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Securities identification code: 6376

March 9, 2020

To our shareholders:

Toshihiko Kai
President & Representative Director
NIKKISO CO., LTD.
4-20-3 Ebisu, Shibuya-ku, Tokyo

NOTICE OF THE 79TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 79th Ordinary General Meeting of Shareholders of NIKKISO CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet (see Page 3). Please indicate your approval or disapproval of the proposals on the enclosed voting form after reviewing the attached Reference Documents for the General Meeting of Shareholders, and return it by postal mail or via the Internet to reach us no later than 5:30 p.m., Thursday, March 26, 2020 (Japan Standard Time).

Meeting Details

- 1. Date and time:** Friday, March 27, 2020, at 10:00 a.m. (Japan Standard Time)
(The reception desk will open from 9:00 a.m.)
- 2. Venue:** Nikkiso Higashimurayama Plant, R&D Center
Multi-Purpose Bldg. 7F, Conference Room
2-16-2 Noguchi-cho, Higashimurayama-shi, Tokyo
- 3. Purposes:**
Items to be reported:
 1. Business Report and Consolidated Financial Statements for the 79th Term (from January 1, 2019 to December 31, 2019), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the 79th Term (from January 1, 2019 to December 31, 2019)**Items to be resolved:**
 - Proposal 1:** Election of seven (7) Directors
 - Proposal 2:** Election of one (1) Audit & Supervisory Board Member

4. Other decisions concerning convocation of this General Meeting of Shareholders

(1) Voting by postal mail	Please follow the “Instructions on How to Exercise Voting Rights” (Page 3), indicate your approval or disapproval of each proposal on the enclosed voting form, and return it by mail to reach us by the below deadline. Thursday, March 26, 2020, at 5:30 p.m. (Japan Standard Time)
(2) Voting via the Internet	Please follow the “When exercising your voting rights via the Internet” (Page 4, Japanese only), and exercise your voting rights by the below deadline from the voting website designated by the Company (https://www.web54.net). Thursday, March 26, 2020, at 5:30 p.m. (Japan Standard Time)
(3) Voting by multiple methods such as by postal mail and via the Internet	If you have exercised your voting rights through multiple methods such as by postal mail and via the Internet, etc., the vote that has reached the Company last shall be deemed effective. However, if voting rights are exercised by postal mail and via the Internet on the same date, the exercise of voting rights via the Internet shall be deemed effective.
(4) Voting multiple times via the Internet	If you exercise your voting rights multiple times via the Internet, the last exercise shall be deemed effective.

- If you will attend the meeting, please submit the enclosed voting form at the reception desk of the General Meeting of Shareholders.
- Of the documents to be submitted upon this notification, the following matters are posted on the Company’s website (<https://www.nikkiso.co.jp>) pursuant to laws and regulations as well as Article 19 of the Company’s Articles of Incorporation, and thus these documents are not included in the attached documents.
 - 1) Stock acquisition rights, etc. of the Company in the Business Report
 - 2) System to Ensure Business Appropriateness in the Business Report (Basic Policy on Internal Control)
 - 3) Notes to the Consolidated Financial Statements
 - 4) Notes to the Non-Consolidated Financial StatementsThese items are included in the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements audited when the Audit & Supervisory Board Members prepare the Audit Report. In addition, items 3) and 4) in the above are included in the Consolidated Financial Statements and Non-Consolidated Financial Statements audited when the Accounting Auditor prepares the Accounting Audit Report.
- In the event of circumstances requiring amendments to the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders, the matters that have been amended will be posted on the Company’s website (<https://www.nikkiso.co.jp>).

Instructions on How to Exercise Voting Rights

Voting rights can be exercised with the following three (3) methods.

When attending the General Meeting of Shareholders

Please submit the enclosed voting form at the reception desk of the General Meeting of Shareholders. (You are not required to sign and affix a seal on this form.)

Date and time: Friday, March 27, 2020, at 10:00 a.m. (Japan Standard Time)
(The reception desk will open from 9:00 a.m.)

Venue: Nikkiso Higashimurayama Plant, R&D Center
Multi-Purpose Bldg. 7F, Conference Room

* Please refrain from coming to the venue by car.

When exercising your voting rights by postal mail (voting form)

Please indicate your approval or disapproval of the proposals on the enclosed voting form, and then return the form to us by postal mail without affixing a stamp.

Deadline for exercising your voting rights: Must be received by the Company by 5:30 p.m. on Thursday, March 26, 2020 (Japan Standard Time)

When exercising your voting rights via the Internet

Follow the instructions given under “When exercising your voting rights via the Internet” on the next page (Japanese only). If you are unsure about exercising your voting rights via the Internet, please contact Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited, listed on the next page.

Deadline for exercising your voting rights: Must be exercised by 5:30 p.m. on Thursday, March 26, 2020 (Japan Standard Time)

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Election of seven (7) Directors

The terms of all of the current eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. The Company proposes that the number of Directors be decreased by one, and seven (7) Directors be elected in the next term (80th Term).

The candidates for Director are shown below. These candidates are nominated in accordance with the Company's Policies and Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member (Page 15).

No.	Name	Position and responsibilities in the Company	Significant concurrent positions outside the Company	
1	Toshihiko Kai	President & Representative Director		[Reelection]
2	Yoshihiko Kinoshita	Director, Executive Officer, General Manager of Medical Business Unit, and General Manager of Medical Division		[Reelection]
3	Shoichi Nagato	Director, Executive Officer, General Manager of Aerospace Business Unit, and General Manager of Aerospace Division		[Reelection]
4	Masaru Yamamura	Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division		[Reelection]
5	Susumu Koito	Executive Officer, General Manager of Corporate Unit		[New election]
6	Eisuke Nagatomo	Outside Director	President & CEO, EN Associates Co., Ltd. Outside Director, Miroku Jyoho Service Co., Ltd. Outside Audit & Supervisory Board Member, Nidec Corporation Public Interest Director, Japan Financial Services Association	[Reelection] [Independent Officer] [Outside Officer]
7	Haruko Hirose	Outside Director	President, Japan Morocco Association Outside Director, S&B Foods Inc.	[Reelection] [Independent Officer] [Outside Officer]

Notes:

1. There is no special interest between each candidate and the Company.
2. The name of Haruko Hirose in the family register is Haruko Makinouchi.

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Toshihiko Kai (August 19, 1946) [Reelection]	February 1996 General Manager of Dai-Ichi Kangyo Bank Nederland N.V. March 2000 Joined the Company April 2001 Executive Officer of the Company April 2002 President, Medical Equipment Unit (currently Medical Division) of the Company June 2003 Director of the Company (present position) December 2004 President & Representative Director of the Company (present position) [Position and areas of responsibility at the Company] President & Representative Director [Significant concurrent positions outside the Company] -	60,000
[Reasons for selection as a candidate for Director] He set management goals of (i) sustaining the Company's position as a top supplier worldwide that uses excellent technological capabilities for its primary business, and (ii) becoming a strong profitable corporate group, and executed policies designed for medium- to long-term growth in the Company's primary business. His powerful leadership and experienced management capability have enabled him to realize the sustainable growth of the Company's Group ("the Group") and to improve the medium- and long-term corporate value. As such, it has been determined that he is suitable as a Director of the Company and named as a candidate to continue as a Director.			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Yoshihiko Kinoshita (September 13, 1966) [Reelection]	<p>April 1989 Joined the Company</p> <p>October 2011 Deputy General Manager, Medical Division of the Company</p> <p>January 2016 General Manager of Medical Division of the Company (present position)</p> <p>October 2016 Director, Vice Chairman, Weigao Nikkiso (Weihai) Dialysis Equipment Co., Ltd. (the Company's equity method affiliated company in China) (present position)</p> <p>January 2017 Executive Officer of the Company (present position)</p> <p>March 2017 Director (present position) and in charge of Medical Business Unit of the Company</p> <p>October 2017 CEO, Managing Director, Nikkiso Europe GmbH (the Company's consolidated subsidiary in Germany)</p> <p>January 2019 General Manager of Medical Business Unit of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Medical Business Unit, and General Manager of Medical Division</p> <p>[Significant concurrent positions outside the Company] —</p>	17,376
<p>[Reasons for selection as a candidate for Director] He has worked actively on solidifying the Japanese dialysis business, building new business fields and implementing various policies toward expanding international markets, and obtained concrete results in growth of the Medical Business. He possesses experience and knowledge that can contribute to growing the Group sustainably and to improving the medium- and long-term corporate value. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Shoichi Nagato (August 9, 1956) [Reelection]	<p>October 1987 Joined the Company</p> <p>April 2009 Executive Officer (present position), General Manager of Aerospace Division of the Company</p> <p>March 2016 President & Representative Director, Nikkiso Giken Co., Ltd. (the Company's consolidated subsidiary)</p> <p>October 2016 General Manager of Precision Equipment Business Division of the Company</p> <p>December 2017 General Manager of Aerospace Division of the Company (present position)</p> <p>January 2019 General Manager of Aerospace Business Unit of the Company (present position) Chairman, Nikkiso Vietnam, Inc. (the Company's consolidated subsidiary in Vietnam) (present position)</p> <p>March 2019 Director of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Aerospace Business Unit, and General Manager of Aerospace Division</p> <p>[Significant concurrent positions outside the Company] -</p>	10,878
<p>[Reasons for selection as a candidate for Director] He has vigorously worked on and obtained results in improving the Company's corporate value as an aircraft parts manufacturer in the civilian aircraft market, where demand is expected to continue expanding. He possesses experience and knowledge that can contribute to growing the Group sustainably and to improving the medium- and long-term corporate value. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Masaru Yamamura (May 27, 1965) [Reelection]</p>	<p>November 1990 Joined the Company</p> <p>October 2009 General Manager of Business Promotion Department, Medical Division of the Company</p> <p>July 2012 General Manager of Osaka Branch of the Company</p> <p>April 2017 General Manager of Industrial Division of the Company (present position)</p> <p>January 2018 Executive Officer of the Company (present position)</p> <p>January 2019 General Manager of Industrial Business Unit of the Company (present position)</p> <p>March 2019 Director of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division</p> <p>[Significant concurrent positions outside the Company] —</p>	11,266
<p>[Reasons for selection as a candidate for Director] He has vigorously worked on and obtained results in realizing an even greater synergistic effect as a corporate group, by strengthening collaboration, promoting mutual use of business facilities and consolidating sales promotion systems between the Company's consolidated subsidiaries of LEWA GmbH (Germany), whose main market is oil and gas exploration companies, and the Cryogenic Industries Group, whose market is companies in LNG-related businesses, and the Company. He possesses experience and knowledge that can contribute to growing the Group sustainably and to improving the medium- and long-term corporate value. As such, it has been determined that he is suitable as a Director of the Company, and as a candidate to continue as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
5	Susumu Koito (November 4, 1958) [New election]	<p>April 1981 Joined the Company</p> <p>April 2006 General Manager of Accounting & Finance Department of the Company</p> <p>April 2007 General Manager of Human Resources Department of the Company</p> <p>July 2011 General Manager of Administration Division, General Manager of Human Resources Department of the Company</p> <p>April 2012 Executive Officer (present position), General Manager of Administration Division, and General Manager of Human Resources Department of the Company</p> <p>January 2019 General Manager of Corporate Unit of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Executive Officer, General Manager of Corporate Unit</p> <p>[Significant concurrent positions outside the Company] —</p>	18,939
<p>[Reasons for selection as a candidate for Director] He has a wealth of experience and knowledge in general corporate-related management and has been involved in work such as reforming the corporate system to adapt to a changing management environment, strengthening and reorganizing the Corporate Unit functions that support management, supporting the promotion of business and strengthening the personnel management of the Group. He possesses abilities that can contribute to growing the Group sustainably and to improving the medium- and long-term corporate value. As such, it has been determined that he is suitable as a Director of the Company, and as a new candidate to be a Director.</p>			

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
6	Eisuke Nagatomo (July 7, 1948) [Reelection] [Independent Officer] [Outside Officer]	<p>April 1971 Joined Tokyo Stock Exchange</p> <p>December 2005 Senior Executive Officer, Tokyo Stock Exchange, Inc. (Chief Self-Regulatory Officer)</p> <p>October 2007 President & CEO, EN Associates Co., Ltd. (present position)</p> <p>June 2010 Outside Director, Miroku Jyoho Service Co., Ltd. (present position)</p> <p>June 2012 Outside Audit & Supervisory Board Member of the Company</p> <p>June 2016 Outside Audit & Supervisory Board Member, Nidec Corporation (present position)</p> <p>March 2018 Outside Director of the Company (present position)</p> <p>June 2018 Public Interest Director, Japan Financial Services Association (present position)</p> <p>[Position and areas of responsibility at the Company] Outside Director</p> <p>[Significant concurrent positions outside the Company] President & CEO, EN Associates Co., Ltd. Outside Director, Miroku Jyoho Service Co., Ltd. Outside Audit & Supervisory Board Member, Nidec Corporation Public Interest Director, Japan Financial Services Association</p>	8,197
	<p>[Reasons for selection as a candidate for Outside Director] He has held successive positions in important offices such as Senior Executive Officer and Chief Self-Regulatory Officer, Tokyo Stock Exchange, Inc., a position on the Business Accounting Council of the Financial Services Agency of Japan and Director of the Financial Accounting Standards Foundation. In addition to his considerable expertise related to financial affairs and accounting, he has also acquired thorough knowledge concerning corporate governance, group governance and risk management and has a wealth of international experience. In this term (2019), he has actively provided suggestions to and performed similar services for the Board of Directors and the management team from a wide range of viewpoints such as group governance at overseas sites, risk management, group capital usage, return on investment, return of profit to shareholders, IR activities, remuneration for directors and executive officers, personnel development and labor issues. As such, we nominate him as a candidate to continue as an Outside Director in order to have him continue to put his wide-ranging experience and opinions to work as an Outside Director of the Company.</p>		

Note: Eisuke Nagatomo is a candidate to be our Outside Director.

Summary of contents of limited liability agreement	The Company has executed with him, pursuant to the provisions of Articles of Incorporation for an Outside Director, a limited liability agreement that provides that the higher amount of either five (5) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages. When he assumes the position of Outside Director, the Company plans to maintain the limited liability agreement.
Tenure as Outside Director	He is currently one of the Company's Outside Directors, and he will have been in this position for two (2) years at the conclusion of this Ordinary General Meeting of Shareholders.
Notification of Independent Officer	At the current time, the Company has registered him with the Tokyo Stock Exchange, Inc. as an Independent Officer. When he assumes the position of Outside Director, the Company plans to continue registering him as an Independent Officer.

No.	Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
7	Haruko Hirose (September 23, 1945) [Reelection] [Independent Officer] [Outside Officer]	<p>December 1968 Appointed to the National Personnel Authority of Japan</p> <p>January 1992 Director, Bureau of Human Resources Management of Headquarters, United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p>September 2002 Deputy to the Director General and Managing Director of Programme Coordination and Field Operations Division, United Nations Industrial Development Organization (UNIDO)</p> <p>November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco</p> <p>May 2014 President, Japan Morocco Association (present position)</p> <p>June 2016 Outside Director, S&B Foods Inc. (present position)</p> <p>March 2018 Outside Director of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Outside Director</p> <p>[Significant concurrent positions outside the Company] President, Japan Morocco Association Outside Director, S&B Foods Inc.</p>	1,631
<p>[Reasons for selection as a candidate for Outside Director] She has provided meritorious service in areas such as personnel, financial affairs and industrial development for the United Nations. Furthermore, she has also endeavored in activities for developing personnel who are active on the world stage. In this term (2019), she has provided diverse suggestions to and performed similar services for the Board of Directors and the management team from viewpoints such as group capital management, credit management, risk management at overseas sites, development of internationally active personnel and engineers, corporate value improvement, expansion into new businesses and constructing a Group environment in which we can place diverse employees in the right places including promoting further active participation by women. As such, we nominate her as a candidate to continue as an Outside Director in order to have her continue to put her wide-ranging experience and opinions to work as an Outside Director of the Company. Although she has not been involved in corporate management in the past except as an outside officer, it has been determined that she is suitable as an Outside Director of the Company for the reasons outlined above.</p>			

Notes: 1. The name of Haruko Hirose in the family register is Haruko Makinouchi.

2. Haruko Hirose is a candidate to be our Outside Director.

Summary of contents of limited liability agreement	The Company has executed with her, pursuant to the provisions of Articles of Incorporation for an Outside Director, a limited liability agreement that provides that the higher amount of either five (5) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages. When she assumes the position of Outside Director, the Company plans to maintain the limited liability agreement.
Tenure as Outside Director	She is currently one of the Company's Outside Directors, and she will have been in this position for two (2) years at the conclusion of this Ordinary General Meeting of Shareholders.
Notification of Independent Officer	At the current time, the Company has registered her with the Tokyo Stock Exchange, Inc. as an Independent Officer. When she assumes the position of Outside Director, the Company plans to continue registering her as an Independent Officer.

Proposal 2: Election of one (1) Audit & Supervisory Board Member

Since Audit & Supervisory Board Member Kenji Hida will retire from office due to resignation at the conclusion of this Ordinary General Meeting of Shareholders, the Company proposes that one (1) Audit & Supervisory Board Member be newly elected. The Audit & Supervisory Board has given its consent to this proposal. If this proposal is approved in its original form, the Audit & Supervisory Board will have four (4) Audit & Supervisory Board Members, including two (2) Outside Audit & Supervisory Board Members.

The Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company have fiduciary duties for the shareholders and have the main duty of, from a position independent of the Directors and the Board of Directors, effectively auditing the Directors and the Board of Directors to ensure that they fulfill their duties in a legal and appropriate manner.

The candidate for Audit & Supervisory Board Member is shown below. The candidate is nominated in accordance with the Company's Policies and Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member (Page 15).

Name (Date of birth)	Career summary, position and areas of responsibility (significant concurrent positions outside the Company)	Number of the Company's shares owned
Akira Ohsawa (August 11, 1958) [New election]	<p>April 1982 Joined the Company</p> <p>April 2010 General Manager of Instrumentation Sales Department, Industrial Division of the Company</p> <p>January 2016 General Manager of Electricity System Department, Industrial Division of the Company</p> <p>December 2017 General Manager of Precision Equipment Business Division of the Company</p> <p>January 2019 Executive Officer (present position), General Manager of Precision Equipment Business Division of the Company</p> <p>January 2020 In charge of Precision Equipment Business, Industrial Division of the Company (present position)</p> <p>[Position at the Company] Executive Officer, in charge of Precision Equipment Business, Industrial Division</p> <p>[Significant concurrent positions outside the Company] —</p>	3,571
<p>[Reasons for selection as a candidate for Audit & Supervisory Board Member] He has been engaged in design, sales, administration, etc. in the Precision Equipment Business for many years, and has acquired thorough knowledge about the products, business segments, markets, etc. of the business. He possesses experience and knowledge that enable him to closely cooperate with Outside Directors, the Accounting Auditor and Internal Auditors and to appropriately audit the operations of the Directors and the Board of Directors. As such, it has been determined that he is suitable as an Audit & Supervisory Board Member of the Company, and as a new candidate for this position.</p>		

Notes:

- There is no special interest between the candidate and the Company.
- Limited liability agreement with Akira Ohsawa
When he assumes the position of Audit & Supervisory Board Member, the Company plans to execute with him, pursuant to the provisions of Articles of Incorporation, a limited liability agreement that provides that the higher amount of either three (3) million yen or the minimum total liability specified by laws and regulations shall be the maximum amount of liability for damages.

(Reference) Composition of the Audit & Supervisory Board if This Proposal Is Approved in Its Original Form

Position	Name	Significant concurrent positions outside the Company
Audit & Supervisory Board Member	Toshiaki Mitsumi	
Audit & Supervisory Board Member	Akira Ohsawa	
Independent Officer Outside Audit & Supervisory Board Member	Mitsuaki Nakakubo	Attorney Outside Audit & Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. Outside Director, FANCL CORPORATION
Independent Officer Outside Audit & Supervisory Board Member	Hiroyuki Muneta	Representative Director, Biotech System Machinery Co., Ltd. Certified public accountant Licensed tax accountant Outside Audit & Supervisory Board Member, InterPia Co., Ltd.

(Reference) Nikkiso Group Corporate Governance Basic Policy

1. Corporate Philosophy and Basic Approach concerning Corporate Governance

While holding sound social ethics and values as a member of society, the Group shall comply with laws and regulations, the Company's Articles of Incorporation and social norms; build up good relationships with stakeholders; and set these as its business philosophy to make a creative contribution to the fundamental fields of life to realize a better quality of life. As a company with Board of Auditors, the Group believes that the important points to strive for regarding corporate governance are transparency and fairness in decision-making and the realization of this philosophy through speedy and decisive decision-making. In line with the following basic approach, we will construct the ideal corporate governance that conforms to the development stage of the Group.

- (i) Respect the rights of our shareholders and ensure equality to them.
- (ii) Respect the profits of the stakeholders and cooperate appropriately with them.
- (iii) Disclose the information of the Group appropriately to ensure transparency.
- (iv) Endeavor to separate the supervision and execution of management.
Ensure effective supervision and auditing of management through cooperation among Independent Outside Officers, the Accounting Auditor and Internal Auditors. In addition, establish within the Group an environment in which the operations business unit can focus on the improvement of business profitability.
- (v) Have constructive conversations with shareholders with an investment policy that meets the medium- and long-term profits of shareholders.

2. System for Supervising the Execution of Business

- In accordance with the Articles of Incorporation, the Board of Directors shall be made up of nine (9) or less Directors, two (2) or more of which are independent Outside Directors. Independent Outside Directors will serve the function of supervising management by comparing management strategies and business plans laws, regulations and the Articles of Incorporation; verifying and evaluating the management results of the Group and the operations of the management class as necessary and appropriately reflecting the opinions of the stakeholders to management.
- The Board of Directors serves the following roles.
 - (i) Indicating major management directions such as management strategies
 - (ii) Establishing corporate structures that support speedy and decisive management decisions
 - (iii) Demonstrating supervisory functions for the whole of management in order to secure fairness and transparency in management

3. Business Audit/Accounting Audit System

Audit & Supervisory Board Members and the Audit & Supervisory Board perform business audits and accounting audits not only exercise the authority permitted by laws and regulations in an active and assertive manner, but also perform them in close cooperation with Outside Directors, the Accounting Auditor and Internal Auditors from the viewpoint of improving the sustainable growth and medium- and long-term corporate value of the Group.

4. Internal Control System

The Internal Control Committee, the Risk Management/Compliance Committee (which acts as the practical organization of the Internal Control Committee) and the Information System Committee act as the core promotional business unit for the internal control system and fulfill the central roles of planning and executing policies aimed at constructing the internal control system of the Group.

5. Policies and Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member

<Criteria for the Election of Directors>

For a Director, we designate a person who has knowledge, capability and leadership that will enable him or her to gain an overview of the management environment of our Group, promote important management issues speedily and decisively, and achieve results, and who can be committed to establish corporate governance that supports the realization of our corporate philosophy.

<Criteria for the Election of Audit & Supervisory Board Members>

For an Audit & Supervisory Board Member, we designate a person who can perform business audits and accounting audits as well as actively exercise his or her authority and give appropriate opinions at the Board of Directors. Furthermore, at least one (1) Audit & Supervisory Board Member shall possess appropriate expertise related to financial affairs and accounting.

<Criteria for the Election, Independence Judgment Criteria and Concurrent Post Restrictions of Outside Officers>

- For an Outside Director, we designate a person who can sufficiently fulfill his or her role in supervising the decision-making and execution of duties of Directors from an objective and expert standpoint independent from the execution of the Company's operations while clearly providing advice based on his or her knowledge in order to promote the sustainable growth of the Group and improve the medium- and long-term corporate value.
- For an Outside Audit & Supervisory Board Member, we designate a person who can sufficiently fulfill his or her role in auditing the decision-making and execution of duties of Directors from an objective and expert standpoint independent from the execution of the Company's operations while providing instructions and advice related to items such as management strategy risks on the basis of extensive expertise.
- The independence of Outside Officers shall be judged strictly in accordance with the independence criteria of Tokyo Stock Exchange, Inc.
- Independent Outside Officers shall not concurrently hold positions as Director or Audit & Supervisory Board Member at more than three (3) public companies other than the Company as a general rule.

<Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member>

The Company shall explain the candidates to the Independent Outside Officers and receive their advice on the nominations in advance.

6. Policies and Procedures for Determination of Remuneration, etc. for Director

The Company shall set fixed remuneration, short-term performance-based compensation and mid- to long-term performance-based compensation at the proper proportions so that remuneration of executive directors may serve as a sound incentive for sustainable growth. The Company shall explain these matters to the Independent Outside Officers and receive their advice in advance.