders on November 2004. This was revised as new “Nitta Group Code of Conduct” on May 29, 2017, but necessity of respecting the position of the stakeholders is still defined. This Code of Conduct is described in the employee notebook that the employees are required to constantly carry to enhance the consciousness of the employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	For details on effort against the sustainability, refer to I [Disclosure Based on Each Principle for Corporate Governance], [Supplementary Principle 3-1-3. Sustainability Initiatives] in this report. Also, our efforts are summarized as an integrated report and posted in our website. https://www.nittagroup.com/en/investment/library/annual_report/

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

• Basic Approach

Nitta shares the “Nitta Group Mission” based on the Companies Act Article 362, Paragraph 4, Item 6 and the Regulations for Enforcement of the Companies Act Article 100, and to put “Nitta Group Code of Conduct” into practice, basic policy regarding the construction of the internal control system is defined. This is constantly reviewed and improved, and following operation is performed to ensure system necessary to secure appropriateness of the operation of the corporation group constructed of Nitta and our subsidiaries.

1. System for storing and managing information concerning the execution of duties by the directors

The Board of Directors records the minutes for the shareholders meeting and Board of Directors in writing, and saves it for 10 years.

Also, other important documents are managed based on the internal regulations, and auditor can browse these documents any time.

2. System for ensuring that the execution of duties by directors and staff persons is in compliance with laws, regulations, and the Articles of Incorporation, and rules and other systems related to management of risks of loss

The “CSR Promotion and Risk Management Committee” with members appointed by the directors, auditors, and chairman is periodically held as an organization to control the CSR promotion and the risk management, and deliberate the agenda and measures regarding the CRS promotion and risk management of the whole group.

(1) In addition to defining the “Nitta Group Code of Conduct” to ensure the officers and staff persons to comply to the laws and to promote the CSR activities, the “CSR Promotion Subcommittee” is established under the “CSR Promotion and Risk Management Committee” to promote the education and training to the officers and staff persons.

(2) The “Risk Management Subcommittee” is established under the “CSR Promotion and Risk Management Committee” to take measure for understanding, avoiding, decreasing, and preventing the risks.

(3) A whistleblowing system (Nitta Group Hotline) is established independent from the top management to prevent or early discovery of the improprieties.

(4) We are working on to execute continuous improvement of the quality, environment, and occupational safety and health for our operation.

(5) The “Crisis Management Headquarter”, as an organization to perform instructions and orders of the initial response when accidents or other incidents that may affect significant damage to the company, will be established to take measures to the risks that may enlarge the damage or hinder continuation of the operation.

(6) A system to secure the appropriateness of the financial reporting is structured and operated.

(7) A system to execute the internal audit regarding the risks for Nitta Group is established and operated.

3. System to ensure that the duties of directors are executed efficiently

(1) The range of authority and responsibility for each job position within the Nitta Group are appropriately defined in the “Administrative Authority Regulations”, “Approval Decision Regulation”, and “Affiliate Company Management Regulations”, securing the system to effectively execute the operation.

(2) To speed up the decision-making of the Board of Directors and to manage the risk, important matters are deliberated and considered by the Management Council constructed by full-time managers, and then deliberated at the Board of Directors.

(3) Under the executive officer system, this will separate the decision-making and oversight functions from the operation execution function of the Board of Directors, and devise efficient operation execution by delegating the operation execution authorities.

4. System to ensure the appropriateness of business within the corporate group composed of the Nitta and its

subsidiaries

- (1) Promotion and awareness-raising activities for fair trades, corporate ethics, environmental protection, social contribution, etc., will be performed based on the related laws and “Nitta Group Code of Conduct”.
- (2) As for the administration of Nitta Group, a department in charge is defined based on the “Affiliate Company Management Regulations”, and in addition to perform administration, advice, and instruct, we obligate the group companies to report Nitta periodically through the department in charge regarding the matters necessary for management.
- (3) A department in charge is defined for the matters as follows to setup the cooperation and support system between Nitta and group companies.
 - Promotion of CSR, ISO, and occupational safety and health
 - Create “Crisis Management Manual” defining the reporting system to Nitta, etc., when an emergency situation occurs
 - Audit by the internal audit department

5. Matters concerning staff persons when an auditor has requested the assignment of staff person to assist their duties

We have established an organization to support the work of an auditor, place a dedicated staff person to execute the work at the initiative of the Audit & Supervisory Board, and various related person including the internal auditors are cooperating.

6. Matters concerning the independence of the above-mentioned staff persons from directors, and assurance of the effectiveness of direction by Audit & Supervisory Board members

Appointments and transfers for these staff persons in previous section are determined through consultation with the Audit & Supervisory Board to ensure the independence of the staff from directors and to ensure their effectiveness in carrying out tasks as directed by Audit & Supervisory Board members.

7. System for directors and staff persons of our Company and our subsidiaries to report to Audit & Supervisory Board members, and systems for ensuring that said persons are not subjected to unfavorable treatment for reasons of making reports

- (1) The matters that directors and the staff person of Nitta and our affiliate companies are required to report to the auditor are the matters defined in the laws, Articles of Incorporation, and other internal regulations.
- (2) The primary contact for the whistleblowing system is consigned to outside party, and the secondary contact will be the outside managers and auditors who will receive reports from the primary contact.
- (3) The regulation defines that even if the Nitta or affiliate companies’ manager or staff person learns the name, etc., of the whistleblower, the whistleblower shall not get retaliatory treatment such as retribution, discriminatory treatment, negative evaluation for performance review, and/or other disadvantageous treatment because of the act of whistleblowing.

8. Matters concerning policies related to procedures for prepayment or reimbursement of expenses incurred by Audit & Supervisory Board members in the execution of duties and processing of other expenses or liabilities incurred in the execution of said duties, and a system to ensure that other audits by Audit & Supervisory Board members are performed effectively

Auditor can attend and give opinion at the important meeting such as the Board of Directors, Management Council, Business Condition Report Meeting, etc., and any cost caused for execution of these work of the auditor are defined to be paid in full without any delay regardless of the contents.

Also, the internal audit department and the auditors of the affiliate companies will hold a period briefing with the auditors to share the information.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

To eliminate antisocial forces, Nitta acts in accordance with laws to resolutely deal with forces and groups that threaten the order and safety of business activities and people's lives. We have incorporated this aim into

the NITTA Group Code of Conduct, which stipulates that we will cut off any relationships with antisocial forces and will engage in no actions that encourage their activities.

Also, the General Affairs CSR Group is in charge of responding to unreasonable demands or otherwise dealing with antisocial forces. The department prepares manuals and other materials for reporting and responding to incidents, and cooperates with police, the National Center for Removal of Criminal Organizations, and other bodies to systematically deal with antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Adopted

Supplementary Explanation for Applicable Items

Nitta thinks that when there is a large scale purchasing act of our share, allowing this depends on decisions of the shareholders. Therefore, we have changed our Article of Incorporation on 78th Annual Shareholders Meeting held on June 26, 2007 to include that implementation of takeover defense measure can be decided by the resolution of the shareholders meeting. Furthermore, contents of the takeover defense measure were referred to the shareholders, and got an approval.

In the most current 92nd Annual Shareholders Meeting held on June 24, 2021, we have gotten approval to continue this takeover defense measure. Purpose of this takeover defense measure is to provide sufficient information, opinions, and proposals from both the proponent of the purchasing and from Nitta Board of Directors promptly so the shareholders can appropriately determine how this proposal affects the corporate value of Nitta and affects the shared profits of the shareholders, which will give sufficient time to consider such proposal. Furthermore, it clearly describes that Nitta Board of Directors will convene a shareholders meeting to confirm the opinion of the shareholder regarding the large scale purchasing act.

Outline of this is as follows.

Against the person trying to perform a large scale purchasing of our share which the proportion of voting right to exceed 20% (excluding the ones that Nitta Board of Directors has agreed), following rules (1) Submit the summary of the large scale purchasing party, purpose of the purchasing, reasoning of the purchasing price, and sufficient information regarding the management policy to Nitta Board of Directors in advance, (2) the large scale purchasing act shall start after the evaluation period against the large scale purchasing by Nitta Board of Directors has past are set. There is possibility of allotment of share warrant without contribution as a countermeasure if these rules are not observed.

Furthermore, even if the large scale purchasing act rule is observed, if that large scale purchasing act will significantly diminish the corporate values of Nitta and the profit shared by the shareholders, previously mentioned countermeasure may be taken in an exceptional manner based on the duty of care of a good manager of the director.

Furthermore, to be fair, as an organization to consider the necessity of measure the Board of Directors may take against the large scale purchasing act, we have established an independent committee structured by Nitta outside directors, outside auditors, and outside experts as its member.

As of June 24, 2021, members of the independent committee are following 5 people.

Masataka Nakao (Outside Director)

Miyoshi Morimoto (Outside Auditor)

Tsuneaki Teshima (Outside Auditor)

Hiroe Toshima (Outside Director)

Takehisa Ikeda (Outside Director)

2. Other Matters Concerning the Corporate Governance System

1. Frame format of the corporate governance system

The frame format of our corporate governance system is as of separate sheet.

2. Outline of Our Timely Disclosure System

(1) Basic policy regarding timely disclosure

The Nitta Group seeks to be a company that gains the trust of its diverse stakeholders and grows together with society, through all persons who work in the group putting these shared values and ethics into practice. Based on this thinking, in addition of formulating the “Nitta Group Code of Conduct”, we also have formulated the “Nitta Group Code of Conduct Practices Book” that operationalizes the Code of Conduct and indicates basics in the conduct of business activities.

Following basic policies for timely disclosure are defined in this Code of Conduct and Code of Conduct Practices Book and executed accordingly.

(Timely disclosure related regulations in the Code of Conduct and Code of Conduct Practice Book)

3. Proactive and Fair Disclosure of Company Information

Nitta places great importance on communication with its diverse stakeholders, and discloses corporate information actively and fairly.

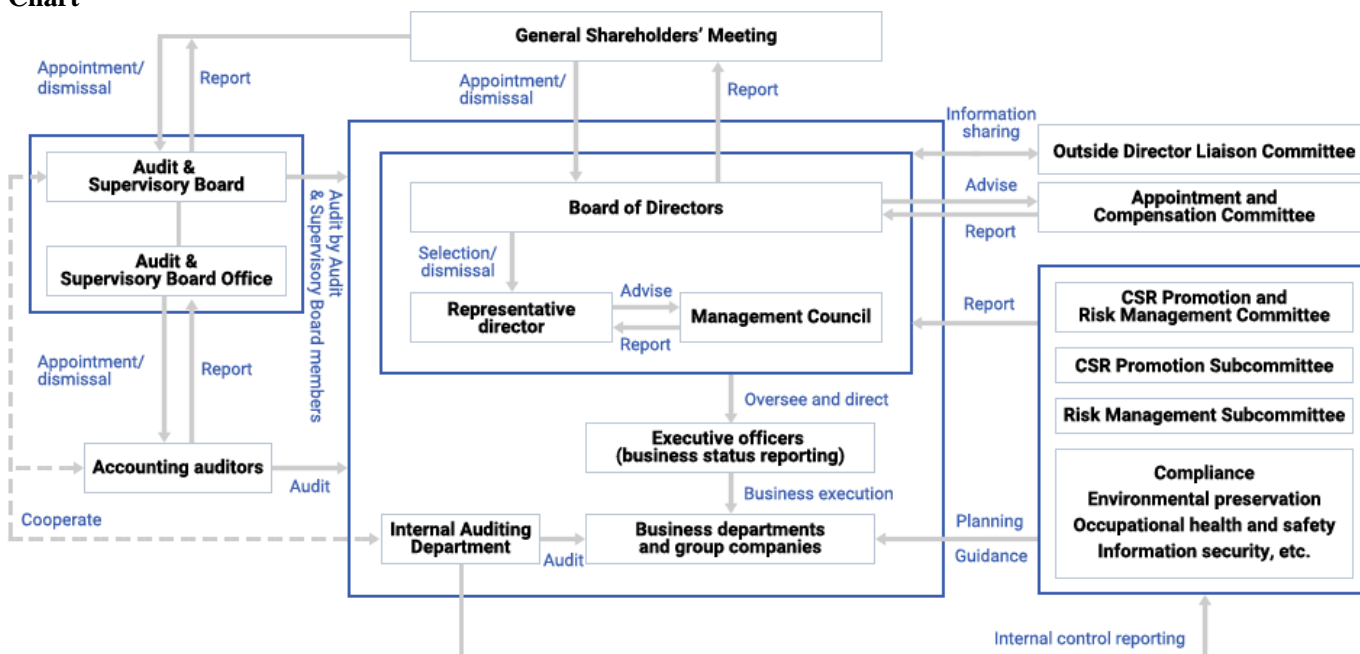
3-1. We will disclose the corporate information to shareholders and investors in timely and appropriate manner in accordance with rules, with highly transparent management as our goal.

(2) Internal Systems Related to Timely Disclosure

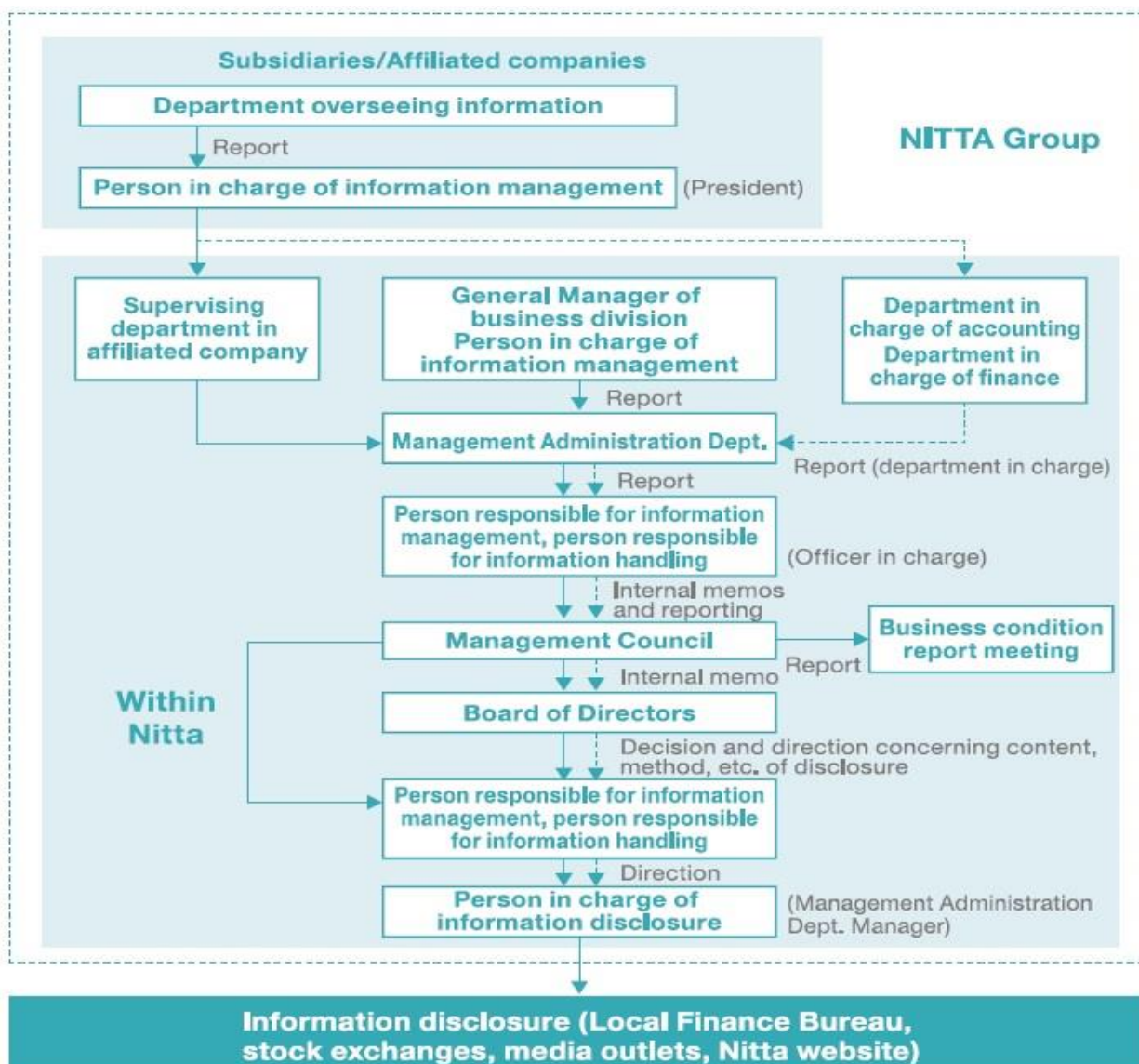
Our Group has established Regulations for the Management and Disclosure of Important Information which address specific procedures and reporting systems concerning information disclosure. We carry out information disclosure under these regulations.

- Specifically, important information is reported from business divisions and affiliated companies to the Management Administration Dept., which discloses the reported information as necessary following resolution by the Board of Directors. Also, outline of the system diagram (frame format) is as the separate sheet.
- Information disclosure is performed using the Tokyo Stock Exchange's Timely Disclosure Network (TD net). As required, materials are distributed to press clubs within the Tokyo Stock Exchange and are posted on our website.

NITTA Group Managerial System Chart



Outline of Our Timely Disclosure System



→ Flow of management-related information

-----> Flow of financial information

Person responsible for information management, person responsible for information handling:
Based on our Regulations for the Management and Disclosure of Important Information
Person responsible for information handling: Based on Timely Disclosure Rules