

[Notes of caution]

This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

CORPORATE GOVERNANCE**NITTO DENKO CORPORATION.****Last update: Apr 3, 2023****NITTO DENKO CORPORATION**

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The corporate governance of **NITTO DENKO CORPORATION.** is described below.

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

1. Basic Views

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

In order to maximize our corporate value and achieve continuous growth under the Corporate Philosophy, we believe that prompt and transparent decision-making, as well as bold managerial decisions, are necessary. Being fully aware of the importance of establishing corporate governance to achieve such decision-making, we will further improve our corporate governance system by establishing these Corporate Governance Guidelines [Reference 1] in accordance with the following basic principles.

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

[Reason not to Enforce Each Principle of the Corporate Governance Code]

【Supplementary Principle 4.10.1 Composition, Independence, Etc. of Advisory Committees】

Nitto established the Management, Nomination, and Remuneration Advisory Committee as an advisory body to the representative director. For details, please see "Voluntary Establishment of Committee(s) Equivalent to

Nomination Committee or Remuneration Committee" of the Corporate Governance Report.

Please note that Nitto does not necessarily believe that only independent directors can provide useful advice on management, nomination, and remuneration but rather believes that inviting opinions from a broad range of independent third parties contributes to the enhancement of corporate governance. As such, said Committee consists of independent individuals who are deemed to be appropriate at the time, such as outside corporate auditors and external experts. This being the case, independent directors may not always compose a majority of said Committee, though we believe that its independence is secured as full-time executives other than the representative director are not eligible to be a member of said Committee.

【Supplementary Principle 5.1.1 Dialogue between Senior Management and Shareholders】

Please refer to Principle 5.1 Policy for Constructive Dialogue with Shareholders for Nitto's policy for dialogue with shareholders.

Nitto is aware of the requests from shareholders to provide information and arrange management meetings with outside directors and corporate auditors. Accordingly, we make it a rule that the contents of dialogue with shareholders be shared with outside directors, corporate auditors, and other senior management members at the Board of Directors meetings and other opportunities and have outside directors provide information in Integrated Report and elsewhere. We will continue discussing how we can realize management meetings with outside directors and corporate auditors, as there remain issues with the current systems' structure to ensure fairness of opportunities, prevent information leaks, etc.

[Disclosure Based on the Principles of the Corporate Governance Code]

【Principle 1.4 Cross-Shareholdings】

The Nitto Group may hold shares of other listed companies as cross-shareholdings only when such holdings are deemed to lead to the enhancement of the Group's corporate value over the long-term. However, the ratio of such shares to total assets is minimal, and with regard to each cross-shareholding, we will continue to examine every year such factors as the status of transactions with such companies and whether the return on such holdings is commensurate with the capital costs deemed appropriate by the Company, and determine whether or not such shares need to be sold.

When exercising voting rights with respect to such cross-shareholdings, we decide the manner in which we vote in a comprehensive manner after taking into consideration such factors as whether each item to be resolved leads to the stable enhancement of the Group's corporate value.

【Principle 1.7 Related Party Transactions】

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

resolve such transactions or entrust such business to Outside Directors as appropriate

Whether or not any items to be presented at Board of Directors meetings and other important meetings fall

under the definition of related party transactions is examined by the Secretariat beforehand in conjunction with the legal department.

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

【Supplementary Principle 2.4.1 Ensuring Diversity】

Nitto strives to empower women by appointing more female employees to managerial positions by including "corporate culture that satisfies diverse employees" in its material issues (materiality) for sustainability. Meanwhile, at this point, we do not set or disclose performance targets for the appointment of foreign and/or mid-career employees to managerial positions as we do not perceive a significant difference in appointing our employees to managerial positions on account of their nationality or timing of hiring. Please refer to the Company's website and Integrated Report regarding our performance targets and progress for the appointment of women to managerial positions.

Remaining committed to developing a "Nitto Person" who comprehends and carries out the Nitto Way, Nitto is developing a group-wide foundation for human resource management to empower human resources across the globe. Please refer to the Company's website and Integrated Report for the latest on our concrete evaluation systems and human resource development programs.

The Company's website: https://www.nitto.com/jp/en/sustainability/social/human_resources/
- Integrated Report

The Company's website: <https://www.nitto.com/jp/en/sustainability/report/>

【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】

In order for Nitto to perform a function as an asset owner with its enhanced investment expertise, it appoints a CFO, a manager in charge of finance, and a manager in charge of human resources as the pension management director, and in addition, appoints human resources with experience in fund management as an executive director, and supplements professional capacity and knowledge by employing an external advisor, thereby properly operating and managing Nitto's corporate pension.

【Principle 3.1 Full Disclosure】

(i) Corporate Philosophy and Management Plan

Please refer to the Company's website at <https://www.nitto.com/jp/en/ir/>

(ii) Basic Views on Corporate Governance

Please refer to "1. Basic Views" of this Report.

Please refer to [Reference 1] for the "Corporate Governance Guidelines."

(iii) Policy related to remuneration of Directors and Corporate Auditors

Please refer to the Company's website at <https://www.nitto.com/jp/en/ir/>

(iv) (v) Nomination Policy and Procedures, and Reasons for Individual Nomination of Candidates for Directors and Corporate Auditors

(Appropriate Structure of the Board of Directors and Board of Corporate Auditors)

Given the current scale of business, the need to facilitate substantial discussions at Board of Directors meetings and Board of Corporate Auditors meetings and to ensure an appropriate number of Outside Directors, etc., we believe that the appropriate size of the Board of Directors is not more than ten Directors (one third or more of whom are independent directors). Likewise, the Articles of Incorporation set an upper limit of ten. We also believe that the appropriate size of the Board of Corporate Auditors is not more than five members (half or more of whom are independent auditors), who are individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, with at least one (1) Corporate Auditor who has sufficient expertise in finance and accounting. Furthermore, in order to make important policy decisions in an ever-changing business environment and to exercise a sustained supervisory function, we have identified five qualities, knowledge, experience, etc. (hereinafter collectively referred to as "skills") in "leadership," "technology," "finance," "governance," and "sustainability" for the Board of Directors and Board of Corporate Auditors and believe that a composition that ensures a good balance of such skills will contribute to management.

(Appointment and Dismissal of Directors and Corporate Auditors)

The Officer Appointment Standards and the Officer Dismissal Standards have been established as described below and are applied when appointing or dismissing a Director or Corporate Auditor. In addition, in order to further enhance fairness and transparency in appointment and dismissal of Directors, the Management, Nomination and Remuneration Advisory Committee meets and reports the results of its deliberations to the Board of Directors, and the Board of Directors makes the final decision by taking such report into account.

<Officer Appointment Standards>

1. A person who practices the Nitto Way*
2. A person who can contribute to the Company with the five skills identified by the Company.

*Our unique values consisting of safety, sustainability, diversity and human rights, customer, anticipation of change, challenge, sanshin activities, niche top, speed and perfection, corporate culture, personal development and sense of ownership.

<Officer Dismissal Standards>

1. An act was committed that was contrary to public order and morality;
2. A violation of the laws and ordinances, the Articles of Incorporation, or any other regulations of the Group

was committed, and Nitto suffered a substantial loss or hindrance to Group business operations due to such violation;

3. A material inconvenience was caused to the execution of the duties of an Officer; or

4. Any of the quality requirements set forth in the Officer Appointment Standards is no longer satisfied.

(Nomination of Outside Directors and Outside Corporate Auditors)

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

<Criteria for Independent Outside Directors and Outside Corporate Auditors>

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

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

1. A person who is or has been in the past ten years an executing person (Director, Corporate Auditor, Vice President, or any other employee) of the Company or the Group (hereinafter collectively referred to as the "Group");

2. A person who is an important executing person (Director, Corporate Auditor, Accounting Advisor, Executive Officer, Executive Director, or any other important employee; hereinafter the same shall apply) of a major shareholder of the Company (a shareholder holding 10% or more of the voting rights of the Company);

3. A person who is an important executing person of a company of which the Company is a major shareholder;

4. A person who is an important executing person of a major counterparty of the Company (a counterparty for which the amount of payment or receipt for transactions with the Company for the latest fiscal year exceeds 2% of consolidated gross sales);

5. A person who is an important executing person of a major lender of the Company (a lender to which the Group's aggregate amount of loans payable at the latest fiscal year-end exceeds 2% of consolidated total assets);

6. A person who is a legal professional, accounting and tax professional, consultant, or research and education specialist who receives a large amount of compensation or donation (for the latest fiscal year, 10 million

yen or more in the case of an individual and more than 2% of consolidated gross sales in the case of a corporation or an organization) from the Company;

7. A person who has kinship status (being a relative within the third degree of kinship or a relative living together) with an executing person of the Group;

8. A person to whom any of the items 2. through 7. above has been applicable within the past ten years; and

9. In addition to the above, a person who has an interest that is reasonably considered to give rise to doubts about his or her independence as an Independent Outside Director or Independent Outside Corporate Auditor, or to give rise to a conflict of interest with shareholders of the Company.

<Criteria for "Important Concurrent Positions">

Concurrent positions are deemed "important" if:

1. The director (candidate) in question concurrently holds a position as Director, etc. at listed companies or equivalent public companies;

2. The director (candidate) is a representative of corporations other than those stipulated in the preceding item and does not have the time, etc. necessary to fulfill his/her duties at the Company;

3. The director (candidate) has a specialist job (as a professor, lawyer, accountant, etc.) and his/her related duties can affect the allocation of time, etc. necessary to fulfill his/her duties at the Company;

4. The place of employment of the director (candidate) affects his/her independence in light of the Criteria for Election of Independent Outside Directors and Outside Corporate Auditors of the Company; and/or

5. The place of employment of the director (candidate) affects the allocation of time, etc. necessary to fulfill his/her duties at the Company.

(Profiles of Director and Corporate Auditor Candidates)

Please refer to the reference materials for the general meeting of shareholders of Nitto's "Notice." The "Notice" is available on its website: <https://www.nitto.com/jp/en/ir/>.

【Supplementary Principle 3.1.3 Disclosure of Initiatives on Sustainability, Etc.】

Nitto has laid down the following basic policies on its initiatives on sustainability, human resources, and research and development, including intellectual property strategies.

<Basic Policy on Sustainability>

Simultaneously solving social issues and creating economic value

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

- We seek the sustainable enhancement of corporate culture through the practice of our Corporate Philosophy.

- We contribute to "sustainable growth," the universal principle of humanity, through business.

- We foster "respect and trust" through dialogue with stakeholders.
- We remain conscious of the environment and act with integrity.
- We pay due regard to human rights, the environment, and diversity, including those pertaining to the supply chain.
- We work to realize sustainability through fair and transparent governance.

<Basic Policy on Human Resource Management>

The Nitto Group considers human resources as our most valuable assets. As such, we are committed to creating new value by globally developing the "Nitto Person" who can carry out the Nitto Way.

- We employ and develop human resources who understand diversity and respect people of all nationalities, genders, ages, careers, and disabilities, and who act with integrity.
- We respect our employees as individuals and provide growth opportunities for their autonomous career development.
- We build a rewarding, safe, secure, and healthy work environment by promoting diverse work styles and an open organizational culture.
- We fairly evaluate the results of our employees who take upon challenges without fear of failure to motivate them to do their best.
- We seek to discover outstanding human resources from across the globe and train them to become leaders who can anticipate and deliver changes.

<Basic Policy on R&D>

Solving social issues through innovation

- We aim to enhance corporate value through technological development for the global environment, humanity, and society.
- We continue to create new products/services and businesses that help conserve and improve the global environment and improve the quality of life for all people.
- We make continued enhancements to the value of technology by proactively introducing novel technologies from outside while deepening Nitto's core technologies.
- We contribute to increasing corporate value by stressing the importance of intangible value and leveraging high-quality patents to enhance our competitive edge.
- We take on new challenges to develop innovative technologies by gathering the wisdom of diverse and versatile talents.

It is in line with these basic policies that we have come up with "a long-term vision for 2030," which reads "As a manufacturer of high-functional materials, Nitto will realize a sustainable environment and society by creating the future with technology and continuously providing amazement and inspiration.

To realize these prospects, we have established a new Mid-term Management Plan, Nitto Beyond 2023.

Please refer to the Company's website and Integrated Report for concrete programs, etc.

- About the Mid-term Management Plan

The Company's website: https://www.nitto.com/jp/en/about_us/concepts/management_plans/

- About sustainability in general

The Company's website: <https://www.nitto.com/jp/en/sustainability/>

Please refer to page 51 to 52 of our Integrated Report for information disclosure based on the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD).

- About human resources

The Company's website: https://www.nitto.com/jp/en/sustainability/social/human_resources/

- About R&D

The Company's website: <https://www.nitto.com/jp/en/rd/>

Please refer to page 9 of our Integrated Report for patent publications and R&D expenses.

- Integrated Report

The Company's website: <https://www.nitto.com/jp/en/sustainability/report/>

【Supplementary Principle 4.1.1 Brief Summary of the Scope and Nature of Matters Delegated to the Board of Directors】

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

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

【Supplementary Principle 4.1.3 CEO's Successor Plan】

Pursuant to the succession plan for the president (Chief Executive Officer), the Board of Directors appropriately exercises supervision to ensure that an individual with the necessary knowledge, experience, and ability to be a candidate for the successor is fostered systematically, with sufficient time and resources devoted thereto.

【Supplementary Principle 4.9 Criteria for Independence of Outside Officers】

Please refer to "(iv) (v) Nomination Policy and Procedures, and Reasons for Individual Nomination of Candidates for Directors and Corporate Auditors (Nomination of Outside Directors and Outside Corporate Auditors)

of **【Principle 3.1 Full Disclosure】** of this Report.

【Supplementary Principle 4.11.1 A view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size】

Please refer to (iv) (v) Nomination Policy and Procedures, and Reasons for Individual Nomination of Candidates for Directors and Corporate Auditors (Appropriate Structure of the Board of Directors and Board of Corporate Auditors) of **【Principle 3.1 Full Disclosure】** of this Report.

【Supplementary Principle 4.11.2 Concurrent Positions of Directors and Corporate Auditors】

Please refer to the reference materials for the general meeting of shareholders of Nitto's "Notice." The "Notice" is available on its website: <https://www.nitto.com/jp/en/ir/>.

【Supplementary Principle 4.11.3 Analysis, Evaluation, and Disclosure of the Effectiveness of the Entire Board of Directors】

Nitto conducts questionnaires targeting Directors and Corporate Auditors and analyzes and evaluates the effectiveness of the Board of Directors.

Please refer to [Reference 2] for the summary of the results of the previous year's effectiveness evaluation. ("Findings of the Nitto Board Effectiveness Evaluation").

【Supplementary Principle 4.14.2 Training for Directors and Corporate Auditors】

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

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

Newly appointed outside officers undertake training on Nitto's business lines, financial position, and other topics immediately after taking office.

【Supplementary Principle 5.1 Policies Related to Constructive Dialogue with Shareholders】

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

1. We at Nitto position IR activities as one of our key business issues, and senior management members personally promote dialogue with shareholders, with the CEO in charge and the CFO serving as a competent director.

2. In order to ensure the effectiveness of dialogue, a dedicated IR department has been established, and a cross-sectional structure for sharing and disclosure of IR information has been constructed through positive cooperation with the Legal, Corporate Planning, Corporate Accounting & Finance, General Affairs, Public Relations, Management of Group Companies, CSR, and other departments. In addition, an information-handling officer has been appointed to strive to ensure disclosure of information in a timely and appropriate manner.

3. As measures to promote opportunities for dialogue aside from individual meetings, information meetings are held every quarter, with the CEO or CFO providing explanations. Additionally, overseas IR roadshows in the United States, Europe, and Asia are conducted at least once a year.

4. Information on views and business issues uncovered through dialogue with shareholders are periodically relayed to senior management and relevant departments to communicate, share, and feed the same back to management.

5. In order to control insider information, the “Nitto Group Regulations to Prevent Insider Dealings” have been established to ensure infallible information control. Meetings with shareholders and investors to be interviewed are limited during the “quiet periods” immediately prior to the announcement of financial results.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Major Shareholders]

Name of Corporate Entity	Number of shares held	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,429,200	26.64
Custody Bank of Japan, Ltd. (Trust Account)	12,572,400	8.49
STATE STREET BANK AND TRUST COMPANY 505223	4,225,284	2.85
Custody Bank of Japan, Ltd. (Securities Investment Account)	2,860,200	1.93
STATE STREET BANK WEST CLIENT - TREATY 505234	2,527,692	1.71
STATE STREET BANK AND TRUST COMPANY 505025	2,199,291	1.49
Nippon Life Insurance Company	2,082,060	1.41
JP MORGAN CHASE BANK 385781	1,904,435	1.29
STATE STREET BANK AND TRUST COMPANY 505103	1,844,977	1.25
SSBTC CLIENT OMNIBUS ACCOUNT	1,829,513	1.24

Controlling Shareholder (Except for Parent Company)	-----
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Parent Company	None
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Supplementary Explanation

1. The ownership percentage has been calculated based on the number of shares issued, excluding treasury stock.
2. Although the reports on large-scale shareholdings have been submitted as follows, the Company lists the major shareholders above according to the shareholder register as of March 31, 2022.

A total of two shareholders comprising Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders
12,629,500 shares (as of July 15, 2019)

A total of three shareholders comprising Nomura Securities Co., Ltd. and its joint holders
16,288,072 shares (as of July 1, 2020)

A total of four shareholders comprising MUFG Bank, Ltd. and its joint holders
10,970,009 shares (as of March 22, 2021)

A total of ten shareholders comprising BlackRock Japan Co., Ltd. and its joint holders
11,216,496 shares (as of March 31, 2021)

A total of two shareholders comprising MFS Investment Management K.K. and its joint holder
7,768,400 (as of November 15, 2021)

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market, Tokyo Stock Exchange
Fiscal Year End	March
Business Category	Chemical
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (Consolidated) for the Previous Fiscal Year	100 billion yen or more and less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and less than 100

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

with Controlling Shareholder

5. Other Special Circumstances That May Have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

1. Items Related to Organizational Structure and Operation

Organizational Form	Company with company auditor(s)
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[Directors]

Number of Directors Specified in Articles of Incorporation	10
Term of Office of Directors in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment Status of Outside Directors	Appointed
Number of Outside Directors	6
Number of Outside Directors Designated as Independent Directors	6

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Yoichiro Furuse	From other companies													
Takashi Hatchoji	From other companies													
Tamio Fukuda	Scholar													
Wong Lai Yong	From other companies													
Michitaka Sawada	From other companies													
Yasuhiro Yamada	Other													

*Selection criteria regarding relationship with the Company

**“○” when the person presently falls or has recently fallen under the category; “△” when the person fell under the category in the past

**“●” when a close relative of the person presently falls or has recently fallen under the category; “▲” when a close relative of the person fell under the category in the past

a Executive of a listed company or its subsidiaries

b Non-executive managing director or executive of a parent company of a listed company

c Executive of a fellow subsidiary company of a listed company

d A party whose major client or supplier is a listed company or an executive thereof

e Major client or supplier of a listed company or an executive thereof

f Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an officer

g Major shareholder of a listed company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier company of a listed company (which does not correspond to any of d, e, or f) (the executive himself/herself only)

i Executive of a company, between which and the listed company outside directors are mutually appointed (the executive himself/herself only)

j Executive of a company or organization that receives a donation from a listed company (the executive himself/herself only)

k Other

Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation of the Conforming Items	Reason for Appointment
Yoichiro Furuse	○	There is no matter falling under a. through k. above. Mr. Furuse also currently serves	1. In this fiscal year (FY2021), Mr. Furuse attended all the Board of Directors' meetings (12 times) and

		<p>as an important executing person of Evanston Corporation, with which the Company does not engage in transactions.</p>	<p>made useful comments based on his deep insight into and extensive experience in corporate management, which he had gained through his service as a director and representative director at the listed companies.</p> <p>The Company expects Mr. Furuse to continue overseeing the Board of Directors and providing a wide range of opinions on the business administration of the Company based on his insight and experience as a corporate manager and a former employee of a mega bank. Mr. Furuse will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Furuse as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Takashi Hatchoji	○	<p>There is no matter falling under a. through k. above.</p> <p>Mr. Hatchoji was an important executing person of Hitachi, Ltd. in the past, which held about 15% of shares in Nitto through a subsidiary. Hitachi, Ltd., however,</p>	<p>1. In this fiscal year (FY2021), Mr. Hatchoji attended 11 out of the 12 Board of Directors’ meetings and made useful comments based on his deep insight into and experience in management, which he had gained through his service as a</p>

		<p>sold most of its shares in Nitto in July 2003 (and has sold all of its shares in Nitto to date). It has been 15 years or more since a group relation between Hitachi, Ltd. and Nitto was dissolved. The Company engages in transactions with Hitachi, Ltd. Most of such transactions relate to the development, maintenance, etc. of the Company's system, with the annual transaction amount accounting for less than 0.1% of the Company's consolidated revenue. Thus, the Company's relationship with Hitachi, Ltd. does not affect his independence.</p>	<p>representative executive officer and director of the listed companies. The Company expects Mr. Hatchoji to continue overseeing the Board of Directors and providing opinions on the business administration of the Company from a global perspective based on his insight and experience as a corporate manager in Japan and Overseas. Mr. Hatchoji will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>2. The Company stipulates the "Criteria for Election of Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Hatchoji as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Tamio Fukuda	○	<p>There is no matter falling under a. through k. above.</p> <p>Mr. Fukuda also currently serves as a professor emeritus of Kyoto Institute of Technology. The Company conducts joint research, etc. with the university. However, the annual expense of such joint research, etc. represents less than 0.0005% of Nitto's consolidated revenue and does not affect his independence.</p>	<p>1. In this fiscal year (FY2021), Mr. Fukuda attended all the Board of Directors' meetings (12 times), providing advice on the establishment of the Company's corporate brand as a university professor specializing in design management and making useful comments based on his experience in business management as a corporate advisor.</p> <p>The Company expects Mr. Fukuda</p>

			<p>to continue overseeing the Board of Directors and providing opinions on the business administration of the Company from the perspectives of brand building and innovation creation based on his insight and experience as an expert as detailed above. Mr. Fukuda will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Fukuda as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Wong Lai Yong	○	<p>There is no matter falling under a. through k. above.</p> <p>Ms. Wong also currently serves as an important executing person of First Penguin Sdn. Bhd., with which the Company does not engage in transactions.</p>	<p>1. In this fiscal year (FY2021), Ms. Wong attended all the Board of Directors’ meetings (12 times) and provided useful opinions on diversity and sustainability including the promotion of women and non-Japanese nationals based on her experience of studying and working in Japan for about 16 years and her diverse experience and track records in her mother country, Malaysia, and other Asian countries.</p> <p>The Company expects Ms. Wong to continue overseeing the Board of</p>

			<p>Directors based on her insight and experience as an expert as detailed above and providing opinions on the business administration of the Company from the perspective of an expert. Ms. Wong will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Ms. Wong as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Michitaka Sawada	○	<p>There is no matter falling under a. through k. above.</p> <p>Mr. Sawada also currently serves as an important executing person of Kao Corporation, with which the Company does not engage in transactions.</p>	<p>1. In this fiscal year (FY2021), Mr. Sawada attended all the Board of Directors’ meetings (10 times) and provided useful opinions based on his diverse experience and track records as a manager of a leading company in ESG promotion. The Company expects Mr. Sawada to continue overseeing the Board of Directors, based on his insight and experience as a corporate manager, and providing a wide range of opinions on the business administration of the Company. Mr. Sawada will also continue working as a member of the Management, Nomination and Remuneration Ad-</p>

			<p>visory Committee.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Sawada as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Yasuhiro Yamada	○	There is no matter falling under a. through k. above.	<p>1. The Company expects Mr. Yamada to oversee the Board of Directors and provide a wide range of opinions as a expert of finance and economy. Mr. Yamada will also work as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Yamada as an Independent Director as stipulated by the Tokyo Stock</p>

**Voluntary Establishment of Committee(s)
Equivalent to Nominating Committee or Remuneration Committee**

Established

Relationship with the Company (2)

	Committee's Name	All Committee Members	Full-time Committee Members	Internal Directors	External Directors	External Experts	Others	Chairperson
Committee Corresponding to Nomination Committee	Management, Nomination, and Remuneration Advisory Committee	9	0	1	5	0	3	Internal Director
Committee Corresponding to Remuneration Committee	Management, Nomination, and Remuneration Advisory Committee	9	0	1	5	0	3	Internal Director

Supplementary Explanation

(1) Structure and roles of the Management, Nomination and Remuneration Advisory Committee

To strengthen the independence, objectivity, and accountability of the Board of Directors' functions with respect to important issues such as key management themes, director nominations, and director compensation systems, the Company has established the Management, Nomination and Remuneration Advisory Committee, which consists of Outside Directors and Outside Corporate Auditors, as a voluntary advisory body to the Representative Director(s). By having the above important matters deliberated by the Management, Nomination, and Remuneration Advisory Committee, the Company has achieved a system whereby the Representative Director receives appropriate advice in advance from Outside Directors and Outside Corporate Auditors, and the Board of Directors deliberates on these matters.

(2) Activities of the Management, Nomination and Remuneration Advisory Committee

The Committee met three times in the fiscal year under review (FY2021). All outside officers played important roles as the members of the Advisory Committee utilizing their deep insights and extensive experience in their respective areas of expertise. The following are attendance status, main consultations and deliberations:

Hideo Takasaki: 3 out of 3 times

Yoichiro Furuse: 3 out of 3 times

Takashi Hatchoji: 3 out of 3 times

Tamio Fukuda: 3 out of 3 times

Wong Lai Yong: 3 out of 3 times
 Michitaka Sawada: 3 out of 3 times
 Masashi Teranishi: 3 out of 3 times
 Masakazu Toyoda: 2 out of 3 times
 Mitsuhide Shiraki: 3 out of 3 times

Major consultations and deliberations during the current fiscal year (FY2021)

Management

- Operation and DX of the General Meeting of Shareholders
- How to achieve dialogue with shareholders by Outside Directors/Corporate Auditors

Nomination

- Candidates for Board members
- Efforts to increase the number of female managers

Remuneration

- Confirmation of executive compensation structure
- Addition of ESG items to executive compensation

[Corporate Auditors]

Establishment of a Board of Corporate Auditors	Established
Number of Corporate Auditors Specified in Articles of Incorporation	5
Number of Corporate Auditors	5

Coordination between Corporate Auditors, Accounting Auditor, and Internal Auditing

Corporate auditors promote collaboration by holding regular meetings to receive reports on audit results and exchange information from the accounting auditors, and by witnessing the accounting auditors' review of audits of group companies. In addition, from the viewpoint of enhancing group governance, the Company has been working with its accounting auditor to strengthen its overseas network by assigning a partner from a KPMG member firm to each of the same areas as the general managers of the Company's six overseas regions, and meetings were held to exchange opinions with the partners in charge of each of the six regions with the aim of advancing the use of the network.

Appointment Status of Outside Corporate Auditors	Established
Number of Outside Corporate Auditors	3
Number of Outside Corporate Auditors Designated as Independent Directors	3

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*												
		a	b	c	d	e	f	G	h	i	j	k	l	m
Masashi Teranishi	From other companies													
Masakazu Toyoda	Other													
Mitsuhide Shiraki	Scholar													

*Selection criteria regarding relationship with the Company

**“○” when the person presently falls or has recently fallen under the category; “△” when the person fell under the category in the past

**“●” when a close relative of the person presently falls or has recently fallen under the category; “▲” when a close relative of the person fell under the category in the past

a Executive of a listed company or its subsidiaries

b Non-executive managing director or accounting adviser of the Company or its subsidiaries

c Non-executive managing director or executive of a parent company of a listed company

d Corporate auditor of a parent company of a listed company

e Executive of a fellow subsidiary company of a listed company

f A party whose major client or supplier is a listed company or an executive thereof

g Major client or supplier of a listed company or an executive thereof

h Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as an officer

i Major shareholder of a listed company (or an executive of the said major shareholder if the shareholder is a corporation)

j Executive of a client or supplier company of a listed company (which does not correspond to any of f, g, or h) (the executive himself/herself only)

k Executive of a company, between which and the listed company outside directors are mutually appointed (the executive himself/herself only)

l Executive of a company or organization that receives a donation from a listed company (the executive himself/herself only)

m Other

Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation of the Conforming Items	Reason for Appointment
Masashi Teranishi	○	<p>There is no matter falling under a. through m. above.</p> <p>Mr. Teranishi also serves as Honorary Advisor of MUFG Bank, Ltd. He was an important executing person of the group in the past, but it has been ten years or more since then. Hence, it does not affect his independence. Further, there is no borrowing from MUFG Bank, Ltd.</p>	<p>1. In this fiscal year (FY2021), Mr. Teranishi attended all the Board of Directors' meetings (12 times) and all the Board of Corporate Auditors' meetings (13 times), performed appropriate audits based on his insight and experience as a manager of a mega bank, and provided useful opinions on the business administration of the Company from the perspective of finance.</p> <p>The Company expects Mr. Teranishi to continue providing opinions on the business administration of the Company from the financial perspective, utilizing his insight and experience as an expert in finance in the auditing of the Company. Mr. Teranishi will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>He possesses a broad range of knowledge in finance and accounting.</p> <p>2. The Company stipulates the "Criteria for Election of Independent Outside Directors and Outside</p>

			<p>Corporate Auditors” and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Teranishi as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Masakazu Toyoda	○	<p>There is no matter falling under a. through m. above.</p>	<p>1. In this fiscal year (FY2021), Mr. Toyoda attended all the Board of Directors’ meetings (12 times) and all the Board of Corporate Auditors’ meetings (13 times), performed appropriate audits based on his insight and experience as an economist involved in national politics, and provided useful opinions. The Company expects Mr. Toyoda to continue providing opinions on the business administration of the Company from the perspectives of the economy and international trades, utilizing his insight and experience in the auditing of the Company.</p> <p>Mr. Toyoda will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee. Although he does not have experience of being directly involved in corporate management, the Company believes that he will be able to execute his duties as an Outside Corporate Auditor of the Company appropriately for the aforementioned reasons.</p>

			<p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Toyoda as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
Mitsuhide Shiraki	○	<p>There is no matter falling under a. through m. above.</p> <p>Mr. Shiraki currently serves as a Professor Emeritus, Waseda University. While the Company has a transaction with the university, it relates to a joint research, and the annual transaction amount is less than 0.0005% of consolidated revenue of the Company. The Company’s relationship with the university therefore does not affect Mr. Shiraki’s independence.</p> <p>Mr. Shiraki also currently serves as a Visiting Professor, Kokushikan University, with which the Company does not engage in transactions.</p>	<p>1. In this fiscal year (FY2021), Mr. Shiraki attended all the Board of Directors’ meetings (12 times) and all the Board of Corporate Auditors’ meetings (13 times) and provided useful opinions based on his insight and experience as an expert on labor issues and global human resource development.</p> <p>The Company expects Mr. Shiraki to continue providing opinions on the business administration of the Company from the perspectives of labor and human resource development, utilizing his insight and experience in the auditing of the Company.</p> <p>Mr. Shiraki will also continue working as a member of the Management, Nomination and Remuneration Advisory Committee.</p> <p>Although he does not have experience of being directly involved in corporate management, the Company believes that he will be able to execute his duties as an Outside</p>

			<p>Corporate Auditor of the Company appropriately for the aforementioned reasons.</p> <p>2. The Company stipulates the “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Shiraki as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p>
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[Independent Officers]

Number of Independent Officers	8
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Other Details concerning Independent Officers

All individuals who satisfy the qualifications for Independent Officers are appointed as Independent Officers. In order to ensure the independence of Outside Directors and Outside Corporate Auditors, Nitto has stipulated “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors.”

Please refer to 1. Basic Views 【Supplementary Principle 4.9 Criteria for Independence of Outside Officers】 of “1. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information” of this Report for the details of “Criteria for Election of Independent Outside Directors and Outside Corporate Auditors.”

[Incentives]

Implementation status of measures for granting incentives to Directors	Introduction of a performance-linked compensation plan, and others
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Supplementary Explanation

For the purpose of incentivizing Directors to contribute to medium- and long-term performance improvement and sustainable enhancement of corporate value, Nitto has introduced a restricted share remuneration that allots the Company’s common shares with transfer restriction until they leave office, as a form of medium-term perfor-

mance-linked remuneration, and a performance-linked share-based remuneration that provides the Company's common shares in accordance with the achievement of numerical targets predetermined by the Company's Board of Directors, as a medium-term performance-linked remuneration.

Stock Option Recipients

Supplementary Explanation

[Director Compensation]

Disclosure of Compensation of Individual Directors

Individual disclosure made for certain directors only

Supplementary Explanation

The Company discloses the total amount of compensation by category for Directors and Corporate Auditors, respectively, as well as the total amount paid to Outside Officers in its annual securities report and business report. The Company also discloses compensation of those whose total amount of consolidated compensation, etc. is 100 million yen or more individually in its annual securities report

1) Number of eligible Directors and Corporate Auditors for each position, total amount of compensation, etc. by type, and total amount of compensation, etc.

Directors (excluding Outside Directors)

Number of eligible Directors	4
Total amount of compensation, etc. by type	
Compensation in cash	198 million yen
Bonus paid to Directors	330 million yen
Restricted share remuneration	80 million yen
Total amount of compensation, etc.	609 million yen

Outside Directors

Number of eligible Outside Directors	5
Total amount of compensation, etc. by type	
Compensation in cash	79 million yen
Total amount of compensation, etc.	79 million yen

Corporate Auditor (excluding Outside Auditors)

Number of eligible Corporate Auditors 2
Total amount of compensation, etc. by type
 Compensation in cash 67 million yen
Total amount of compensation, etc. 67 million yen

Outside Corporate Auditors

Number of eligible Outside Corporate Auditors 3
Total amount of compensation, etc. by type
 Compensation in cash 44 million yen
Total amount of compensation, etc. 44 million yen

2) Total amount of compensation, etc. of those whose total amount of remuneration, etc. is 100 million yen or more

Name Hideo Takasaki
Position Director
Total amount of compensation, etc. by type
 Compensation in cash 96 million yen
 Bonus paid to Directors 140 million yen
 Restricted share remuneration 41 million yen
Total amount of remuneration, etc. 277 million yen

Name Nobuhiro Todokoro
Position Director
Total amount of compensation, etc. by type
 Compensation in cash 37 million yen
 Bonus paid to Directors 71 million yen
 Restricted share remuneration 14 million yen
Total amount of remuneration, etc. 122 million yen

Name Yosuke Miki
Position Director
Total amount of compensation, etc. by type
 Compensation in cash 33 million yen
 Bonus paid to Directors 64 million yen
 Restricted share remuneration 13 million yen
Total amount of remuneration, etc. 110 million yen

(Notes)

1. The maximum amount of base remuneration and bonuses for directors was resolved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021 to be no more than 1 billion yen per year (including no more than 100 million yen for Outside Directors). As of the close of this Ordinary General Meeting of Shareholders, the number of Directors is nine (of which, five are Outside Directors). The maximum amount of basic remuneration for Corporate Auditors was resolved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021 to be no more than 144 million yen per year. The number of Corporate Auditors at the close of said Ordinary General Meeting of Shareholders is five.
2. The above bonuses to Directors, excluding Outside Directors, are the amounts scheduled to be paid by resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders as described in Note 1.
3. The upper limits of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were set at 364 million yen and 48,400 shares a year at the 153rd Ordinary General Meeting of Shareholders. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
4. The upper limit of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were set at 243 million yen and 32,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
5. In accordance with the determination process, the Board of Directors has delegated the determination of the specific details of compensation in cash and bonuses for directors to Hideo Takasaki, President-Director based on a resolution of the Board of Directors.
6. Consolidated operating income and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance-linked share-based remuneration are calculated. For the fiscal year under review, the Company's consolidated operating income was 132,260 million yen and consolidated ROE 12.6%. There will be no payment of performance-linked share-based remuneration as the Company did not achieve its targets. Restricted share remuneration is linked to the market price of the Company's shares. There is nothing that needs to be disclosed in relation to its performance.
7. Individual remuneration and so on granted to Directors and others for the fiscal year under review are (or will be) paid in accordance with the determination process. The Board of Directors considers that their details are in line with the Company's compensation policy.
8. Salaries (including bonuses) of Directors concurrently serving as employees are separate from the above compensation, etc., but no employee salaries were paid in the fiscal year under review.

Policy for Determining Compensation Amounts and Calculation

Established

Methods

Disclosure of Policy for Determining Compensation Amounts and Calculation Methods

Please refer to “1. Basic Views 【Principle 3.1 Full Disclosure】 of “1. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information” of this Report for the policy for determining the calculation method of compensation.

[System for Supporting Outside Directors (Outside Auditors)]

Nitto has six Outside Directors and three Outside Corporate Auditors.

Nitto expects Outside Directors to perform functions and roles of expressing objective and fair opinions from an external perspective, including general shareholders, exercising supervision, providing important information obtained externally, concerning the Company’s management in general, and others, and Outside Corporate Auditors to perform functions and roles of monitoring and checking Directors’ business execution based on an external, objective point of view, respectively.

Nitto reports to Outside Corporate Auditors in advance agendas of meetings of the Board of Directors and the Corporate Strategy Committee, and agenda materials for business reporting via email, etc. each month.

Further, Nitto appoint assistants for the Outside Corporate Auditor who support Outside Corporate Auditors by (1) determining to hold audits and the Board of Corporate Auditors’ meetings, and preparing minutes; (2) preparing meeting materials in advance; and (3) providing various information to Outside Corporate Auditors.

There are no special interests between Outside Directors and Outside Corporate Auditors, and the Company.

[Retired Presidents/CEOs]

Name, etc. of Retired Presidents/CEOs Holding Advisory Positions (Senior Consultant, etc.)

Name	Job Title/ Position	Responsibilities	Employment Terms (Full/Part-Time, With/Without Compensation, etc.)	Date when Role as President/ CEO Ended	Term
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Total Number of Retired Presidents/CEOs Holding Advisory Positions (Senior Consultant, etc.)

0

Other Matters

Nitto has stipulated internal rules concerning Senior Consultant and delegates such positions to individuals who retired from the position of Chairman or President upon the President's decision after consulting with the Management, Nomination, and Remuneration Advisory Committee. They mainly engage in external affairs such as social activities (full-time), but have no involvement in Nitto's management.

The President determines compensation for Senior Consultant after consulting with the Management, Nomination, and Remuneration Advisory Committee.

The term of office of Senior Consultant is one year. He or she may be reappointed, but shall go through the same procedures as the above-mentioned appointment to be reappointed each time, and reappointment is up to the limit of two times.

Nitto has currently no Senior Consultant.

Further, if individuals who retired from the position of Chairman or President need a title at Nitto for their social activities, they may use the name "special advisor" (part-time, without compensation).

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

Please refer to "V. Other Matters" "2. Other Matters Concerning the Corporate Governance System" <Summary of Corporate Governance Structure> of this Report.

The summary of the Liability Limitation Agreement is as described below.

<Summary of Liability Limitation Agreement>

The Company has executed agreements with all of the Outside Directors and Outside Corporate Auditors in accordance with the Articles of Incorporation to limit the compensation liability provided in Paragraph 1, Article 423 of the Companies Act, and the compensation limitation amount under these agreements is the minimum amount determined under laws and regulations.

3. Reason for adopting present system of corporate governance

The Company recognizes the corporate governance system described above enables business execution and management supervision to function effectively and efficiently.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Invigorate the General Meeting of Shareholders and Facilitate the Exercise

	Supplementary Explanation
Early notification of General Shareholders Meeting	Nitto endeavors to send a convocation notice as early as possible to ensure that shareholders understand the status of its business and fully examine agenda items, and sends a convocation notice about three weeks prior to a general meeting of shareholders. Further, Nitto posts on its website the Japanese version of the notice before sending it, and the English version (reference translation) on the date of sending it, respectively.
Scheduling General Shareholders Meeting to Avoid the Peak Day	Aiming for a more open general meeting of shareholders, Nitto holds the meeting on a day other than the peak day.
Option to exercise voting rights electronically	Nitto provides its shareholders with an environment that allows them to exercise their voting rights, by adopting an electronic voting system.
Participation in an electronic voting platform and other measures for enhancing the environment for the exercise of voting rights by institutional investors	Nitto uses the platform service of ICJ, Inc., which enables institutional investors in Japan and overseas to timely access information related to the convocation notice and exercise their voting rights.
Provision of notice of annual shareholders meeting (summary) in English	The convocation notice, the attachments to the convocation notice, and the reference documents for the general meeting of shareholders are translated into English and made available on Nitto's website, etc. as reference translation.
Other	For the convenience of shareholders, a Japanese version and an English version (reference translation) of the convocation notice are posted on its website, as well as the Tokyo Stock Exchange's website, and ICJ, Inc.'s platform.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	<p>Nitto's Disclosure Policy is publicly announced in Japanese and English on its website.</p> <p>Nitto has established its "Basic Policy on Disclosure" comprising "Basic Disclosure Policy", "Disclosure Standard", "Disclosure Method", "Silent Period" and "Future Forecasts" and continues to provide information to its stakeholders from the perspectives of timeliness, transparency, and fairness.</p>	
Regular Investor Briefings for Individual Investors	Nitto regularly holds investor briefings at securities companies' halls or other places.	None
Regular Investor Briefings for Analysts and Institutional Investors	<p>The CFO organizes telephone conferences on a quarterly basis (on the date of announcement of financial results).</p> <p>Nitto hosts an annual investors' meeting, and in addition, participates in forums hosted by securities companies, where its top management gives explanations.</p>	Yes
Regular Investor Briefings for Overseas Investors	Nitto's top management explains to major institutional investors (in North America, Europe and Asia) to provide explanations.	Yes
Posting of IR Materials on Website	<p>https://www.nitto.com/jp/ja/ir/ (Japanese)</p> <p>https://www.nitto.com/jp/en/ir/ (English)</p>	
Establishment of Department and/or Manager in Charge of IR	IR Department, Corporate Accounting & Finance Div.	

3. Measures to Ensure Respect for the Standpoint of Stakeholders

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Provisions, etc.	Please refer to “Nitto Group Business Conduct Guideline”
Implementation of Environmental Activities, CSR Activities, etc.	Please refer to Supplementary Principle 3.1.3 Disclosure of Sustainability Initiatives, etc.
Formulation of Policies for Information Provision to Stakeholders	The Nitto Group has formulated a “Basic Policy on Disclosure” and information that we provide will be of a timely and transparent nature and will be made available in a fair manner.

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and Progress of System Development

The Nitto Group has stipulated its Mission, “Contribute to customers’ value creation with innovative ideas,” to clarify the role the Group should fulfill. The Group has also established the Nitto Way to show the values that every Nitto officer and employee should follow. These form the Group’s Corporate Philosophy. One of the principles of the Nitto Way is, “Place safety before everything else,” which refers not only to physical safety but also to the safety of management. The Group recognizes that creating a system needed to ensure the appropriateness of business operations (internal control system) and confirming their operation status are part of important management process.

Based on this view, the Nitto Group has established the Basic Policy on Internal Control as below.

1. Compliance promotion system

(Article 362, paragraph (4), item (vi) of the Companies Act; Article 100, paragraph (1), item (iv) and item (v) of the Ordinance for Enforcement of the Companies Act)

(1) Development of the Code of Conduct

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

(2) Appointment of officers and departments in charge

An officer in charge of compliance (Director or Vice President) shall be appointed and a department in charge of compliance shall be established to promote compliance in the Group.

(3) Development of a whistleblowing system

The department in charge of compliance shall function as a contact point for the Nitto Group’s whistleblowing system. In addition, an external professional organization shall function as an outside contact point to directly receive information from whistleblowers. The department in charge of compliance shall respond to reported incidents and de-

velop a system to prevent their recurrence.

2. Risk management promotion system

(Article 100, paragraph (1), item (ii) and item (v) of the Ordinance for Enforcement of the Companies Act)

(1) Development of a business risk management system

Business execution departments shall manage risks associated with their business mix and overseas business operations, risks arising from external factors, such as foreign exchange fluctuations and country risks, and risks associated with technological competitiveness, such as capabilities to develop new technologies and intellectual property rights (hereinafter, "Business Risks").

(2) Development of an operational risk management system

Special function departments shall manage risks associated with safety, the environment, disasters, and product quality/defects and risks associated with measures for information security and antisocial forces, and antimonopoly and export control laws (hereinafter, "Operational Risks").

(3) Development of a risk monitoring system in each region

To build a global risk monitoring system, an officer in charge of regional management shall be appointed for each major geographic region to develop a regional oversight function.

(4) Development of a system of risk monitoring by officers

With respect to Business Risks, each business execution department shall provide reports to the Board of Directors and Corporate Strategy Meeting of Nitto Denko Corporation (hereinafter, "Nitto") as needed. In respect of Operational Risks, an officer in charge of risk management shall be appointed and a department in charge of risk management shall be established to create a system for Nitto's Board of Directors and Corporate Strategy Meeting to receive reports on Operational Risks.

(5) Development of a crisis management system

A system shall be developed to ensure that a report is promptly given to Nitto's President and its officer in charge of risk management upon the occurrence of an emergency, accident, or disaster (hereinafter, collectively referred to as the "Emergency"). Upon the occurrence of an Emergency, a crisis management task force shall be created under the command of Nitto's President to minimize the damage and to continue and promptly recover business operations.

3. Operational efficiency improvement promotion system

(Article 100, paragraph (1), items (iii), and (v) of the Ordinance for Enforcement of the Companies Act)

(1) Promotion of efficiency improvement of the Board of Directors

As a basis for the system to ensure the efficient execution of duties by Nitto's Directors, the Board of Directors shall meet regularly, in principle, once a month, and have extraordinary meetings when needed.

(2) System to promote efficiency through the delegation of authorities

Important matters concerning the Group's concrete management policies and strategies shall be subject to a resolution of Nitto's Board of Directors depending on the degree of their importance. They also shall be subject to a res-

olution at a meeting of the Corporate Strategy Meeting, which consists of Nitto's Directors (excluding Outside Directors) and Vice Presidents and, in principle, convenes once a month; a resolution of a meeting organized by the relevant business execution department; or an approval through a *ringi* collective decision-making process.

(3) Development of the Nitto Group's reporting system

The appropriateness of business operations of the entire Group shall be ensured by establishing a system whereby Nitto is involved in the Group companies' decision making on their management issues and other important matters. These include requiring a resolution of, prior consultations with, or reporting to Nitto.

(4) Appointment of officers in charge

The Group's decision-making regulations and standards and other instruments (hereinafter, the "Decision-Making Rules") shall be developed to clarify matters such as a decision-making entity, a responsible person, the scope of his or her responsibilities, business execution procedures, and the recipients of reports, concerning the business execution of the Group. An officer in charge of management strategies shall be responsible for developing the Decision-Making Rules and shall periodically review their contents.

(5) Development of a system for management and safekeeping of business documents

All documents associated with the execution of duties by Nitto's Directors, including, but not limited to the minutes of Nitto's general meetings of shareholders, Board of Directors meetings, and Corporate Strategy Meetings, and *ringi* collective decision-making documents, shall be safekept and managed in a manner that is appropriate and reliable for the chosen storage medium, such as printed paper or electromagnetic media, in accordance with the regulations on control and safekeeping of documents, and shall be kept in a condition that allows inspection as necessary.

4. Internal audit system (Article 362, paragraph (4), item (vi) of the Companies Act)

An internal audit department shall be created to conduct internal audits within the Nitto Group. The results of internal audits shall be reported to the Board of Directors.

5. Policy on ensuring effectiveness of audits by Audit & Supervisory Board Members (Article 100, paragraph (3) of the Ordinance for Enforcement of the Companies Act)

(1) Support for audits by Audit & Supervisory Board Members in general

Nitto's Directors shall recognize and comprehend the importance and usefulness of audits by Audit & Supervisory Board Members, ensure that such recognition and comprehension are shared throughout the Nitto Group, and strive to enhance the Group's internal audit system.

(2) Appointment of staff for Audit & Supervisory Board Members

Staff for Audit & Supervisory Board Members shall be appointed as employees who should assist the duties of the Audit & Supervisory Board Members of Nitto.

Staff of Audit & Supervisory Board Members shall be affiliated with an independent department and perform their duties under the direct command of Audit & Supervisory Board Members.

The appointment and transfer of staff for Audit & Supervisory Board Members shall be determined with the approval of full-time Audit & Supervisory Board Members.

Full-time Audit & Supervisory Board Members shall determine the evaluation of staff for Audit & Supervisory Board Members.

Staff for Audit & Supervisory Board Members shall not hold a concurrent position that concerns business execution.

(3) Development of a system of reporting to Audit & Supervisory Board Members

Nitto's Directors and employees shall report to the Audit & Supervisory Board Members of Nitto significant matters that may affect the operations and/or performance of the Nitto Group in accordance with the audit plan determined by the Audit & Supervisory Board and/or its Members.

Notwithstanding the above, Audit & Supervisory Board Members of Nitto may, whenever necessary, demand reports from Nitto's Directors and employees, their attendance at important meetings, and access to the minutes of such meetings or *ringi* collective decision-making documents and other reports.

A system shall be established to ensure that Nitto's Audit & Supervisory Board Members are reported to promptly and adequately concerning whistleblowing and the Emergency.

A system shall be established to prevent any disadvantageous treatment of a person on the ground of him or her making a report to Nitto's Audit & Supervisory Board Members.

(4) Policy on expenses for audits by Audit & Supervisory Board Members

When Nitto's Audit & Supervisory Board Members of Nitto demand from Nitto any advance payment or reimbursement of expenses that are incurred in the execution of their duties, such expenses or liabilities shall be processed promptly after deliberations by the division in charge, unless it is proven that the expenses or liabilities thus claimed were unnecessary for the execution of duties by the Audit & Supervisory Board Members in question.

(5) Other policies

A system shall be established to allow Nitto's Audit & Supervisory Board Members to conduct audits efficiently in collaboration with accounting auditors, the department in charge of internal audits, and others concerned, and through exchanges of opinions and information with corporate auditors of Group companies.

In addition to the audit described above, a system shall be established to allow Nitto's Audit & Supervisory Board Members to demand a report from corporate auditors, directors, and senior executives of the Nitto Group companies whenever necessary.

2. Basic Views on Eliminating Anti-Social Forces and Establishment of Systems Toward this End

<Basic Views on Eliminating Anti-Social Forces and Establishment of Systems Toward this End>

In the "Nitto Group Business Conduct Guidelines," the Nitto Group stipulates that its basic policy is to "comply with all laws and regulations." The Guidelines also specify in the Conducting Business (Interactions with the Global Environment and Communities) section that any conduct that disturbs the order and threatens the safety of society and human rights, and/or any support for organizations engaged in such conduct, that are equivalent to anti-social forces, is unacceptable.

Further, the Group has established the “Nitto Group Regulations to Prevent Anti-Social Transactions” to clarify the Group’s prohibition of anti-social transactions, responsibilities of its officers and employees, and its systems, public relation activities, and awareness-raising activities for the prevention of anti-social transactions.

V. Other Matters

1. Matters Regarding Takeover Defense Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

The basic views of the Company on acquisition of substantial shares of the Company are as follows:

In case acquisition aimed at substantial shareholdings is to be made, the Company is of the opinion that the decision on whether or not to accept the acquisition should ultimately be left to the judgement of its shareholders. On the other hand, however, the Company cannot deny the existence of corporate takeovers with unjust objectives such as sell-offs at high prices, and realizes that it is obviously the responsibility of the management of the Company to secure the basic principles and the brand of the Company and protect the interests of our shareholders and other stakeholders from such unjust parties.

At present, neither is the Company placed under any specific threat for acquisition of substantial shareholdings nor does the Company intend to define explicit defense measures against the advent of such a buyer (so-called takeover defense measures). Yet the Company, having assumed the management responsibility entrusted from its shareholders, is committed at all times to keep close watch over its stock transactions and shareholder movements, and will immediately take measures deemed most appropriate should there be any sign of a party with the intention to acquire substantial shares of Nitto Denko stocks.

2. Other Matters Concerning the Corporate Governance System

<Summary of Timely Disclosure System>

The status of the internal system concerning the timely disclosure of Nitto’s corporate information is as follows:

1. Basic Policy on Timely Disclosure

Our basic stance on information disclosure is to pursue sound business activities, earn shareholders’ trust through appropriate information disclosure and communications, and conduct ourselves with good sense, guided by laws and ethics. We will continuously disclose important information relating to our group activities to every stakeholder, including shareholders and investors. The information that we provide will be of a timely and transparent nature and will be made available in a fair manner.

2. Internal System for Timely Disclosure

Nitto has formed the Timely Disclosure Committee to improve its timely and appropriate information disclosure system based on the aforementioned basic policy.

The Timely Disclosure Committee, chaired by the CFO and comprising several relevant departments' managers, determines the establishment of systems and various rules of each process for information collection, analysis, judgement, and disclosure procedures. In addition, it examines matters concerning the dissemination and awareness raising of timely disclosure and whether or not these processes are properly handled.

Further, the Nitto Group has established regulations for its internal system concerning information disclosure, including the regulations that specify decision-making bodies and their authorities in accordance with the standards of managerial importance, amount, etc.; to promptly grasp information in the case of emergency such as an accident or disaster, the regulations that specify reporting routes and report details according to the severity of matters that happened; the regulations that specify the management of undisclosed internal information; and to unify external transmission of information, the regulations that stipulate departments in charge and how to handle transmitted information.

3. Timely Disclosure Procedures

The Nitto Group discloses information timely in accordance with the following procedures:

(1) Information collection

Based on the various regulations stated above, the Group has set judgement criteria exceeding the disclosure standards requested under the timely disclosure rules for information on decisions, occurrences, and financial results of the Group. The Group has formed a system of timely and comprehensively collecting information by informing the entire Group so that information falling under the criteria should be reported to the Timely Disclosure Committee. Further, with regard to urgent matters such as accidents, it has established a system of promptly collecting such information by setting reporting routes to report the same directly to the department in charge of general affairs or the President of the Company.

(2) Analysis, judgement, and disclosure of information

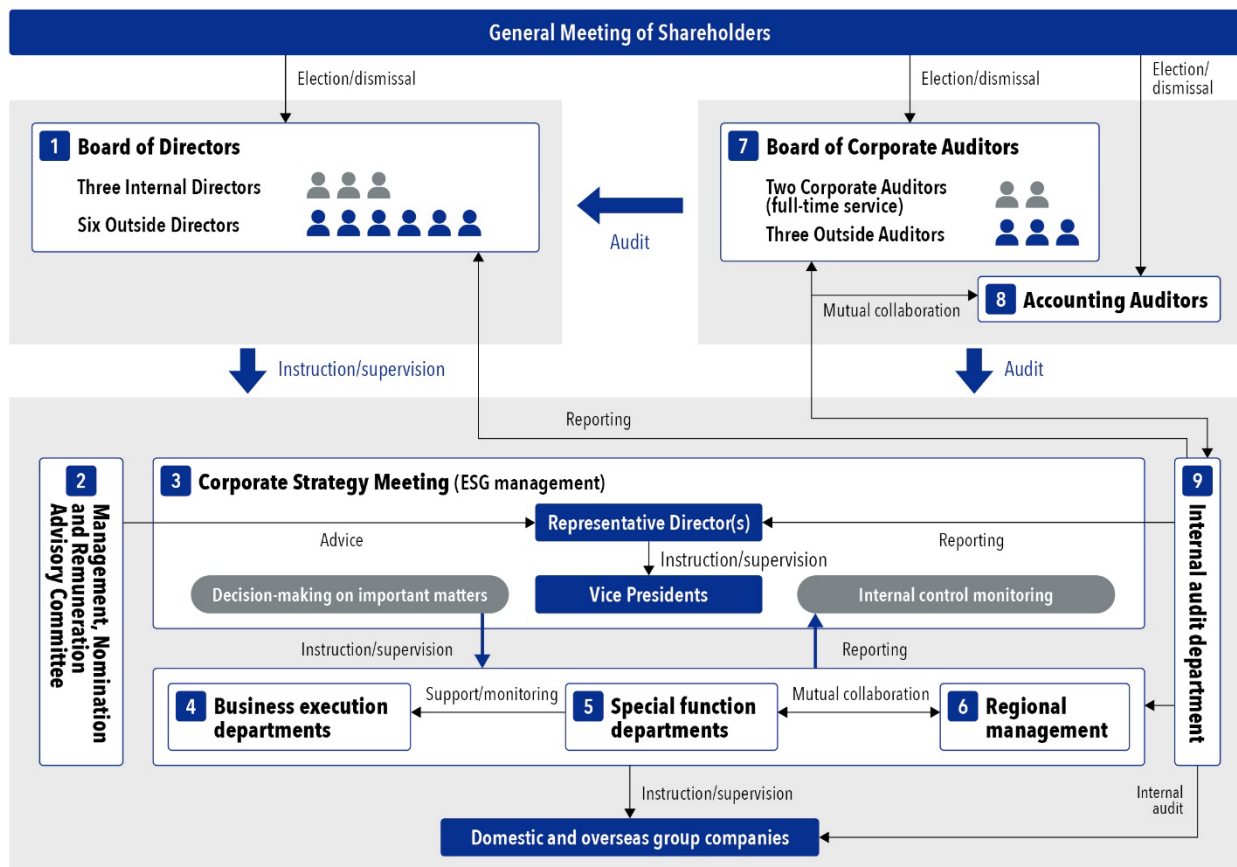
The Timely Disclosure Committee analyses collected information and judges the necessity of disclosure in accordance with the timely disclosure rules. Based on this judgement, an information-handling officer instructs the department in charge of IR to make disclosure in an appropriate manner such as via TDnet.

4. Securing Appropriateness for the Timely Disclosure System

We raise awareness about the prevention of insider dealings and the management of corporate information by conducting compliance education for the Group. Further, the Timely Disclosure Committee checks whether or not information collection, judgement, or disclosure procedures are properly conducted through the entire information disclosure process to review the internal system concerning timely disclosure as necessary.

<Summary of Corporate Governance Structure>

The status of the Nitto's corporate governance is as follows.



Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, President-Director	[Composition] Three (3) Internal Directors and six (6) Outside Directors (nine (9) in total) <ul style="list-style-type: none"> Decision-making on important matters such as basic policies and strategic management decisions, including management policy, mid-term management plan, and ESG management Supervision of business execution by Representative Directors, Vice Presidents, etc. Establishment of internal controls and supervision of its operational status Decision-making on other legal resolutions
2 Management, Nomination and Remuneration Advisory Committee [Chairperson] Hideo Takasaki, President-Director	[Composition] One (1) Representative Directors, six (6) Outside Directors, three (3) Outside Corporate Auditors (ten (10) in total) <ul style="list-style-type: none"> Voluntary advisory committee A structure where Representative Director receives appropriate engagement and advice from Outside Directors and Outside Corporate Auditors in advance and important matters are deliberated at the Board of Directors thereafter Advice on important issues including important management themes, nomination of Directors, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Hideo Takasaki, President-Director	[Composition] Twenty-five (25) Directors and Vice Presidents (including those concurrently serving as Directors; twenty-six (26) in total) <ul style="list-style-type: none"> Decision-making on important management matters Discussion and decision-making on measures to promote ESG management Internal control monitoring and decision-making on corrective measures
4 Business execution departments	<ul style="list-style-type: none"> Execution of business delegated by the Representative Director(s) Decision-making on important business operations through meetings hosted by the business execution departments (chaired by the Head of said department).
5 Special function departments	<ul style="list-style-type: none"> Support for business execution departments from a professional perspective by special function departments organized by function, such as management strategy, human resources, accounting and finance, etc. Control and monitor compliance of business execution departments through the formulation of rules and regulations, etc.
6 Regional management	<ul style="list-style-type: none"> Established in major overseas regions (Americas, EMEA, China, Korea, Taiwan, South Asia/India/Oceania) Support, control and monitoring based on the characteristics of each region, implemented in cooperation with special function departments
7 Board of Corporate Auditors [Chairperson] Masami Kanzaki, Corporate Auditor (full-time service)	[Composition] Two (2) Corporate Auditors (full-time service) and three (3) Outside Auditors (five (5) Auditors in total) <ul style="list-style-type: none"> Monitoring of directors' execution of duties through attendance at Board of Directors meetings Attendance at important meetings, interviews with Directors and employees on the status of their activities, inspection of approved documents and other important documents, inspection of the head office, technology and business divisions and offices, and domestic and overseas group companies, as well as interviews with the Accounting Auditors on their audit reports and exchanges of opinions.
8 Accounting Auditors	KPMG AZSA LLC <ul style="list-style-type: none"> Audit of appropriateness and legality of accounting and internal control over accounting
9 Internal audit department	<ul style="list-style-type: none"> Internal audits of the accuracy, legitimacy, and reasonableness of management activities at each Group company for the purpose of contributing to the improvement of operations and business performance, independent of the execution of those activities. Internal audits include QES audits for quality, environment, and safety, and external evaluations on a regular basis.

[System for Ensuring the Effectiveness of Internal Control Monitoring]

The Company has appointed a Director in charge of compliance and risk management and established a department in charge within the special function departments. These systems promote compliance and risk management. In addition, the department in charge put together the status of compliance and risks and reports to the Board of Directors and Corporate Strategy Meeting on a regular basis. Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to make improvements, thereby ensuring the effectiveness of internal control monitoring.

[System for Ensuring the Effectiveness of ESG Management Promotion]

The Company has appointed a Director in charge of ESG promotion and established a Director in charge within a special function department. The relevant department makes proposals on sustainability, including the identification of materiality issues, based on which the Board of Directors and the Corporate Strategy Meeting make decisions. The Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to implement the proposals, ensuring the effectiveness of ESG management promotion.

Corporate Governance Guidelines

Approved by the Board of Directors

October 30, 2015

Latest revision approved by the Board of Directors

Aug 30, 2022

Chapter 1: General Provisions

Article 1: Purpose

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

Article 2: Corporate Philosophy

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

Article 3: Code of Conduct

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

Article 4: Basic Views on Corporate Governance

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

Article 5: Management Concept

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

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

Article 6: Mid-Term Management Plans

With a conscious awareness of the capital cost borne by the Company, Nitto draws up concrete Mid-Term Management Plans to sustain its growth, and it publicly discloses brief summaries of the same. When making such disclosures, Nitto also takes into consideration the basic policy and the status of the review of its business portfolio and investment in human capital and intellectual property.

Chapter 2: Promotion of Sustainability

Article 7: Initiatives for Material Issues for Sustainability

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

Article 8: Importance of Diversity

1. Out of its belief that diversity plays a key role in practicing its Corporate Philosophy, Nitto seeks to diversify the attributes of its executive officers and employees and promotes the creation of an organization in which their special qualities and individuality are brought into full play.
2. Nitto lays down its approach to ensuring diversity when appointing its employees, performance targets, policy on human resource development, and policy on internal environment development in the form of the Basic Policy on Human Resource Management, and publicly discloses such policies, performance targets for appointment, and the status of activities based on the policies.

Chapter 3: Appropriate Disclosure

Article 9: Disclosure Efforts

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

Article 10: Basic Policy on Disclosure

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

Article 11: General Rules on Disclosure Places

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

Chapter 4: Ensuring the Rights and Equal Treatment of Shareholders

Article 12: Ensuring the Equal Treatment of Shareholders

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

Article 13: Procedures for Convening Notices, Etc.

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

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

Article 14: Matters Concerning Cross-Shareholdings

Nitto has established a basic policy to reduce the holding of shares of other listed companies as cross-shareholdings and a basic policy on the exercise of voting rights concerning cross-shareholdings, and it publicly discloses such policies.

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

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

Chapter 5: Appropriate Cooperation with Stakeholders

Article 15: Relationships with Stakeholders

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

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

Article 16: Roles of the Board of Directors

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

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

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

Article 17: Roles of Outside Directors

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

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

1. In order to promote substantial discussions by the Board of Directors, Nitto believes that the appropriate number of Board of Directors members should be not more than ten (10), at least one-third of whom should be Independent Directors. Further, attention should be paid to ensure that sufficient diversity is secured in the composition thereof.
2. If any of the Outside Directors hold concurrent positions as officers at other companies,

etc., Nitto pays due attention to the statuses of such concurrent positions to determine whether the time and labor required to properly fulfill their roles and responsibilities as Directors at Nitto are set aside, and discloses the statuses of such concurrent positions every year.

3. In order to ensure the effectiveness of the Board of Directors, Nitto has established the Officer Appointment Standards for appointment of Directors.
4. The Board of Directors determines the details of agenda items concerning appointment of the Directors to be submitted to the general meeting of shareholders after receiving advice from the Management, Nomination and Remuneration Advisory Committee.

Article 18-2: Procedures for Dismissing Directors

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

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

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

Article 20: Succession Plan

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

Article 21: Decision-Making Standards

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

Article 22: Individual Agenda Items for Board of Directors Meetings

1. Every year, the Board of Directors shall be briefed on the results of voting for items proposed by the company and approved at the general meetings of shareholders of the current fiscal year. The Board of Directors shall also analyze the voting results and, when they deem it necessary, consider engaging in dialogue with shareholders or taking other measures.
2. When proposing to shareholders that authority be delegated to the Board of Directors for certain items to be resolved at the general meetings of shareholders, the Board of Directors shall consider whether it is adequately organized to fulfill its corporate governance roles and responsibilities.
3. In order to specifically examine and verify such matters as whether cross-shareholdings are performed in accordance with the basic policy to reduce the holding of shares of other listed companies as cross-shareholdings and the basic policy on exercising voting rights with respect to cross-shareholdings, which have been established in accordance with these Guidelines, whether the purposes of such shareholding are appropriate, and whether the benefits and risks arising from such shareholding are commensurate with the capital cost, the Board of Directors shall be briefed every year on the status of such cross-shareholdings. It shall make decisions to either continue to hold or sell shares based upon the basic policy to reduce the holding of such shares. Furthermore, the outcome of such verification shall be publicly disclosed.
4. When adopting or implementing so-called anti-takeover measures, the Board of Directors shall provide sufficient explanation to shareholders with a view to fulfilling its fiduciary responsibility to them.
5. When implementing a capital policy that could harm its shareholders' interests (including, but not limited to, measures such as increasing capital, engaging in management buyouts [MBOs], and making tender offers), the Board of Directors shall

provide sufficient explanation of its rationale to the shareholders.

6. When Nitto engages in transactions with such parties as its management or major shareholders (i.e., related party transactions), the Board of Directors shall resolve such transactions or entrust such transactions to Outside Directors as appropriate. In order to ensure that such transactions do not harm the interests of the company or the common interests of its shareholders and to prevent any such concerns from being raised, the Board of Directors has established a brief summary of such procedures as per Appendix 5, and publicly discloses the same.
7. The Board of Directors shall be responsible for formulating and revising the Code of Conduct and shall resolve such procedures. In order to see if the Code of Conduct is disseminated and practiced broadly across the organization, including the front line of domestic and global operations, the Board of Directors shall be briefed on the results of the Code of Conduct dissemination survey.
8. The Board of Directors shall be responsible for establishing and improving a system for whistleblowing, and shall be briefed on the results of whistleblowing in order to oversee its implementation.
9. Recognizing that Mid-Term Management Plans are commitments to shareholders, the Board of Directors shall do its best to achieve such plans. The Board of Directors shall also investigate the achievement levels of Mid-Term Management Plans, fully analyze the company's actions, and reflect such analytical findings in plans for the ensuing years.

Article 23: Roles of the Secretariat of the Board

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

Article 24: Responsibilities of Directors

1. As members of the Board of Directors, Directors participate in the company's decision-making process and oversee the performance of duties by other Directors.

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

Article 25: Self-Training and Training of Directors

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

Article 26: Internal Investigations by Outside Directors

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

Article 27: Self-Evaluations

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

Article 28: Remuneration of Directors

1. The remuneration of Inside Directors must be linked to the medium- to long-term interests of shareholders and must be appropriate, fair, and balanced, so that Directors may be better motivated to maximize Nitto's corporate value.
2. Nitto has set its policy for remuneration of Directors as per Appendix 7, and publicly discloses the same.
3. The remuneration of Outside Directors shall reflect their responsibilities of being involved in Nitto's business operations, but shall not contain any elements of performance-based remuneration such as equity-related remuneration schemes.
4. The Board of Directors determines the details of agenda items concerning the remuneration of Directors to be submitted at general meetings of shareholders after receiving advice from the Management, Nomination and Remuneration Advisory Committee.

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

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

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

Article 30: Roles of Outside Corporate Auditors

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

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

1. In order to promote substantial discussions by the Board of Corporate Auditors, Nitto believes that the appropriate number of Board of Corporate Auditors members should

be not more than five (5), half or more of whom should be Independent Corporate Auditors. Furthermore, the Corporate Auditors shall be served by individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, and special attention should be paid to ensure that at least one (1) Corporate Auditor is elected who has sufficient finance and accounting expertise.

2. If any of the Outside Corporate Auditors hold concurrent positions as officers at other companies, etc., Nitto pays due attention to the statuses of such concurrent positions to determine whether the time and labor required to properly fulfill their roles and responsibilities as Outside Corporate Auditors at Nitto are set aside, and discloses the statuses of such concurrent positions every year.
3. In order to ensure the effectiveness of the Board of Corporate Auditors, Nitto has established the Officer Appointment Standards for appointment of Corporate Auditors.

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

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

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

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

Article 34: Responsibilities of Corporate Auditors

1. Corporate Auditors appoint individuals to assist them in performing their duties and, as members of the Board of Corporate Auditors, audit the performance of duties by Directors and prepare audit reports.
2. In order to live up to shareholders' confidence in them, Corporate Auditors demonstrate the competence expected of them and fulfill their duties as such by spending a sufficient amount of time devoted to Nitto by, for example, collecting

sufficient information to prepare for Board of Directors meetings under an awareness of their responsibilities to express their opinions appropriately at Board of Directors meetings or to the management.

3. When assuming their positions, Corporate Auditors must fully understand their responsibilities by comprehending all applicable laws and regulations, Nitto's Articles of Incorporation, the Board of Corporate Auditors rules, and other internal rules of Nitto.

Article 35: Self-Training and Training of Corporate Auditors

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

Article 36: Internal Investigations by Outside Corporate Auditors

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

Article 37: Remuneration of Corporate Auditors

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

Chapter 8: Matters Concerning External Accounting Auditors

Article 38: Matters Concerning External Accounting Auditors

1. In order to ensure the proper execution of audits by External Accounting Auditors, the Board of Corporate Auditors (members) establishes standards for appointment of External Accounting Auditors and verifies their independence and expertise in accordance with such standards.
2. The Board of Corporate Auditors (members) exchanges information with Directors, relevant internal departments, and External Accounting Auditors on the reappointment and appointment of External Accounting Auditors and examines the same every fiscal year (for reappointment, such information includes the performance of duties by External Accounting Auditors and other considerations).
3. The Board of Directors and Board of Corporate Auditors give due consideration to the following in order to ensure the proper execution of audits by External Accounting Auditors.
 - Securing adequate time to ensure high-quality audits
 - Ensuring that External Accounting Auditors have access to the senior management, including the CEO and the CFO, by way of interviews, etc.
 - Ensuring adequate coordination between External Accounting Auditors on the one hand and Corporate Auditors (including attendance at the Board of Corporate Auditors meetings) and the internal audit department on the other.
 - Establishing a system for the company to respond when External Accounting Auditors discover any misconduct and seek an appropriate response or when they identify any inadequacies or problems.

Chapter 9: Matters Concerning the Management, Nomination and Remuneration Advisory Committee

Article 39: Establishment of the Management, Nomination and Remuneration Advisory Committee

1. Nitto has established the Management, Nomination and Remuneration Advisory Committee as an advisory committee for the Representative Director(s), and it convenes its meetings at least three (3) times a year.
2. The majority of the members of the Management, Nomination and Remuneration Advisory Committee shall be Independent Officers.

Article 40: Roles of the Management, Nomination and Remuneration Advisory Committee

The Management, Nomination and Remuneration Advisory Committee examines policies for the appointment and dismissal of Officers, the remuneration of Directors, and other matters and details of remuneration for individual Directors. It also offers advice and expresses opinions to the Representative Director(s).

Chapter 10: Dialogue with Shareholders

Article 41: Dialogue with Shareholders

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

Chapter 11: Operational Policies

Article 42: Revision and Abolition of the Guidelines

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

Article 43: Review of the Guidelines

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

Functions of the Secretariat: To compile amendment drafts by responsible departments and present the same to the Board of Directors

To manage the budget for the review of these Guidelines

To consider the need for addition of new provisions to these Guidelines and coordinate responsible departments

3. Disclosed below is the explanation for non-compliance with Supplementary Principle 4.10.1 of Japan's Corporate Governance Code.

Nitto established the Management, Nomination, and Remuneration Advisory Committee as an advisory organization to the representative director. For details, please see "Voluntary Establishment of Committee(s) Equivalent to Nomination Committee or Remuneration Committee" of the Corporate Governance Report.

Please note that Nitto does not necessarily believe that only independent directors can provide useful advice on management, nomination, and remuneration but rather believes that inviting opinions from a broad range of independent third parties contributes to the enhancement of corporate governance. As such, said Committee consists of independent individuals who are deemed to be appropriate at the time, such as outside corporate auditors and external experts. This being the case, independent directors may not always compose a majority of said Committee, though we believe that its independence is secured as full-time executives other than the representative director are not eligible to be a member of said Committee.

4. Disclosed below is the explanation for non-compliance with Supplementary Principle 5.1.1 of Japan's Corporate Governance Code.

Please refer to Principle 5.1 Policy for Constructive Dialogue with Shareholders for Nitto's policy for dialogue with shareholders.

Nitto is aware of the requests from shareholders to provide information and arrange management meetings with outside directors and corporate auditors. Accordingly, we make it a rule that the contents of dialogue with shareholders be shared with outside directors, corporate auditors, and other senior management members at the Board of Directors meetings and other opportunities and have outside directors provide information in Integrated Reports and elsewhere. We will continue discussing how we can realize management meetings with outside directors and corporate auditors, as there remain issues with the current systems' structure to ensure fairness of opportunities, prevent information leaks, etc.

[Appendix 1]

Our Basic Views on Corporate Governance (Principle 3.1, ii)

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

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

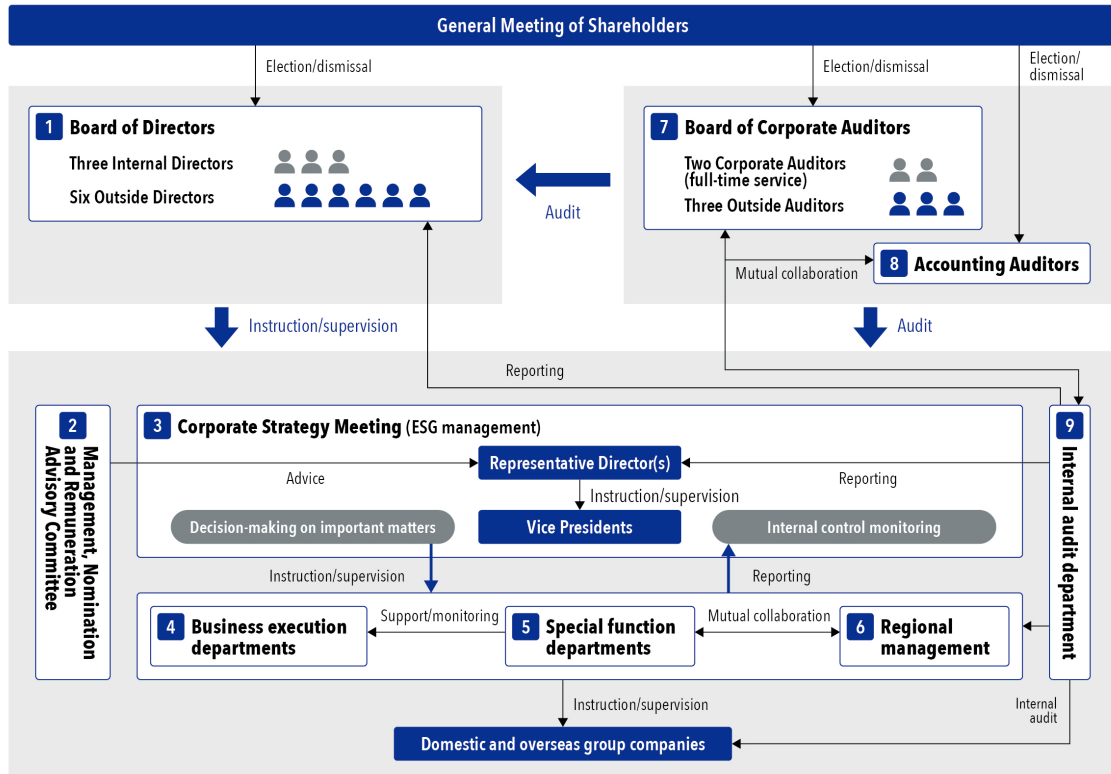
1. We ensure the rights and equality of our shareholders.
2. We collaborate with our stakeholders appropriately.
3. We disclose information appropriately to ensure transparency.
4. We aim to realize the management functions expected of us by our stakeholders.
5. We engage in constructive dialogue with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

As part of our further efforts to achieve fair and transparent management, basic policies have been formulated for each field of specialization.

- Basic Policy on Sustainability
- Basic Policy on Human Resource Management
- Basic Policy on Research and Development
- Basic Policy on Internal Controls
- Basic Policy on Environment
- Basic Policy on Chemical Substance Management
- Basic Policy on Quality
- Basic Policy on Occupational Safety and Health
- Basic Policy on Procurement
- Basic Policy on Human Rights
- Basic Policy on Internal Controls Over Financial Reporting
- Basic Policy on Disclosure
- Basic Policy on Information Security
- Basic Policy on Tax Management

[Appendix 2]

Brief Summary of Our Corporate Governance System



Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, President-Director	[Composition] Three (3) Internal Directors and six (6) Outside Directors (nine (9) in total) <ul style="list-style-type: none"> Decision-making on important matters such as basic policies and strategic management decisions, including management policy, mid-term management plan, and ESG management Supervision of business execution by Representative Directors, Vice Presidents, etc. Establishment of internal controls and supervision of its operational status Decision-making on other legal resolutions
2 Management, Nomination and Remuneration Advisory Committee [Chairperson] Hideo Takasaki, President-Director	[Composition] One (1) Representative Directors, six (6) Outside Directors, three (3) Outside Corporate Auditors (ten (10) in total) <ul style="list-style-type: none"> Voluntary advisory committee A structure where Representative Director receives appropriate engagement and advice from Outside Directors and Outside Corporate Auditors in advance and important matters are deliberated at the Board of Directors thereafter Advice on important issues including important management themes, nomination of Directors, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Hideo Takasaki, President-Director	[Composition] Twenty-five (25) Directors and Vice Presidents (including those concurrently serving as Directors; twenty-six (26) in total) <ul style="list-style-type: none"> Decision-making on important management matters Discussion and decision-making on measures to promote ESG management Internal control monitoring and decision-making on corrective measures
4 Business execution departments	<ul style="list-style-type: none"> Execution of business delegated by the Representative Director(s) Decision-making on important business operations through meetings hosted by the business execution departments (chaired by the Head of said department).
5 Special function departments	<ul style="list-style-type: none"> Support for business execution departments from a professional perspective by special function departments organized by function, such as management strategy, human resources, accounting and finance, etc. Control and monitor compliance of business execution departments through the formulation of rules and regulations, etc.
6 Regional management	<ul style="list-style-type: none"> Established in major overseas regions (Americas, EMEA, China, Korea, Taiwan, South Asia/India/Oceania) Support, control and monitoring based on the characteristics of each region, implemented in cooperation with special function departments
7 Board of Corporate Auditors [Chairperson] Masami Kanzaki, Corporate Auditor (full-time service)	[Composition] Two (2) Corporate Auditors (full-time service) and three (3) Outside Auditors (five (5) Auditors in total) <ul style="list-style-type: none"> Monitoring of directors' execution of duties through attendance at Board of Directors meetings Attendance at important meetings, interviews with Directors and employees on the status of their activities, inspection of approved documents and other important documents, inspection of the head office, technology and business divisions and offices, and domestic and overseas group companies, as well as interviews with the Accounting Auditors on their audit reports and exchanges of opinions.
8 Accounting Auditors	KPMG AZSA LLC <ul style="list-style-type: none"> Audit of appropriateness and legality of accounting and internal control over accounting
9 Internal audit department	<ul style="list-style-type: none"> Internal audits of the accuracy, legitimacy, and reasonableness of management activities at each Group company for the purpose of contributing to the improvement of operations and business performance, independent of the execution of those activities. Internal audits include QES audits for quality, environment, and safety, and external evaluations on a regular basis.

[System for Ensuring the Effectiveness of Internal Control Monitoring]

The Company has appointed a Director in charge of compliance and risk management and established a department in charge within the special function departments. These systems promote compliance and risk management. In addition, the department in charge put together the status of compliance and risks and reports to the Board of Directors and Corporate Strategy Meeting on a regular basis. Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to make improvements, thereby ensuring the effectiveness of internal control monitoring.

[System for Ensuring the Effectiveness of ESG Management Promotion]

The Company has appointed a Director in charge of ESG promotion and established a Director in charge within a special function department. The relevant department makes proposals on sustainability, including the identification of materiality issues, based on which the Board of Directors and the Corporate Strategy Meeting make decisions. The Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to implement the proposals, ensuring the effectiveness of ESG management promotion.

[Appendix 3]

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

[Appropriate structure of the Board of Directors and Board of Corporate Auditors]

Given the current scale of business, the need to facilitate substantial discussions at Board of Directors meetings and Board of Corporate Auditors meetings and to ensure an appropriate number of Outside Directors, etc., we believe that the appropriate size of the Board of Directors is not more than ten Directors (one third or more of whom are independent directors). Likewise, the Articles of Incorporation set an upper limit of ten. We also believe that the appropriate size of the Board of Corporate Auditors is not more than five members (half or more of whom are independent auditors), who are individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, with at least one (1) Corporate Auditor who has sufficient expertise in finance and accounting. Likewise, the Articles of Incorporation set an upper limit of five. Furthermore, in order to make important policy decisions in an ever-changing business environment and to exercise a sustained supervisory function, we have identified five qualities, knowledge, experience, etc. (hereinafter collectively referred to as "skills") in "leadership," "technology," "finance," "governance," and "sustainability" for the Board of Directors and Board of Corporate Auditors and believe that a composition that ensures a good balance of such skills will contribute to management.

[Appointment and Dismissal of Directors and Corporate Auditors]

The Officer Appointment Standards and the Officer Dismissal Standards have been established as described below and are applied when appointing or dismissing a Director or Corporate Auditor. In addition, in order to further enhance fairness and transparency in appointment and dismissal of Directors, the Management, Nomination and Remuneration Advisory Committee meets and reports the results of its deliberations to the Board of Directors, and the Board of Directors makes the final decision by taking such report into account.

<Officer Appointment Standards>

1. A person who practices the Nitto Way*
2. A person who can contribute to the Company with the five skills identified by the Company.

*Our unique values consisting of safety, sustainability, diversity and human rights, customer, anticipation of change, challenge, sanshin activities, niche top, speed and perfection, corporate culture, personal development and sense of ownership.

Five skills identified by the Company

Skill	Reason for selection
Leadership	For a company to keep growing in a dramatically changing business environment, it needs to make bold business decisions. For this reason, we have chosen leadership qualities and experience in a global organization, such as being part of a management team or a person responsible for a large project at a listed company, or a manager of a venture company, or having a key role in a government, as a skill we seek in our Board members.
Technology	To achieve Nitto's mission, "Contribute to customers' value creation with innovative ideas," we need to keep investing in innovation. For this reason, we have chosen in-depth knowledge in science and technology not only in relation to our existing businesses but also in relation to IT, DX, quality, the environment, safety technologies, and new areas as a skill we seek in our Board members.
Finance	To manage a company, we need scientific investment measures based on financial indicators. For this reason, we have chosen knowledge in finance and accounting as a skill we seek in our Board members.
Governance	The statement, "Place safety before everything else," which is one of the principles of "The Nitto Way," also encompasses "safety in business management." For this reason, we have chosen insights into and board experience in areas such as legal matters, risk management, and labor as a skill we seek in our Board members.
Sustainability	For a company to keep growing, it needs to help build a sustainable society in addition to achieving its own growth. For this reason, we have chosen a background in areas, such as diversity,

	environmental contribution, and brand value, as a skill we seek in our Board members.
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<Officer Dismissal Standards>

1. An act was committed that was contrary to public order and morality;
2. A violation of the laws and ordinances, the Articles of Incorporation, or any other regulations of the Group was committed, and Nitto suffered a substantial loss or hindrance to Group business operations due to such violation;
3. A material inconvenience was caused to the execution of the duties of an Officer; or
4. Any of the quality requirements set forth in the Officer Appointment Standards is no longer satisfied.

[Nomination of Outside Directors and Outside Corporate Auditors]

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

<Criteria for Independent Outside Directors and Outside Corporate Auditors>

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

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

1. A person who is or has been in the past ten years an executing person (Director, Corporate Auditor, Vice President, or any other employee) of the Company or the Group (hereinafter collectively referred to as the "Group");

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

[Appendix 4]

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

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

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

[Appendix 5]

Related Party Transactions (Principle 1.7)

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

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

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

[Appendix 6]

Training for Directors and Corporate Auditors (Supplementary Principle 4.14.2)

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

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

Newly appointed outside officers undertake training on Nitto's business lines, financial position, and other topics immediately after taking office.

[Appendix 7]

Policy related to remuneration of Directors (Principle 3.1, (iii))

1. Basic policy related to remuneration of Directors

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

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

2. Components of remuneration

Directors (excluding Outside Directors) shall be remunerated as follows.

Type	Category	Policy related to the content of remuneration, methods of calculating the amount/number, and the timing of payment
Fixed compensation	Compensation in cash	Monthly compensation as determined by position, responsibility, and length of service is paid in cash.
Short-term performance-linked compensation	Bonus for Directors in cash	Compensation in cash is paid after the relevant business term is over to raise awareness about the Group's performance improvement for each business term. The number of shares to be granted to each Director is determined based on consolidated operating income, consolidated ROE, and ESG-related items (CO2 emissions reduction, status of efforts to increase the proportion of female employees in management positions, etc.)* when three years have passed since the commencement of their performance evaluation period. Targets should be set high, and no compensation is paid if the targets are not met. The number of shares to be granted ranges between 50% and 150% according to the progress against the targets.
Mid-term performance-linked compensation	Performance-linked share-based remuneration	This additional compensation is designed to incentivize Directors to improve business performance over the mid-term and share-based remuneration is granted once every three consecutive business terms.

		The number of shares to be granted to each Director is determined by consolidated operating income and consolidated ROE* when three years have passed since the commencement of their performance evaluation. Targets should be set high and no compensation is paid if the targets are not met. The number of shares to be granted ranges between 80% and 150% according to the progress of achievement of the targets.
Mid- and long-term performance-linked compensation	Restricted share remuneration	Share remuneration is granted for each business term to align the interests of Directors and shareholders and reflect mid- and long-term business performance in their compensation. The number of shares to be granted to each Director is determined by position, responsibility, and length of service. The amount of remuneration is linked to the market price by setting restrictions on transfer until retirement.

* Consolidated operating income is chosen as an indicator for their commitment to delivering results, whereas consolidated ROE serves as an indicator for measuring business stability and. ESG-related items serve as a measure of sustainable corporate value improvement. In light of their roles and independence, Outside Directors are remunerated by fixed compensation only.

3. Policy related to designing of the compensation level

In order to ensure that compensation for Nitto's officers, etc. is at a competitive level vis-à-vis industry standards, their compensation level is set by benchmarking a group of major companies of a similar scale in the same industry as Nitto.

4. Policy related to the component ratio of remuneration

For the purpose of standard evaluation, the target component ratio of remuneration is: Compensation in cash : Bonus for Directors : Restricted share remuneration = 40% : 40% : 20%. Performance-linked share-based remuneration is provided as additional remuneration when mid-term targets have been achieved, but not provided based on standard evaluation.

5. Policy related to the decision process

The policy related to the standard amount, calculation method, component ratio among different types of compensations, timing or conditions of payment, etc. for the remuneration of each Director shall be decided by the Board of Directors after comprehensively taking into account such factors as Nitto's business lines, management environment, the levels

of remuneration to officers at major companies of a similar scale in the same industry as Nitto and upon receiving a report on the results of deliberations by the Management, Nomination and Remuneration Advisory Committee.

Decisions on concrete details of compensation in cash for each term of office and allocation of bonuses for officers to each Director shall be entrusted to the President (who is also a Board Member) pursuant to a resolution of the Board of Directors. Because the President is in a position to evaluate if targets for Directors other than Outside Directors have been met, it is deemed rational for him/her to make a decision on the allocation. Compensation in cash shall be determined according to the position, responsibility, and length of service, whereas bonuses for officers shall be determined by taking into account the progress of achievement of targets set for areas of responsibilities of each Director in accordance with the predetermined standard amount and calculation method above, in order to prevent arbitrary decisions from being made. For performance-linked share-based remuneration and restricted share remuneration, the Board of Directors shall determine the number of shares to be granted to each Director using a predetermined formula. (However, the payment rate based on the evaluation of ESG-related items in the formula for performance-linked share-based remuneration shall be resolved by the Board of Directors in the range of 0% to 30%, after hearing the opinions of the Management, Nomination and Remuneration Advisory Committee.)

[Appendix 8]

Policy related to remuneration of Corporate Auditors

1. Basic policy related to remuneration of Corporate Auditors

- The content of remuneration shall be such that Nitto Persons are allowed to be appointed as a Corporate Auditor.
- The remuneration structure shall be such that it contributes to the fulfillment of their duties, including audits of the performance of duties by Directors.

2. Components of remuneration

Remuneration of Corporate Auditors does not include any share-based or other performance-linked portions, and instead is comprised solely of fixed compensation in cash.

3. Policy related to designing of the compensation level

In order to ensure that compensation for Nitto's officers, etc. is at a competitive level vis-à-vis industry standards, their compensation level is set by benchmarking a group of major companies of a similar scale in the same industry as Nitto.

4. Policy related to the decision process

Remuneration of individual Corporate Auditors is determined through consultation among themselves.

[Appendix 9]

Policies Related to Constructive Dialogue with Shareholders (Principle 5.1)

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

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

Date: March 30, 2023

Listed company name: Nitto Denko Corporation

Stock exchange listing: Tokyo, Prime Market

Code number: 6988

Company representative: Hideo Takasaki, President

Contact person: Yasuhiro Iseyama

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Director of Corporate Accounting & Finance Division

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Findings on the Nitto Board Effectiveness Evaluation

Nitto Denko Corporation (hereinafter “Nitto”) conducted an effectiveness analysis and evaluation of its Board of Directors for the fiscal year 2022 (FY2022), which confirmed that the Board is effective. The following shows a summary of the evaluation process and findings.

1. An outline of the evaluation process

Nitto engaged a third party organization to conduct a survey of all its Directors and Corporate Auditors. And based on the results of this survey, it analyzed and evaluated the effectiveness of its Board of Directors, following discussions at the Board. In this survey, to stimulate discussions at the Board of Directors, the number of items presented in a five-point scale was reduced while the number of items requesting free statements was increased.

2. Questions

The current state of the Board of Directors, the composition of the Board, the operations of the Board, discussions at the Board meetings, monitoring functions of the Board, the performance of internal and outside directors, officer training, dialogues with shareholders (investors), an overview

3. Overview of the analysis/evaluation results

Nitto has confirmed that the strength of its Board of Directors is the open and robust discussions it has on all management issues, which was also found in the FY2021 evaluation.

The following was confirmed concerning efforts by the Board to address the challenges recognized in the FY2021 evaluation.

Under the slogan, “Place ESG at the core of our management,” the Board had extensive and detailed discussions on measures such as the medium-term management plan and certification schemes for products that contribute to the environment and humankind. In addition, it was confirmed that the Board made efforts to leave no issues unaddressed; for instance, the skills matrix was disclosed, and there were more discussions on human resources at its meetings.

For its challenge for FY2023, it was suggested that the Board should have more in-depth discussions on human resources (especially on the appointment and development of management executives).

4. Future actions

With the above analysis/evaluation findings in mind, Nitto’s Board of Directors will remain committed to further enhancing the effectiveness of the entire Board.