



March 8, 2024

To All Persons Concerned

Company name	Nittoseiko Co.,Ltd.
Representative	Makoto Araga, President
Inquiries	Shinichi Matsumoto, Director, Accounting & Finance Division

Our view on Proxy Advisory Firm ISS's Recommended Opposition

We have learned that Institutional Shareholder Services, Inc., ("ISS"), a proxy advisory firm, had issued a report recommending that its clients vote against the appointment of Mr. Masahiko Naka, a candidate for outside Auditor listed in Item No. 3 "Election of Two (2) Auditors" of the 118th Annual Meeting of Shareholders of Nittoseiko Co., Ltd. ("the Company") to be held on March 27, 2024.

Although the reasons for nominating as candidate for outside Auditor are as stated in the Notice of the 118th Annual Meeting of Shareholders, we hereby explain the Company's opinion and ask for your understanding as follows:

1. Contents of ISS's Vote Recommendation

ISS is recommending to vote against Mr. Masahiko Naka, candidate No. 2 of Item 3, claiming that the nominee for outside Auditor fails to meet ISS criteria on independence because he had belonged to Bank of Kyoto, Ltd. which is significant shareholder (4.98%), major lender and cross-shareholdings.

2. The Company's Views

Although Mr. Masahiko Naka was an executive of Bank of Kyoto, Ltd. which is a lender of the Company, after retiring from that position in June 2019, he has served as Standing Auditor of the bank for four years. Mr. Naka has been appointed as Representative Director and President of Kyoto Soken Consulting Co., Ltd (currently) since June 2023 and there is no business relationship with the Company.

Bank of Kyoto, Ltd. which is a shareholder of the Company is disclosing the Proxy Voting Guidelines, that determines to vote for or against from the perspective of maintaining and improving the corporate value of the investee over the medium to long term. The Company holds 464,800 shares (0.15%) of Kyoto Financial Group, Inc. which is the holding company of the Bank of Kyoto, Ltd., most of which (464,000 shares) are held in employee retirement benefit trust that is off-balance asset. Proxy voting for or against is determined based on the Company's policy of corporate value and governance.

For these reasons, the Company believes that there is no problem with his independence.

On the other hand, Mr. Naka has served as an officer in charge of the loan screening and Auditor of the financial institution. His experiences will contribute to appropriate decisions of the Company's Board for growth investment in the mid-term business plan, as well as soundness and transparency of audit operations.

In addition, Mr. Shinichiro Morita who has served as an officer in charge of R&D and Medical Division and Auditor of listed company, has already assumed the position of the outside Auditor of the Company. We believe that knowledge of each Auditor will be comprehensively utilized to further enhancing the corporate governance of the Company's management.