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Securities identification code: 6376

March 14, 2022

To our shareholders:

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

NOTICE OF THE 81ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 81st 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, if at all 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., Tuesday, March 29, 2022 (Japan Standard Time).

Meeting Details

1. **Date and time:** Wednesday, March 30, 2022, 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 81st Term (from January 1, 2021 to December 31, 2021), 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 81st Term (from January 1, 2021 to December 31, 2021)
 - Items to be resolved:**
 - Proposal 1:** Partial amendment to the Articles of Incorporation
 - Proposal 2:** Election of eight (8) Directors
 - Proposal 3:** Election of two (2) Audit & Supervisory Board Members
 - Proposal 4:** Election of one (1) Substitute Outside Audit & Supervisory Board Member
 - Proposal 5:** Determination of remuneration for the issuance of restricted shares to Directors

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. Must be exercised by Tuesday, March 29, 2022, at 5:30 p.m. (Japan Standard Time)
(2) Voting via the Internet	Please follow the “Instructions on How to Exercise Voting Rights via the Internet” (Page 4, in Japanese only), and exercise your voting rights by the below deadline from the voting website designated by the Company (https://www.web54.net). Must be exercised by Tuesday, March 29, 2022, 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; 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, if at all possible.

If 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 Tuesday, March 29, 2022 (Japan Standard Time)

If 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 (in 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 (in Japanese only).

Deadline for exercising your voting rights: Must be exercised
by 5:30 p.m. on Tuesday, March 29, 2022 (Japan Standard Time)

If 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: Wednesday, March 30, 2022, 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

[Requests to Shareholders]

- * 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.
- * 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.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Partial amendment to the Articles of Incorporation

1. Reasons for the amendment

- (1) The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) will be enforced on September 1, 2022. In order to prepare for the resulting introduction of a system of providing materials for General Meeting of Shareholders in electronic format, the Articles of Incorporation of the Company shall be amended as indicated below.
 - (i) The proposed amended Article 19, paragraph 1 stipulates that measures be taken to provide information in electronic format when the said information corresponds to the content of the Reference Documents, etc. for General Meeting of Shareholders (Reference Documents for the General Meeting of Shareholders, voting forms, Financial Statements and business reports per Article 437 of the Companies Act, and Consolidated Financial Statements per Article 444, paragraph 6 of the Companies Act).
 - (ii) The proposed amended Article 19, paragraph 2 shall include provisions that limit the scope of the stipulations of the document delivered to those shareholders who request delivery of materials in paper-based format.
 - (iii) As regulations on disclosure via the Internet and deemed provision of Reference Documents, etc. for General Meeting of Shareholders (Article 19 of the current Articles of Incorporation) will be no longer necessary, they shall be deleted.
 - (iv) In accordance with the above newly established provisions and deletions, supplementary provisions relating to their date of coming into effect, etc. shall also be established.
- (2) Under the proposed amended Article 27, paragraph 1, a notice of convocation of the Board of Directors shall be issued to each Director and Audit & Supervisory Board Member at least three (3) days prior to the date of the meeting, amending the relevant provisions of Article 27, paragraph 1 of the current Articles of Incorporation. In addition, Article 37, paragraph 1 of the current Articles of Incorporation shall be similarly amended for notices of convocation of the Audit & Supervisory Board.

2. Contents of the amendment

The contents of the amendment are as follows:

(The underlined portions have been amended.)

Current Articles of Incorporation	Proposed amendment
<p>Article 19. (<u>Disclosure via Internet and Deemed Provision of Reference Documents, etc. for General Meeting of Shareholders</u>) <u>When convening the General Meeting of Shareholders, the Company may deem that information concerning the matters required to be specified or indicated in the reference materials of the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements has been furnished to Shareholders of the Company by disclosing such information in a manner using the Internet pursuant to the provisions of the Ordinance of the Ministry of Justice.</u> <Newly established></p>	<p><Deleted></p> <p>Article 19. (Electronic Provision Measures, Etc.) (1) <u>The Company shall, when convening a General Meeting of Shareholders, take measures to provide information in electronic format when the said information corresponds to the content of the Reference Documents, etc. for General Meeting of Shareholders.</u> (2) <u>The Company may omit some or all of the content mandated by the Ordinance of the Ministry of Justice for inclusion in the electronic-format materials from the materials in paper-based format delivered to those shareholders who request delivery of materials in paper-based format by the record date for voting rights.</u></p>
<p>Article 27 (Notice of Convocation for the Board of Directors) (1) The notice to convene a meeting of the Board of Directors shall be issued to each Director and each Audit & Supervisory Board Member <u>three (3) days prior to the date of the meeting</u>; provided, however, that the period of notice may be shortened in case of emergency. (2) <Omitted></p>	<p>Article 27 (Notice of Convocation for the Board of Directors) (1) The notice to convene a meeting of the Board of Directors shall be issued to each Director and each Audit & Supervisory Board Member <u>at least three (3) days prior to the date of the meeting</u>; provided, however, that the period of notice may be shortened in case of emergency. (2) <No change></p>

Current Articles of Incorporation	Proposed amendment
<p>Article 37 (Notice of Convocation for Audit & Supervisory Board)</p> <p>(1) The notice to convene a meeting of the Audit & Supervisory Board shall be issued to each Audit & Supervisory Board Member <u>three (3) days prior to the date of the meeting</u>; provided, however, that the period of notice period may be shortened in case of emergency.</p> <p>(2) <Omitted></p> <p><Newly established></p>	<p>Article 37 (Notice of Convocation for Audit & Supervisory Board)</p> <p>(1) The notice to convene a meeting of the Audit & Supervisory Board shall be issued to each Audit & Supervisory Board Member <u>at least three (3) days prior to the date of the meeting</u>; provided, however, that the period of notice period may be shortened in case of emergency.</p> <p>(2) <No change></p> <p><u>(Supplementary Provisions)</u></p> <p>1. <u>The amendment to Article 19 of the Articles of Incorporation shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 19 (Disclosure via Internet and Deemed Provision of Reference Documents, etc. for General Meeting of Shareholders) of the Articles of Incorporation shall remain in effect for any General Meeting of Shareholders held on a date not exceeding six (6) months after the Enforcement Date.</u></p> <p>3. <u>These supplementary provisions shall be deleted after either the date six (6) months after the Enforcement Date or three (3) months after the date of the General Meeting of Shareholders per the preceding paragraph, whichever is later.</u></p>

Proposal 2: Election of eight (8) Directors

The terms of all of the current seven (7) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, to strengthen our systems for globally based business promotion and corporate governance, the Company proposes that the number of Directors be increased by one (1), and eight (8) Directors be elected.

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 20-21).

No.	Name	Current position and responsibilities in the Group	Significant concurrent positions outside the Group	
1	Toshihiko Kai	President & Representative Director		[Reelection]
2	Yoshihiko Kinoshita	Director, Executive Officer, General Manager of Medical Business Unit, General Manager of Medical Division, and General Manager of Research & Engineering Institute		[Reelection]
3	Masaru Yamamura	Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division		[Reelection]
4	Tsunehisa Suita	Executive Officer, General Manager of Administration Division, General Manager of Corporate Planning Division, and General Manager of Kanazawa Plant		[New election]
5	Kenji Saito	Executive Officer and General Manager of Aerospace Division		[New election]
6	Peter Wagner	CEO and Director, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in America)		[New election]
7	Haruko Hirose	Outside Director	Outside Director, S&B Foods Inc. Outside Director, MITSUBISHI GAS CHEMICAL COMPANY, INC.	[Reelection] [Independent Officer] [Outside Officer]
8	Mitsuaki Nakakubo	Outside Director	Attorney (Partner, Asahi Law Offices) Outside Audit & Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. Outside Director, FANCL CORPORATION	[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.
3. Summary of contents of liability insurance for Directors and other officers to enter into with each candidate:

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 the pursuit of said liability. If each 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 included on pages 40-41 (in Japanese only).

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]	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] —	64,874
[Reasons for selection as a candidate for Director] Toshihiko Kai has exhibited strong leadership and excellent management capabilities over many years, and steadily promoted business expansion and the strengthening of the business foundation, pursuing the sustainable growth of the Group and improvement of medium- and long-term corporate value. His powerful leadership and experienced management capability will continuously enable him to realize further development of the Group. 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	<p>Yoshihiko Kinoshita (September 13, 1966) [Reelection]</p>	<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>January 2022 General Manager of Research & Engineering Institute of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Medical Business Unit, General Manager of Medical Division, and General Manager of Research & Engineering Institute</p> <p>[Significant concurrent positions outside the Company] —</p>	21,392
<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. He is currently promoting the expansion of the overseas market for the hemodialysis business and strengthening of the business foundation under the difficult environment caused by the COVID-19 pandemic. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors 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	Masaru Yamamura (May 27, 1965) [Reelection]	November 1990 Joined the Company October 2009 General Manager of Business Promotion Department, Medical Division of the Company July 2012 General Manager of Osaka Branch of the Company April 2017 General Manager of Industrial Division of the Company (present position) January 2018 Executive Officer of the Company (present position) January 2019 General Manager of Industrial Business Unit of the Company (present position) March 2019 Director of the Company (present position) October 2021 CEO, Managing Director, LEWA GmbH (the Company's consolidated subsidiary in Germany) (present position) [Position and areas of responsibility at the Company] Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division [Significant concurrent positions outside the Company] -	12,483
[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. Currently he is promoting business strategies focused on worldwide energy conversion. It has been determined that he can further strengthen the management function and the supervisory function of the Board of Directors of the Company using these experiences and past results. 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
4	<p>Tsunehisa Suita (October 23, 1959) [New election]</p>	<p>April 2010 Joined the Company</p> <p>April 2013 General Manager of Corporate Planning Department of the Company</p> <p>June 2013 Director of the Company</p> <p>October 2013 Director, General Manager of Medical Division of the Company</p> <p>June 2018 CEO, Managing Director, LEWA GmbH (the Company's consolidated subsidiary in Germany)</p> <p>October 2019 CEO, Managing Director, Nikkiso Europe GmbH (the Company's consolidated subsidiary in Germany)</p> <p>January 2022 Executive Officer, General Manager of Administration Division, General Manager of Corporate Planning Division, General Manager of Kanazawa Plant of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Executive Officer, General Manager of Administration Division, General Manager of Corporate Planning Division, and General Manager of Kanazawa Plant</p> <p>[Significant concurrent positions outside the Company] -</p>	15,000
<p>[Reasons for selection as a candidate for Director] Tsunehisa Suita has obtained extensive experience and made many achievements while in charge of business management such as corporate planning, financial affairs and legal affairs and while in charge of the Medical Business. Furthermore, he has been responsible for risk management in overseas business development and for the management of the Group while taking part in the management of overseas subsidiaries in the Industrial Division and Medical Division since 2018. He currently holds the positions of General Manager of Administration Division, General Manager of Corporate Planning Division and General Manager of Kanazawa Plant of the Company. 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 new 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	<p style="text-align: center;">Kenji Saito (August 24, 1964) [New election]</p>	<p>April 2013 General Manager, Paris Branch, Mizuho Bank, Ltd.</p> <p>July 2016 Chief Executive Officer, Mizuho Bank Europe N.V.</p> <p>November 2020 Joined the Company</p> <p>January 2022 Executive Officer, General Manager of Aerospace Division of the Company (present position)</p> <p>[Position and areas of responsibility at the Company] Executive Officer and General Manager of Aerospace Division</p> <p>[Significant concurrent positions outside the Company] —</p>	0
<p>[Reasons for selection as a candidate for Director] Kenji Saito has obtained extensive knowledge and experience regarding international business and management, having served in such positions as General Manager of the Paris Branch of Mizuho Bank, Ltd. He is presently in charge of the Aerospace Division of the Company and has vigorously worked in this industry to implement various policies such as promoting business strategies focused on society after the COVID-19 pandemic, strengthening the business foundation 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 new 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	Peter Wagner (November 30, 1965) [New election]	<p>April 2003 Vice President, Gas and Process Division, Atlas Copco Energas GmbH (consolidated subsidiary of Atlas Copco in Germany)</p> <p>August 2007 General Manager, Atlas Copco Comptec LLC (America)</p> <p>January 2011 General Manager, Gas and Process Division, Atlas Copco Energas GmbH (consolidated subsidiary of Atlas Copco in Germany)</p> <p>January 2016 CEO, Managing Director, LEWA GmbH (the Company's consolidated subsidiary in Germany)</p> <p>June 2018 CEO and Director, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in America) (present position)</p> <p>[Position and areas of responsibility in the Group] CEO and Director, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in America)</p> <p>[Significant concurrent positions outside the Group] –</p>	0
<p>[Reasons for selection as a candidate for Director] Peter Wagner is the CEO of the Company's consolidated subsidiary Cryogenic Industries, Inc. (America), which is the core company of the Company's consolidated subsidiary group the Clean Energy & Industrial Gas Group (CE & IG Group), and has obtained extensive knowledge and experience regarding international business, technology development and business management. This group vigorously works on initiatives for new business areas that focus on a carbon-free society, such as LNG and business related to hydrogen. It has been determined that he can take the initiative in establishing new business areas and increasing medium- to long-term corporate value for the Group. As such, he is nominated as a new candidate for Director.</p>			

Note: While it is focused on America, the CE & IG Group is expanding its business globally as a solutions company that not only provides pumps and heat exchangers but can also provide full systems of pump-related equipment and plants for extremely low-temperature operation including EPC (Engineering, Procurement and Construction) in the industrial gas and LNG-related fields.

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 Program 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>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] Outside Director, S&B Foods Inc. Outside Director, MITSUBISHI GAS CHEMICAL COMPANY, INC.</p>	4,100
<p>[Reasons for selection as a candidate for Outside Director and summary of expected role] Haruko Hirose possesses extensive international experience and advanced knowledge about personnel development, acquired by providing meritorious service in the areas of personnel and industrial development for the United Nations system. It is expected that she can supervise management in an objective, independent and fair manner 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. If 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 four (4) years at the conclusion of this Ordinary General Meeting of Shareholders.
Notification of Independent Officer	She meets the "Independence Judgment Criteria of Outside Officers" of the Company. The Company has registered her with the Tokyo Stock Exchange, Inc. as an Independent Officer. If her reelection is approved, the Company plans to continue registering her 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
8	Mitsuaki Nakakubo (November 24, 1966) [Reelection] [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 & Supervisory Board Member of the Company</p> <p>June 2015 Outside Audit & Supervisory Board Member of the Company</p> <p>June 2017 Outside Audit & Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. (present position)</p> <p>June 2019 Outside Director, FANCL CORPORATION (present position)</p> <p>March 2021 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] Attorney (Partner, Asahi Law Offices) Outside Audit & Supervisory Board Member, Nippon Kodo Holdings Co., Ltd. Outside Director, FANCL CORPORATION</p>	7,153
<p>[Reasons for selection as a candidate for Outside Director and summary of expected role] As an attorney, Mitsuaki Nakakubo has obtained advanced and specialized knowledge and has mainly acted in areas such as disputes on officers' liability, copyright-related matters, and matters related to the Unfair Competition Prevention Act of Japan. It is expected that he can 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 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. If 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 one (1) year at the conclusion of this Ordinary General Meeting of Shareholders.
Notification of Independent Officer	He meets the "Independence Judgment Criteria of Outside Officers" of the Company. The Company has registered him with the Tokyo Stock Exchange, Inc. as an Independent Officer. If his reelection is approved, the Company plans to continue registering him as an Independent Officer.

Proposal 3: Election of two (2) Audit & Supervisory Board Members

Hiroaki Asakura, 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, Hiroyuki Muneta, who is currently an Outside Audit & Supervisory Board Member, will leave office due to expiration of the term of office at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, 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 20-21).

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	Motohiro Takeuchi (November 11, 1958) [New election]	<p>March 2011 General Manager of Quality Control Department, Philips Electronics Japan, Ltd. (currently Philips Japan, Ltd.)</p> <p>January 2014 General Manager of Service & Repair Department, Medicon Inc.</p> <p>January 2018 Joined the Company</p> <p>January 2019 General Manager of Biomedical Engineering Center, Medical Division of the Company</p> <p>January 2020 Executive Officer (present position), General Manager of Research & Engineering Institute of the Company</p> <p>January 2022 In charge of Quality Control of the Company (present position)</p> <p>[Position at the Company] Executive Officer and in charge of Quality Control</p> <p>[Significant concurrent positions outside the Company] -</p>	0
<p>[Reasons for selection as a candidate for Audit & Supervisory Board Member] Motohiro Takeuchi has obtained extensive experience and made many achievements in quality control through participation in the comprehensive improvement of products and business processes from a global point of view by serving in important positions in departments in charge of research and development and quality control in the manufacturing industry for a long time and has demonstrated such abilities within the Group. It has been determined that he will audit the performance of duties by Directors in an objective, independent and fair manner using these experiences and past results. As such, he is nominated as a new candidate for Audit & 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	Naoshi Ogasawara (August 19, 1965) [New election] [Independent Officer] [Outside Officer]	<p>December 1991 Joined Taiyo Audit Corporation (currently Grant Thornton Taiyo LLC)</p> <p>August 1992 Registered as certified public accountant (to present)</p> <p>April 2007 Senior Partner, Grant Thornton Taiyo ASG (currently Grant Thornton Taiyo LLC)</p> <p>October 2008 President, Avantia GP (General Partnership) (present position)</p> <p>April 2010 Auditor, Center for National University Finance and Management (currently National Institution for Academic Degrees and Quality Enhancement of Higher Education) (present position)</p> <p>June 2016 Outside Audit & Supervisory Board Member, TSUZUKI DENKI CO., LTD. (present position), Outside Director, Topre Corporation (present position)</p> <p>[Position at the Company] To be elected as Audit & Supervisory Board Member</p> <p>[Significant concurrent positions outside the Company] President, Avantia GP (General Partnership) Auditor, National Institution for Academic Degrees and Quality Enhancement of Higher Education Outside Audit & Supervisory Board Member, TSUZUKI DENKI CO., LTD., Outside Director, Topre Corporation</p>	0
<p>[Reasons for selection as a candidate for Outside Audit & Supervisory Board Member] Naoshi Ogasawara has obtained advanced and specialized knowledge relating to financial affairs and accounting as a certified public accountant and has obtained extensive experience in roles such as auditor and M&A assistant in companies listed on stock exchanges. It is expected that he will appropriately audit the performance of duties by Directors in an objective, independent and fair manner using this knowledge and these experiences. As such, he is nominated as a new candidate for Outside Audit & Supervisory Board Member. 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 Audit & 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 Motohiro Takeuchi:
If 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.
- Naoshi Ogasawara is a candidate to be our Outside Audit & Supervisory Board Member.

Summary of contents of limited liability agreement	If he assumes the position of Outside 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.
Notification of Independent Officer	He meets the "Independence Judgment Criteria of Outside Officers" of the Company. If he assumes the position of Outside Audit & Supervisory Board Member, the Company plans to register him with the Tokyo Stock Exchange, Inc. as an Independent Officer.

4. Summary of contents of liability insurance for Directors and other officers to enter into with each candidate:
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, said individual shall be covered by this insurance agreement. A summary of the contents of this insurance agreement is included on pages 40-41 (in Japanese only).

(Reference) Policies and Procedure for Nominating Candidates for Director and Audit & Supervisory Board Member

In order to sustain the growth of the Group and improve medium- and long-term corporate value, the Company has established policies and a procedure for nominating candidates for Director and Audit & Supervisory Board Member. Summaries of these items are as follows:

<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.
- 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.

<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.
- 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.

<Independence Judgment Criteria and Concurrent Post Restrictions of Outside Officers>

- The Company uses the independence criteria of Tokyo Stock Exchange, Inc. as the independence judgment criteria of Outside Directors and Outside Audit & Supervisory Board Members. In the interpretation and application of these criteria, it is substantially and strictly judged (i) that the individual has no personal relationships, capital relationships or business relationships with or interests in the Company other than the relationship between the Company and the individual as an Outside Officer and (ii) whether the individual has a conflict of interests with the shareholders. Furthermore, 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>

- To nominate a candidate for Director, the Nomination and Compensation Committee shall be consulted regarding the original form of the proposal for the election of said Director at the General Meeting of Shareholders. After that report is received, the nomination shall be introduced to the Board of Directors.
- To nominate a candidate for Audit & Supervisory Board Member, the Nomination and Compensation Committee shall be consulted regarding the original form of the proposal for the election of said Audit & Supervisory Board Member at the General Meeting of Shareholders. After that report and the consent of the Audit & Supervisory Board regarding the corresponding election are received, the nomination shall be introduced to the Board of Directors.
- The Board of Directors shall fully respect the report of the Nomination and Compensation Committee.

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

The fields in which there are special expectations for the Directors and Audit & Supervisory Board Members to contribute to the Nikkiso Group’s sustainable growth and its improvement of medium- and long-term corporate value are defined as (i) corporate management and business strategy; (ii) global business; (iii) technology, R&D and quality; (iv) sales and marketing; (v) human resources and personnel development; (vi) financial affairs and accounting; (vii) legal affairs and risk management; (viii) IT; and (ix) ESG. In the appropriate assignment of Directors and Audit & Supervisory Board Members, consideration shall be given to their knowledge, experience and capability as well as to diversity in the composition of these boards.

* This information does not express the entirety of each person’s knowledge and experience.

* Eleven (11) individuals with Japanese nationality/one (1) individual with foreign nationality, ten (10) men/two (2) women

Organization	Name/position and areas of responsibility	(i) Corporate management and business strategy	(ii) Global business	(iii) Technology, R&D and quality	(iv) Sales and marketing	(v) Human resources and personnel development	(vi) Financial affairs and accounting	(vii) Legal affairs and risk management	(viii) IT	(ix) ESG
Board of Directors	Toshihiko Kai President & Representative Director	●	●		●	●	●	●	●	●
	Yoshihiko Kinoshita Director, Executive Officer, General Manager of Medical Business Unit, General Manager of Medical Division, and General Manager of Research & Engineering Institute	●	●	●	●				●	●
	Masaru Yamamura Director, Executive Officer, General Manager of Industrial Business Unit, and General Manager of Industrial Division	●	●	●	●				●	●
	Tsunehisa Suita Director, Executive Officer, General Manager of Corporate Unit, General Manager of Administration Division, General Manager of Corporate Planning Division, and General Manager of Kanazawa Plant	●	●			●	●	●	●	●

Organization	Name/position and areas of responsibility	(i) Corporate management and business strategy	(ii) Global business	(iii) Technology, R&D and quality	(iv) Sales and marketing	(v) Human resources and personnel development	(vi) Financial affairs and accounting	(vii) Legal affairs and risk management	(viii) IT	(ix) ESG
Board of Directors	Kenji Saito Director, Executive Officer, General Manager of Aerospace Business Unit, and General Manager of Aerospace Division	●	●		●		●		●	●
	Peter Wagner Director; CEO and Director, Cryogenic Industries, Inc. (the Company's consolidated subsidiary in America); and CEO, Nikkiso Clean Energy & Industrial Gases Group	●	●		●	●	●		●	●
	Haruko Hirose Independent Outside Officer	●	●			●				●
	Mitsuaki Nakakubo Independent Outside Officer			●				●		●
Audit & Supervisory Board	Toshiaki Mitsumi Audit & Supervisory Board Member						●	●		●
	Motohiro Takeuchi Audit & Supervisory Board Member			●				●	●	
	Junko Fukuda Independent Outside Officer				●	●				●
	Naoshi Ogasawara Independent Outside Officer	●					●	●		

(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 of management and secure the auditing system through cooperation among independent Outside Directors, Audit & Supervisory Board Members, Internal Auditors and Accounting Auditors, and establish an environment that will support the improvement of business profitability through the operations business unit, which is led by the President & Representative Director.
- (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. Composition and Role of the Nomination and Compensation Committee

The Nomination and Compensation Committee shall be composed of three (3) or more Directors selected by resolutions of the Board of Directors. The majority of the committee members shall be Independent Outside Officers to ensure objectivity and independence. As a consultative body of the Board of Directors, this committee shall increase the transparency and objectivity related to actions such as the nomination of Directors and Audit & Supervisory Board Members and the remuneration of Directors, thereby serving the role of strengthening the supervisory functions of the Board of Directors.

4. Composition and Duties of the Board of Directors

In accordance with the Articles of Incorporation, the Audit & Supervisory Board shall be made up of four (4) or less Audit & Supervisory Board Members. 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.

5. Reason for Adopting an Organization as a Company with an Audit & Supervisory Board

The Company has adopted a system as a company with an Audit & Supervisory Board. This system consists of a Board of Directors that determines the important execution of business concerning the entire Group and that supervises the execution of Directors' duties and an Audit & Supervisory Board made up of Audit & Supervisory Board Members who audit the execution of Directors' duties.

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.

Additionally, 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 Internal Auditors and Accounting Auditors. 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. The Company shall endeavor to construct and strengthen an effective corporate governance system while using these advantages obtained as a company with an Audit & Supervisory Board.

6. Initiatives to Improve the Effectiveness of the Board of Directors

The Company is working to strengthen the 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 2021 during this business year, a questionnaire was issued to all Directors and Audit & Supervisory Board Members, and an evaluation of the effectiveness of the Board of Directors overall was then implemented. The results of this evaluation and analysis were reported to and discussed by the Board of Directors on December 23, 2021.

The questionnaire covered the composition, operation and status of discussions (such as strategic discussions) by the Board of Directors; response to issues identified from effectiveness evaluations of the previous fiscal year and officer training opportunities. The result was that a majority of the answers to each question were affirmative, so the Board of Directors is evaluated as being effective. Furthermore, on the basis of the result of the effectiveness evaluation from the previous fiscal year, improvements were made to the provision of information to Outside Officers, to the expansion of support for Outside Officers and to the Officer election process. All Directors and Audit & Supervisory Board Members have evaluated these areas as indeed having been improved.

In the future, to further increase effectiveness for the realization of the Nikkiso 2025 medium-term business plan, the Company shall strive to strengthen the governance system even more by implementing initiatives aimed at the newly identified topics of securing diversity among personnel, carrying out substantial discussions regarding sustainability including ESG and improving the effectiveness of the Nomination and Compensation Committee.

Proposal 4: Election of one (1) Substitute Outside Audit & Supervisory Board Member

At the start of this Ordinary General Meeting of Shareholders, the efficacy of the election of Shuichi Tajima—elected as a Substitute Audit & Supervisory Board Member at the 77th Ordinary General Meeting of Shareholders held on March 29, 2018—will expire. Therefore, the Company proposes that one (1) Substitute Outside Audit & Supervisory Board Member be elected to prepare for the situation in which the number of Audit & Supervisory Board Members does not meet the number prescribed by laws and regulations and by the Articles of Incorporation.

Pursuant to the provisions of the Articles of Incorporation, the efficacy of this election shall expire at the start of the Ordinary General Meeting of Shareholders for the last business year out of the business years terminating within four (4) years after the election of the Substitute Outside Audit & Supervisory Board Member. However, in the event of the Substitute Audit & Supervisory Board Member assuming the position of Audit & Supervisory Board Member, the above election may be canceled through the consent of the Audit & Supervisory Board and the resolution of the Board of Directors only before this position is assumed. The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is shown below.

Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)	Number of the Company's shares owned
<p style="text-align: center;">Makoto Suzuki (January 18, 1962) [New election] [Independent Officer] [Outside Officer]</p>	<p>April 1984 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>April 1993 Registered as an attorney of Japan (Dai-Ichi Tokyo Bar Association) (to present) and joined Asanuma Law Offices</p> <p>December 1995 Founder and Representative, Makoto Law & Accounting Firm (present position)</p> <p>December 2006 Registered as certified public accountant (to present)</p> <p>October 2007 Registered as licensed tax accountant (to present)</p> <p>April 2014 Outside Director, KOHSAI CO., LTD.</p> <p>April 2016 Outside Director (Audit and Supervisory Committee Member), KOHSAI CO., LTD. (present position)</p> <p>[Position at the Company] To be elected as Audit & Supervisory Board Member</p> <p>[Significant concurrent positions outside the Company] Attorney, certified public accountant, and licensed tax accountant (Makoto Law & Accounting Firm) Outside Director (Audit and Supervisory Committee Member), KOHSAI CO., LTD.</p>	0
<p>[Reasons for selection as a candidate for Substitute Outside Audit & Supervisory Board Member] Makoto Suzuki has obtained advanced and specialized knowledge and extensive experience relating to corporate legal affairs, M&A, tax affairs and accounting as an attorney, certified public accountant and licensed tax accountant. It is expected that he will appropriately audit the performance of duties by Directors in an objective, independent and fair manner using this knowledge and these experiences. As such, he is nominated as a new candidate for Substitute Outside Audit & Supervisory Board Member. 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 Audit & Supervisory Board Member for the reasons outlined above.</p>		

Notes:

1. There is no special interest between the candidate and the Company.

2. Makoto Suzuki is a candidate to be our Substitute Outside Audit & Supervisory Board Member.

Summary of contents of limited liability agreement	If he assumes the position of Outside 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.
Notification of Independent Officer	He meets the “Independence Judgment Criteria of Outside Officers” of the Company. If he assumes the position of Outside Audit & Supervisory Board Member, the Company plans to register him with the Tokyo Stock Exchange, Inc. as an Independent Officer.

3. Summary of contents of liability insurance for Directors and other officers to enter into with the candidate:
 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. If the candidate assumes a position as an Audit & Supervisory Board Member, said individual shall be covered by this insurance agreement. A summary of the contents of this insurance agreement is included on pages 40-41 (in Japanese only).

Proposal 5: Determination of remuneration for the issuance of restricted shares to Directors

1. Reasons for the proposal

The amount of remuneration, etc. for Directors of the Company was agreed to be an amount not exceeding 280 million yen per year (however, this amount excludes the employee salaries of Directors who concurrently serve as employees) at the 66th Ordinary General Meeting of Shareholders held on June 26, 2007, and at the 71st Ordinary General Meeting of Shareholders held on June 26, 2012 it was decided that share remuneration-type stock options (stock acquisition rights) would be issued, within the scope of the amount of the said remuneration, etc., to Directors (excluding Outside Directors). (Note that at the 73rd Ordinary General Meeting of Shareholders held on June 25, 2014, it was decided that the maximum number of shares to be issued would be changed.)

With the purposes of providing an incentive to pursue continuous improvement of the corporate value of the Company and promoting further sharing of value with shareholders, approval is requested for the receipt by Directors (excluding Outside Directors; hereinafter referred to as “Subject Directors”) of remuneration, etc. in the form of restricted shares within the remuneration scope described above (not exceeding 280 million yen per year) instead of stock options. On condition that this proposal is approved and adopted at this Ordinary General Meeting of Shareholders, the stock option system for Directors (excepting already-issued stock options) shall be abolished, and no further stock acquisition rights in the form of stock options shall be issued to Directors in the future.

2. Outline of restricted share remuneration system contents

(1) System outline

Subject Directors under this system shall, as Director remuneration, etc., be the recipients of the issuance or disposal of ordinary shares in the Company without a requirement for the payment of money or provision of property, and the total number of ordinary shares in the Company issued or disposed of for Subject Directors based on this proposal shall not exceed 150,000 shares per year, and their value shall not exceed 280 million yen per year.

However, in the event that the total number of shares in the Company issued increases or decreases as a result of merging or splitting of shares (including gratis allotment of shares), the upper limit shall be adjusted accordingly. Specific allotments to each Director shall be determined at a meeting of the Board of Directors.

Whereas there are currently five (5) Subject Directors, if Proposal 2 is approved and adopted in its original form, the number of Subject Directors shall be six (6).

(2) Outline of restricted share allotment contract contents

With regard to the issuance of restricted shares based on this proposal, a restricted share allotment contract including the following details (hereinafter referred to as “This Allotment Contract”) shall be concluded between the Company and the Subject Directors.

(i) Restriction on Transfer

Subject Directors cannot dispose of the ordinary shares in the Company allotted under This Allotment Contract (hereinafter referred to as “These Allotted Shares”) by means of transfer, establishment of security interest, or other such means during the period between the date of issuance of These Allotted Shares and the date of resignation or retirement from their position as a Director of the Company or from a position determined by the Board of Directors of the Company (however, in the event of both [a] resignation or retirement occurring before the passage of three (3) months after the end of the business year containing the date of issuance of These Allotted Shares and [b] resignation or retirement occurring on the date of the Ordinary General Meeting of Shareholders of the Company in the particular business year, and the Board of Directors of the Company has separately designated a date no more than six (6) months after the end of the relevant business year, “the date of resignation or retirement” shall instead be the said date). (Hereinafter, this restriction shall be referred to as the “Restriction on Transfer,” and this period shall be referred to as the “Period of Restriction on Transfer.”)

- (ii) Handling in cases of resignation or retirement prior to the conclusion of the Term of Service

In the event of a Subject Director resigning or retiring from the position designated by (i) above before the conclusion of the period designated by the Board of Directors of the Company (hereinafter referred to as the “Term of Service”), except in cases where there are deemed by the Board of Directors of the Company to be a legitimate reason for such resignation or retirement, the Company shall naturally acquire These Allotted Shares free of charge.

- (iii) Lifting of Restriction on Transfer

The Company shall, on condition that a Subject Director has remained in their position defined in (i) above continuously throughout their Term of Service, lift the Restriction on Transfer on These Allotted Shares in their entirety upon the conclusion of the Period of Restriction on Transfer. However, in the event of a Subject Director resigning or retiring from the position designated by (i) above before the conclusion of the Term of Service for a reason deemed legitimate by the Board of Directors of the Company as stipulated in (ii) above, the number of These Allotted Shares for which the Restriction on Transfer is to be lifted shall be adjusted in a rational manner as necessary.

- (iv) Free acquisition of These Allotted Shares

- a. The Company shall, upon the conclusion of the Period of Restriction on Transfer, naturally acquire, free of charge, any of These Allotted Shares for which the Restriction on Transfer has not been lifted based on the provisions of (iii) above.
- b. In the event that any event specified by the Board of Directors of the Company as an event for which free acquisition of These Allotted Shares is reasonable, such as the Subject Director, during the Period of Restriction on Transfer, violating laws or regulations, internal company rules, or This Allotment Contract, occurs, the Company shall naturally and freely acquire These Allotted Shares.

- (v) Handling in the event of reorganization, etc.

Notwithstanding the provisions of (i) above, in the event of approval being granted at a General Meeting of Shareholders of the Company (or, in the event of a reorganization, etc. that does not require approval at a General Meeting of Shareholders of the Company, at a meeting of the Board of Directors of the Company) for items relating to a reorganization, etc. such as a merger contract whereby the Company is the absorbed company, a share exchange contract whereby the Company becomes a wholly-owned subsidiary, or a share transfer plan, during the Period of Restriction on Transfer, the Company shall naturally acquire, free of charge and in advance of the said reorganization, etc. coming into effect, a number of These Allotted Shares determined in a rational manner by a resolution of the Board of Directors of the Company based on the length of time between the beginning of the Term of Service and the date on which approval of the said reorganization, etc. is granted. In advance of the said free acquisition, the Restriction on Transfer can be lifted, by a resolution of the Board of Directors of the Company, for a number of These Allotted Shares determined in a rational manner at a meeting of the Board of Directors of the Company.

In circumstances governed by the provisions of the present paragraph, the Company shall, immediately following the lifting of the Restriction on Transfer based on the provisions of the present paragraph, naturally acquire, free of charge, any of These Allotted Shares for which the Restriction on Transfer has not been lifted.

3. Reasons for the appropriateness of issuing restricted shares

This proposal, with the purposes of providing Subject Directors with an incentive to pursue continuous improvement of the corporate value of the Company and promoting their further sharing of value with shareholders, will issue the Subject Directors with remuneration, etc. in the form of restricted shares.

At a meeting of the Board of Directors held on February 24, 2022, it was decided that, on condition that this proposal is approved and adopted in its original form, the policy for

determining the contents of Directors' individual remuneration, etc. at the end of this business year (Page 43, in Japanese only) would be amended (described below [Reference 2]), but it was stipulated that under the said policy restricted share remuneration would be issued as Director remuneration, etc., and the contents of this proposal address necessary and reasonable contents for issuing restricted shares in accordance with the said policy following the amendment.

The ratio of the upper limit on the number of shares to be issued or disposed of in a single year based on this proposal to the total number of shares issued (as of December 31, 2021) is 0.2%, so the dilution rate is not significant.

For this reason, the content of this proposal has been judged appropriate.

(Reference 1) Outline of Contents of This System

Purpose	<ul style="list-style-type: none">• Continuous improvement of the corporate value of the Company• Further sharing of value with shareholders
Subject Directors	Directors of the Company other than Outside Directors
Type of share	Ordinary shares in the Company
Upper limit on issuance	<ul style="list-style-type: none">• Number of shares: Not exceeding 150,000 per year• Amount: Not exceeding 280 million yen per year (within the existing scope of remuneration)
Restriction on Transfer	For the duration of the period of time until the date of resignation or retirement of the Subject Directors, These Allotted Shares cannot be disposed of by means of transfer, establishment of security interest, or other such means.
Dilution rate as a result of this allotment (upper limit)	0.2% * Calculated based on total number of shares issued as of December 31, 2021

(Reference 2) Outline of Contents of the Policy for Determining Contents of Individual Remuneration, Etc. for Directors (after Amendment)

The Company believes that the accumulation of solid single-year performance will lead to the sustainable growth of the Group and the enhancement of corporate value, and in reflection on the performance, actual results, etc. for each single year, considers it appropriate to provide both monetary and share remuneration to Directors in order to enhance their responsibilities and motivation to contribute. Under this policy, Director remuneration structure will be as follows.

- (1) Remuneration for executive directors consists of basic remuneration based on their roles, a year-end bonus (monetary remuneration) that changes according to factors such as business performance, and share remuneration linked to the enhancement of medium- to long-term corporate value.
 - Basic remuneration is determined every March according to the Director's position and duties. The said remuneration shall be paid in twelve (12) equal installments between the month following the decision and March of the following year.
 - The year-end bonus is calculated based on comprehensive consideration of performance factors such as business performance in the individual fiscal year and forecasts for the following year, as well as other factors such as actual past payment, the individual Director's position, and their level of contribution. The said remuneration shall be paid upon the conclusion of their service for the specific year.
 - The decision to pay or not to pay share remuneration is based on business performance, etc. If share remuneration is paid, based on payment standards according to the Director's position in comprehensive consideration of business performance, their level of contribution, etc., ordinary shares in the Company shall be issued in May of each year, with a Restriction on Transfer until resignation.
- (2) Remuneration for Outside Directors, in order that they supervise management from an objective and professional standpoint independent of business execution, consists solely of basic remuneration. The payment method shall be the same as for executive directors.
- (3) The basic remuneration and year-end bonus per (1) and (2) above will be determined within the scope of the total remuneration amount decided at the 66th Ordinary General Meeting of Shareholders held on June 26, 2007 (not exceeding 280 million yen per year. However, this amount excludes the employee salaries of Directors who concurrently serve as employees.). Furthermore, the share remuneration will be determined within both the scope of the said total remuneration amount and the scope of the number of shares decided at this Ordinary General Meeting of Shareholders (150,000 or less ordinary shares in the Company per year).