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Securities identification code: 6376

March 10, 2021

To our shareholders:

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

## NOTICE OF THE 80TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 80th Ordinary General Meeting of Shareholders of NIKKISO CO., LTD. (the “Company”), which will be held as described below.

To prevent the spread of novel coronavirus disease (COVID-19), we ask that all shareholders exercise their voting rights in advance by postal mail or via the Internet as much as possible (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., Monday, March 29, 2021 (Japan Standard Time).

### Meeting Details

**1. Date and time:** Tuesday, March 30, 2021, 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

**\* As was the case for last year’s meeting, the number of seats available this year will be fewer than in normal years to provide spacing between seats so as to prevent the spread of COVID-19. Consequently, some shareholders may not be permitted entry to the venue on the day of the meeting. We ask for your understanding in this matter.**

**3. Purposes:**

#### Items to be reported:

1. Business Report and Consolidated Financial Statements for the 80th Term (from January 1, 2020 to December 31, 2020), as well as the results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 80th Term (from January 1, 2020 to December 31, 2020)

#### Items to be resolved:

- Proposal 1:** Election of seven (7) Directors  
**Proposal 2:** Election of two (2) Audit & Supervisory Board Members

#### 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. <b>Monday, March 29, 2021, at 5:30 p.m. (Japan Standard Time)</b>
(2) Voting via the Internet	Please follow the “Instructions on How to Exercise 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 ( <a href="https://www.web54.net">https://www.web54.net</a> ). <b>Monday, March 29, 2021, at 5:30 p.m. (Japan Standard Time)</b>
(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.  
\* **To prevent the spread of COVID-19, the staff of the Company who are administering the general meeting of shareholders will wear masks. Also, alcohol-based sanitizer will be available close to venue entrances and exits. We ask that all shareholders considering attending the meeting cooperate by spraying their hands and fingers with alcohol-based sanitizer and wearing a mask. Uncooperative shareholders may not be permitted entry to the venue. Note that factory tours will not be held after the general meeting. We ask for your understanding in this matter.**
  - 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; Overview of System to Ensure Business Appropriateness and Operation Status of Said System; and Basic Policy for Controlling the Company in the Business Report
    - 2) Notes to the Consolidated Financial Statements
    - 3) Notes to the Non-Consolidated Financial Statements
 These 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 2) and 3) in the above are included in the Consolidated Financial Statements and Non-Consolidated Financial Statements audited when the Accounting Auditors prepare 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 via the following three (3) methods.

**To prevent the spread of COVID-19, we ask that all shareholders exercise their voting rights in advance by postal mail or via the Internet as much as possible.**

### **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 Monday, March 29, 2021 (Japan Standard Time)

### **When exercising your voting rights via the Internet**

Follow the instructions given under “Instructions on How to Exercise 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 (Japanese only).

**Deadline for exercising your voting rights:** Must be exercised by 5:30 p.m. on Monday, March 29, 2021 (Japan Standard Time)

### **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:** Tuesday, March 30, 2021, 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.

## 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 seven (7) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. The Company proposes that seven (7) Directors be elected in the next term (81st Term).

The Directors of the Company have a fiduciary duty and accountability to the shareholders, and they also have a responsibility to sustainably grow the Company's Group ("the Group") and improve medium- and long-term corporate value through the implementation of efficient and effective corporate governance.

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 (Page 18).

No.	Name	Current 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	Director, Executive Officer, General Manager of Corporate Unit, General Manager of Administration Division, and General Manager of Corporate Planning Division		[Reelection]
6	Haruko Hirose	Outside Director	President, Japan Morocco Association Outside Director, S&B Foods Inc. Outside Director, MITSUBISHI GAS CHEMICAL COMPANY, INC.	[Reelection] [Independent Officer] [Outside Officer]
7	Mitsuaki Nakakubo	Outside Audit & Supervisory Board Member	Attorney (Partner, Asahi Law Offices) Outside Audit & Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. Outside Director, FANCL CORPORATION	[New election] [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.
3. Summary of contents of liability insurance agreement for Directors and other officers to enter into with candidates:

In order to establish an environment that promotes active and decisive decision-making and execution of duties of Directors and other officers while ensuring that the execution of said duties remains appropriate, the Company has entered into a liability insurance agreement for Directors and other officers of the Company and its Group companies inside and outside of Japan with an insurance company in which the Company takes responsibility for the entire insurance premium to compensate Directors and other officers for damages that may arise due to their liability for the execution of their duties or due to being interrogated on said liability. When a candidate assumes a position as a Director, said individual shall be covered by this insurance agreement. A summary of the contents of this insurance agreement is as follows:

Insurance period	One year from the commencement of the agreement
Insured parties	Directors and other officers of the Company and its Group companies inside and outside of Japan (Directors, Audit & Supervisory Board Members, Executive Officers, etc.)
Exemptions	Personal profits or favors illegally obtained by the insured party, criminal acts of the insured party, acts performed by the insured party with full knowledge that said acts are illegal, etc.
Planned update	June 2021 with the same or similar terms and conditions

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] –	62,473
[Reasons for selection as a candidate for Director] Toshihiko Kai 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, has exhibited strong leadership over many years and has executed multiple policies designed for medium- to long-term growth in the Company's primary business. Furthermore, in 2020—the first year of the first three years making up phase one of the "Nikkiso 2025," new medium-term business plan—he exhibited excellent management capabilities and steadily promoted the strengthening of the business foundation as President amid increasing management unpredictability stemming from the global spread of COVID-19. His powerful leadership and experienced management capability will continuously enable him to realize the sustainable growth of the Group and to improve medium- and long-term corporate value. As such, he is nominated as a candidate for 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>	19,371
<p>[Reasons for selection as a candidate for Director] Yoshihiko Kinoshita has obtained extensive experience and made many achievements while in charge of the Medical Business for a long time. Furthermore, he has been responsible for the management of the Company and the Group since assuming the position of Director of the Company in March 2017. Amid the strict restrictions on business activities inside and outside of Japan due to the global spread of COVID-19, he has vigorously worked in the field he is in charge of to implement various policies such as expanding the overseas market for the hemodialysis business, promoting the sale of health care finished goods and reducing costs via work optimization. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors of the Company by using these experiences and past results. As such, he is nominated as a candidate for 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 &amp; 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>	11,491
<p>[Reasons for selection as a candidate for Director] Shoichi Nagato has obtained extensive experience and made many achievements while in charge of the Precision Equipment Business and Aerospace Business in the Industrial Business Unit of the Company. Furthermore, he has been responsible for the management of the Company and the Group since assuming the position of Director of the Company in March 2019. In response to the changes in the management environment where the demand for aircraft has declined due to the global spread of COVID-19, he has vigorously worked in the fields he is in charge of to implement various policies such as strengthening the business structure via optimizing management resources and promoting research and development. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors of the Company by using these experiences and past results. As such, he is nominated as a candidate for 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>	11,879
<p>[Reasons for selection as a candidate for Director] Masaru Yamamura has obtained extensive experience and made many achievements while in charge of the Industrial Business after holding successive important positions in the Medical Business. Furthermore, he has been responsible for the management of the Company and the Group since assuming the position of Director of the Company in March 2019. Amid the global spread of COVID-19 and the continuing decline in demand for oil, he has vigorously worked in the field he is in charge of to implement various policies such as strengthening the business structure to expand overseas business, strengthening after-sales services and reducing costs. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors of the Company by using these experiences and past results. As such, he is nominated as a candidate for 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) [Reelection]	<p>April 1981      Joined the Company</p> <p>April 2006      General Manager of Accounting &amp; 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>March 2020      Director of the Company (present position)</p> <p>January 2021    General Manager of Administration Division, and General Manager of Corporate Planning Division of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Corporate Unit, General Manager of Administration Division, and General Manager of Corporate Planning Division</p> <p>[Significant concurrent positions outside the Company] —</p>	19,821
<p>[Reasons for selection as a candidate for Director] Susumu Koito has obtained extensive experience and made many achievements in business management such as financial affairs, human resources, legal affairs and general affairs. Furthermore, he has been responsible for the management of the Company and the Group since assuming the position of Director of the Company in March 2020. Amid the global spread of COVID-19, he has vigorously worked in the field he is in charge of to thoroughly implement measures to track infection rates in Japan and overseas and prevent infection, and put in place personnel systems while actively implementing various policies, including those to strengthen corporate governance and personnel management of the Group, support the promotion of business, and strengthen the business management of the Group. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors of the Company by using these experiences and past results. As such, he is nominated as a candidate for 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	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&amp;B Foods Inc. (present position)</p> <p>March 2018 Outside Director of the Company (present position)</p> <p>June 2020 Outside Director, MITSUBISHI GAS CHEMICAL COMPANY, INC. (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&amp;B Foods Inc. Outside Director, MITSUBISHI GAS CHEMICAL COMPANY, INC.</p>	2,875
<p>[Reasons for selection as a candidate for Outside Director] Haruko Hirose possesses extensive international experience and advanced knowledge about personnel development, acquired by providing meritorious service in areas such as personnel, financial affairs and industrial development for the United Nations and by endeavoring in activities for developing personnel who are active on the world stage. She has performed duties as an Outside Director of the Company since March 2018, primarily providing beneficial suggestions regarding items such as the development of internationally active personnel and engineers and the promotion of diversity including the activities of female personnel. It has been determined that she can provide instructions and advice for the management of the Company and supervise management from an objective, independent and fair point of view by using these experiences and past results. As such, she is nominated as a candidate for Outside Director. Although she has not been involved in corporate management in the past except as an Outside Officer, it has been determined that she will appropriately fulfill her duties as an Outside Director for the reasons outlined above.</p>			

Note: 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 three (3) 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.
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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	Mitsuaki Nakakubo (November 24, 1966) [New election] [Independent Officer] [Outside Officer]	<p>April 1995 Registered as an attorney of Japan (affiliated with the Daini Tokyo Bar Association) (to present)</p> <p>April 2001 Partner, Asahi Law Offices (present position)</p> <p>June 2008 Substitute Audit &amp; Supervisory Board Member of the Company</p> <p>October 2011 Auditor, Bicycle Parking Facilities Provision Foundation, a public interest incorporated foundation</p> <p>June 2015 Outside Audit &amp; Supervisory Board Member of the Company (present position)</p> <p>June 2017 Outside Audit &amp; Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. (present position)</p> <p>June 2019 Outside Director, FANCL CORPORATION (present position)</p> <p>[Position and areas of responsibility at the Company] Outside Audit &amp; Supervisory Board Member</p> <p>[Significant concurrent positions outside the Company] Attorney (Partner, Asahi Law Offices) Outside Audit &amp; Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. Outside Director, FANCL CORPORATION</p>	5,883
<p>[Reasons for selection as a candidate for Outside Director] As an attorney, Mitsuaki Nakakubo has mainly acted in areas such as disputes on officers' liability, copyright-related matters, matters related to the Unfair Competition Prevention Act of Japan, and matters related to real estate. Furthermore, he has performed duties as an Outside Audit &amp; Supervisory Board Member of the Company since June 2015, primarily providing beneficial suggestions regarding items such as labor issues, foreign and domestic legislation, compliance and corporate governance. It has been determined that he can provide instructions and advice for the management of the Company and supervise management in an objective, independent and fair manner using these experiences and past results. As such, he is nominated as a candidate for Outside Director. Although he has not been involved in corporate management in the past except as an Outside Officer, it has been determined that he will appropriately fulfill his duties as an Outside Director for the reasons outlined above.</p>			

Note: Mitsuaki Nakakubo is a candidate to be our Outside Director.

Summary of contents of limited liability agreement	The Company has currently executed with him, pursuant to the provisions of Articles of Incorporation for an Outside Audit & Supervisory Board Member, 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. If he assumes the position of Outside Director, the Company plans to execute 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.
Tenure as Audit & Supervisory Board Member	He is currently one of the Company's Outside Audit & Supervisory Board Members, and he will have been in this position for five (5) years and nine (9) months at the conclusion of this Ordinary General Meeting of Shareholders. He will retire

	from office as Audit & Supervisory Board Member at the conclusion of this meeting due to his resignation.
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.

(Reference) Planned Positions and Areas of Responsibility After Election

If this proposal is approved and adopted in its original form, each candidate will assume the position as follows:

1	Toshihiko Kai	President & Representative Director
2	Yoshihiko Kinoshita	Director, Executive Officer, General Manager of Medical Business Unit, and General Manager of Medical Division
3	Shoichi Nagato	Director, Executive Officer, General Manager of Aerospace Business Unit, and General Manager of Aerospace Division
4	Masaru Yamamura	Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division
5	Susumu Koito	Director, Executive Officer, General Manager of Corporate Unit, General Manager of Administration Division, and General Manager of Corporate Planning Division
6	Haruko Hirose	Outside Director
7	Mitsuaki Nakakubo	Outside Director

**Proposal 2: Election of two (2) Audit & Supervisory Board Members**

Akira Ohsawa, who is currently an Audit & Supervisory Board Member, will leave office due to resignation at the conclusion of this Ordinary General Meeting of Shareholders. Additionally, Mitsuaki Nakakubo, who is currently an Outside Audit & Supervisory Board Member, will assume the position of Outside Director in the event that Proposal 1 of this Ordinary General Meeting of Shareholders is approved and adopted in its original form. As such, he will leave office as an Audit & Supervisory Board Member at the conclusion of this meeting due to his resignation, so the Company proposes the election of two (2) new Audit & Supervisory Board Members.

The Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company have a fiduciary duty to 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 candidates for Audit & Supervisory Board Member are shown below. These candidates are nominated in accordance with the Company's Policies and Procedure for Nominating Candidates for Audit & Supervisory Board Member (Page 18).

In addition, the Audit & Supervisory Board has given its consent to this proposal.

No.	Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hiroaki Asakura (July 29, 1962) [New election]	<p>April 1985      Joined the Company</p> <p>April 2007      General Manager of Plant Sales Department, General Project Headquarters, Fluid Technologies Unit (currently Industrial Division) of the Company</p> <p>July 2013      General Manager of Human Resources Department of the Company</p> <p>January 2016    General Manager of Industrial Division of the Company</p> <p>July 2017      General Manager of Higashimurayama Plant of the Company (present position)</p> <p>[Position at the Company] General Manager of Higashimurayama Plant</p> <p>[Significant concurrent positions outside the Company] -</p>	8,273
<p>[Reasons for selection as a candidate for Outside Audit &amp; Supervisory Board Member] Hiroaki Asakura has been in charge of the Industrial Business for a long time and has obtained extensive experience, made many achievements and is thoroughly knowledgeable regarding business management, including in the Industrial Business, as he has built his career as General Manager of the Human Resources Department and General Manager of the Higashimurayama Plant in addition to holding successive important positions, primarily in the Sales Department. From these experiences and past results, it has been determined that he can appropriately audit the performance of duties by Directors in an objective, independent and fair manner. As such, he is nominated as a new candidate for Audit &amp; Supervisory Board Member.</p>			

No.	Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)	Number of the Company's shares owned
2	Junko Fukuda (June 22, 1945) [New election] [Independent Officer] [Outside Officer]	<p>April 1968      Joined Japan CIOS Association</p> <p>September 1970      Joined Distribution Industry Research Institute, The Seibu Department Stores, Ltd.</p> <p>April 1994      Associate Professor, Josai International University</p> <p>April 1998      Professor, Josai International University</p> <p>March 2001      Director, Japan Center for Area Development Research</p> <p>July 2009      Director, Japan Industrial Association</p> <p>June 2014      Director, The Defense of Green Earth Foundation (present position)</p> <p>April 2016      Visiting Professor, Josai International University</p> <p>August 2020      Committee Member, Yokohama-shi Central Wholesale Market establishment management meeting (present position)</p> <p>[Position at the Company]</p> <p>To be elected as Audit &amp; Supervisory Board Member</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director, The Defense of Green Earth Foundation Committee Member, Yokohama-shi Central Wholesale Market establishment management meeting</p>	100
<p>[Reasons for selection as a candidate for Outside Audit &amp; Supervisory Board Member]</p> <p>Junko Fukuda engaged in teaching and research for a long time at Josai International University, specializing in management studies, marketing and distribution. From this and important positions held at various organizations promoting environmental conservation and regional development, she has obtained extensive specialized knowledge and experience in management and ESG. From these experiences and past results, it has been determined that she can appropriately audit the performance of duties by Directors in an objective, independent and fair manner. As such, she is nominated as a new candidate for Outside Audit &amp; Supervisory Board Member. Although she has not been involved in corporate management in the past except as an Outside Officer, it has been determined that she will appropriately fulfill her duties as an Outside Audit &amp; Supervisory Board Member for the reasons outlined above.</p>			

Notes:

- There is no special interest between each candidate and the Company.
- Summary of contents of limited liability agreement with Hiroaki Asakura  
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.
- Junko Fukuda is a candidate to be our Outside Audit & Supervisory Board Member.

Summary of contents of limited liability agreement	When she assumes the position of Audit & Supervisory Board Member, the Company plans to execute with her, 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.
Notification of Independent Officer	When she assumes the position of Outside Audit & Supervisory Board Member, the Company plans to register her with the Tokyo Stock Exchange, Inc. as an Independent Officer.

- Summary of contents of liability insurance agreement for Directors and other officers to enter into with each candidate



In order to establish an environment that promotes active and assertive execution of duties of Directors and other officers while ensuring that the execution of said duties remains appropriate, the Company has entered into a liability insurance agreement for Directors and other officers of the Company and its Group companies inside and outside of Japan with an insurance company in which the Company takes responsibility for the entire insurance premium to compensate Directors and other officers for damages that may arise due to their liability for the execution of their duties or due to being interrogated on said liability. When each candidate assumes a position as an Audit & Supervisory Board Member, each candidate shall be covered by this insurance agreement. A summary of the contents of this insurance agreement is as follows:

Insurance period	One year from the commencement of the agreement
Insured parties	Directors and other officers of the Company and its Group companies inside and outside of Japan (Directors, Audit & Supervisory Board Members, Executive Officers, etc.)
Exemptions	Personal profits or favors illegally obtained by the insured party, criminal acts of the insured party, acts performed by the insured party with full knowledge that said acts are illegal, etc.
Planned update	June 2021 with the same or similar terms and conditions

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

If this proposal is approved and adopted in its original form, the composition of the Audit & Supervisory Board shall be as follows. The current number of board members (two (2) Audit & Supervisory Board Members and two (2) Outside Audit & Supervisory Board Members) shall remain unchanged.

Position	Name	Significant concurrent positions outside the Company
Audit & Supervisory Board Member	Toshiaki Mitsumi	
Audit & Supervisory Board Member	Hiroaki Asakura	
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.
Independent Officer Outside Audit & Supervisory Board Member	Junko Fukuda	Director, The Defense of Green Earth Foundation Committee Member, Yokohama-shi Central Wholesale Market establishment management meeting

## **(Reference) 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 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.

## **(Reference) Nikkiso Group Corporate Governance System**

### **1. Basic Approach concerning Corporate Governance**

The Group believes that structuring the Company as a company with an Audit & Supervisory Board is an important step towards achieving our ideal corporate governance through which we can secure transparency and fairness in decision-making while realizing our corporate philosophy through speedy and decisive decision-making. In line with the following basic approach, we will construct the appropriate 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 Auditors 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. Composition and Duties of the Board of Directors**

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. The Board of Directors has a fiduciary duty and accountability to the shareholders. It also has a duty to sustainably grow the Group and it aims to maximize medium- and long-term corporate value through the implementation of efficient and effective corporate governance. The Board of Directors serves the following roles to fulfill these duties.

- (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. Duties of the Audit & Supervisory Board**

The Audit & Supervisory Board Members and the Audit & Supervisory Board have a fiduciary duty to the shareholders and have the main duty of, from a position independent of the Directors and the Board of Directors, auditing the Directors and the Board of Directors to ensure that they fulfill their duties in a legal and appropriate manner. To fulfill these duties, Audit & Supervisory Board Members and the Audit & Supervisory Board not only exercise the authority permitted by laws and regulations in an active and assertive manner but also work in close cooperation with Outside Directors and the Accounting Auditors in order to improve sustainable growth and medium- and long-term corporate value of the Group. Furthermore, without excessively restraining their own functions, they appropriately offer opinions on management to the Board of Directors and the management team.

### **4. Reason for Adopting an Organization as a Company with an Audit & Supervisory Board**

As a company with an Audit & Supervisory Board, the Company shall not only transfer the authority for the execution of individual business operations from the Board of Directors to the operations business unit wherever possible but shall also establish and improve a system for the effective supervision and auditing of management through cooperation between Full-time Audit & Supervisory Board Members, Independent Outside Officers, Internal Auditors and the Accounting Auditors.

The existence of Full-time Audit & Supervisory Board Members thoroughly knowledgeable in the business and organization of the Group effectively complements the independent and objective supervision of management by Independent Outside Officers and is also useful in daily cooperation between the Accounting Auditors and Internal Auditors in the Company. Furthermore, it is vital to provide Independent Outside Officers with information pertaining to the execution of business so as to allow for supervision by said officers. The existence of Full-time Audit & Supervisory Board Members helps realize this provision of information.

#### **5. Initiatives to Improve the Effectiveness of the Board of Directors**

The Company is working to promote the strengthening of corporate governance of the Group and to enhance fairness and transparency in management, thereby leading to improvement in corporate value. In order to bring this about, the Company is strengthening the supervision function of the Board of Directors through implementing initiatives to improve the effectiveness of the Board of Directors.

Over the period from November to December 2020 during this fiscal year under review, a questionnaire was issued to all Directors and Audit & Supervisory Board Members, including Outside Officers, for their response on the following: composition, operation and status of discussions by the Board of Directors (particularly those concerning management strategy) of the Board of Directors, response to issues identified from effectiveness evaluation of the previous fiscal year, and officer training opportunities. An evaluation of the effectiveness of the Board of Directors overall was then implemented.

As a result, the evaluation concluded that in response to the effectiveness evaluation of the previous fiscal year, various measures had been implemented to distribute meeting materials earlier, enhance the details of those materials and enhance education for officers. To further enhance the effectiveness, we will work on achieving further improvements, including efforts to enhance and broaden the provision of information and support for Outside Officers.