

This document has been translated from a part of the Notice of the 160th Ordinary General Meeting of Shareholders and is provided for your reference and convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original of the document is the sole official version.

Securities Code: 3110
June 4, 2021

To Our Shareholders:

Yuichi Tsuji
Director, Representative and Chief Executive Officer
Nitto Boseki Co., Ltd.
Aza Higashi 1, Gonome, Fukushima-shi, Fukushima

Notice of the 160th Ordinary General Meeting of Shareholders

We hereby provide notice of the 160th Ordinary General Meeting of Shareholders (the “Meeting”) of Nitto Boseki Co., Ltd. (the “Company”), which will be held as indicated below.

To minimize the risk of infection from the novel coronavirus disease (COVID-19), the Company will hold the Meeting with appropriate measures put in place to prevent infection.

In order to prevent the spread of infection, we request that, regardless of your own state of health, you exercise your voting rights prior to the Meeting in writing (by postal mail) or via the internet, etc. and refrain from attending the Meeting in person.

Please note that the Company’s Ordinary General Meeting of Shareholders is usually held in Fukushima Prefecture, but same as the last year, in order to eliminate COVID-19 infection risks related to preparations for the Meeting and shareholders traveling to attend the Meeting, and giving serious regard to the stable use of the venue, etc., the Meeting will be held at the Company’s Tokyo headquarters.

When exercising your voting rights in writing (by postal mail) or via the internet, etc., in advance, please review the attached Reference Documents for the General Meeting of Shareholders, and while referring to “Instructions Concerning Exercise of Voting Rights” on page 3, exercise your voting rights by 5:25 p.m. on Thursday, June 24, 2021 (JST).

Request Concerning Measures Against COVID-19

- **Changes may still be made to the aforementioned response to reflect the circumstances surrounding the spread of COVID-19, etc. We will provide the latest information on the Company’s website (<https://www.nittobo.co.jp/>). Before attending please check the website for updates.**
- We will take all the necessary precautions at the Meeting in the interest of protecting the safety of shareholders and preventing the spread of infection, which may include body temperature checks and a requirement to use hand sanitizer upon entry. In addition, shareholders who attend in person will be asked to wear a mask. Please note that you will not be admitted entry to the venue if you do not wear a mask.
- The Company’s officers attending the Meeting and event staff will wear masks when interacting with shareholders.
- **Note that shareholders will be seated at a distance from each other to maintain social distancing, and it may therefore be impossible to provide sufficient seating for all attendees. For this reason, please be aware that if all seats are filled, shareholders will be unable to enter, even if they have traveled to the venue.**

- 1. Date and Time:** Friday, June 25, 2021, at 10:00 a.m.
- 2. Venue:** Meeting Room at Tokyo Headquarters of Nitto Boseki Co., Ltd.
Kojimachi Odori Bldg., 2-4-1, Kojimachi, Chiyoda-ku, Tokyo

**Note: The Meeting will be held at the Company's Tokyo Headquarters.
Gifts will not be provided.**

3. Purpose of the Meeting

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 160th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee
2. The Non-consolidated Financial Statements for the 160th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved

Proposal No. 1: Dividends of Surplus

Proposal No. 2: Election of Seven Directors

4. Disclosure on the Internet

If any changes are made to items in the Reference Documents for the General Meeting of Shareholders, such changes will be posted on the Company's website.
(<https://www.nittobo.co.jp/eng/>)

Supplementary information for English readers

The Consolidated Financial Statements and an introduction to the Company's business operations are available on the Company's website.

Investor Relations: <https://www.nittobo.co.jp/eng/ir/index.htm>

Introduction to the Company's business operations (Business Intro): <https://www.nittobo.co.jp/english/business/index.htm>

Instructions Concerning Exercise of Voting Rights

Voting rights at the General Meeting of Shareholders are an important right of all shareholders.

Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders.

In order to minimize the spread of COVID-19, we request that shareholders, if at all possible, exercise their voting rights in writing (by postal mail) or via the internet, etc.

Exercising Voting Rights in Writing (by Postal Mail) or via the Internet, etc.

1. Exercising Voting Rights in Writing (by Postal Mail)

Please indicate, on the enclosed voting card, your approval or disapproval with respect to each proposal and then return the card by postal mail.

If you submit a voting card without indicating your approval or disapproval with respect to each proposal, it will be deemed as an approval.

Deadline for exercising voting rights: To be received by Thursday, June 24, 2021, at 5:25 p.m. (JST)

2. Exercising Voting Rights via Smartphone or the Internet, etc.

To exercise voting rights via the internet, please access the “smart voting” website or “website for the exercise of voting rights (<https://soukai.mizuho-tb.co.jp/>)” designated by the Company from your smartphone or personal computer, and enter your approval or disapproval with respect to each proposal by following the instructions displayed on the screen by the deadline for exercising voting rights.

- (1) If you exercise your voting rights both in writing (by postal mail) and via the internet, etc., the exercise of your voting rights via the internet, etc. will be treated as valid.
- (2) If you exercise your voting rights multiple times via the internet, etc., the last exercise of your voting rights will be treated as valid.

Deadline for exercising voting rights: To be exercised by Thursday, June 24, 2021, at 5:25 p.m. (JST)

Exercising Voting Rights via the Voting Rights Exercise Platform (For Institutional Investors)

Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

When Attending the General Meeting of Shareholders in Person:

Please present the enclosed voting card at the reception.

Date and Time: Friday, June 25, 2021, at 10:00 a.m. (Reception will open at 9:00 a.m.)

Supplementary information for English readers

The website that the Company uses for the exercise of voting rights (<https://soukai.mizuho-tb.co.jp/>) is available in Japanese only.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Dividends of Surplus

The Company regards its policy of paying dividends to its shareholders as one of the top priorities, and it maintains a basic policy to improve stable dividend payment while giving consideration to a comprehensive range of matters including enhancement of internal reserves to strengthen the financial structure and for stable future growth.

In line with this policy, the Company proposes to pay year-end dividends for the 160th fiscal year of ¥22.50 per share.

As the Company has already paid an interim dividend of ¥22.50 per share, the annual dividend will be ¥45 per share, the same amount as last year.

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and their aggregate amount

¥22.50 per common share of the Company

The total dividends: ¥872,960,490

(3) Effective date of dividends of surplus

June 28, 2021

[Reference]

Trends in Dividends

Item	156th fiscal year (Fiscal year ended March 31, 2017)	157th fiscal year (Fiscal year ended March 31, 2018)	158th fiscal year (Fiscal year ended March 31, 2019)	159th fiscal year (Fiscal year ended March 31, 2020)	160th fiscal year (Fiscal year ended March 31, 2021)
Annual dividend per share (Yen)	35	40	40	45	45
Annual dividend (Millions of yen)	1,379	1,552	1,552	1,746	1,745
Consolidated dividends payout ratio (%)	18.6	15.2	19.4	30.3	21.6
Amount used to acquire the treasury shares (Millions of yen)	1,742	780	6	10	5
Total return ratio (%)	41.7	22.8	19.5	30.4	21.6

(Note) The Company conducted a consolidation of common shares at a rate of one share for every five shares as of October 1, 2017. The amounts of annual dividend per share for the 156th fiscal year and the 157th fiscal year reflect the values after the consolidation of shares.

Proposal No. 2 Election of Seven Directors

The terms of office of all currently serving seven Directors will expire at the conclusion of the Meeting. In this regard, in accordance with the decision made by the Nomination Committee, the Company proposes to elect seven new Directors (including four External Directors).

To ensure a system by which the whole of the Board of Directors is able to suitably supervise the execution of the Company's business, the basic policy is to have the Board of Directors comprised of Internal Directors, who have capabilities and insight with respect to respective businesses and overall management, and External Directors, who are in number at least the same as Internal Directors and are able to provide valuable opinions concerning the enhancement of governance, etc. from the multiple perspectives of the stakeholders, etc.

If this proposal is approved as proposed, four of the seven Directors will be External Directors.

All of the four candidates for External Directors satisfy the "Independence Criteria for External Directors" established by the Company and the requirements for independence stipulated by Tokyo Stock Exchange, Inc.

Please refer to the activities of External Directors during the fiscal year under review on pages 20 to 21.

The candidates for Director are as follows:

Candidate No.		Name	Current Position and Responsibility in the Company	Attendance at meetings of Board of Directors
1	Reelection	Yuichi Tsuji	Director Member of Nomination Committee, Member of Remuneration Committee Representative and Chief Executive Officer	12/12
2	Reelection	Toyoshi Nishizaka	Director Member of Audit Committee (full-time)	12/12
3	Reelection	Yu Nozaki	Director Member of Audit Committee (full-time)	12/12
4	Reelection External Independent	Masamichi Ouchi	External Director Chairman of Audit Committee, Member of Nomination Committee	12/12
5	Reelection External Independent	Sadayoshi Fujishige	External Director Chairman of Nomination Committee, Member of Remuneration Committee	10/10
6	Reelection External Independent	Hiroshi Kagechika	External Director Chairman of Remuneration Committee, Member of Nomination Committee, Member of Audit Committee	10/10
7	Reelection External Independent	Agasa Naito	External Director Member of Nomination Committee, Member of Remuneration Committee, Member of Audit Committee	10/10

External : Candidate for External Director

Independent : Independent Officer

[Reference]**Independence Criteria for External Directors**

If an External Director of the Company does not fall under any of the following items, that External Director is deemed to have independence.

1. Any party whose major client or supplier is the Company or any of its subsidiaries, or executive of that party.
2. Any party that is a major client or supplier of the Company or any of its subsidiaries, or executive of that party.
3. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits other than Directors' or other corporate officers' remuneration paid by the Company (or if the party receiving such financial benefits is an incorporated entity, partnership or other organization, then persons belonging to such organization).
4. A party who has fallen under any of the items in 1 to 3 above in the most recent year.
5. A relative within the second degree of kinship of a party who falls under any of the following sub-items (a) to (c) (excluding unimportant positions).
 - (a) Party mentioned in 1 to 4
 - (b) Executive of a subsidiary of the Company
 - (c) A party who has fallen under (b) or an executive of the Company in the most recent year

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company			Number of the Company's Shares Owned
1 Reelection	Yuichi Tsuji (Oct. 25, 1959)  Attendance at meetings (Fiscal year ended March 31, 2021) Board of Directors: 12/12 Nomination Committee: 5/5 Remuneration Committee: 5/5	Oct. 2013 Joined the Company General Manager of Accounting and Finance Dept. Apr. 2014 Operating Officer and General Manager of Accounting and Finance Dept. Jun. 2014 Executive Officer, General Manager of Corporate Business Planning Dept. and Responsible for Corporate Risk Management Nov. 2014 Executive Officer, General Manager of Corporate Business Planning Dept., Responsible for Corporate Risk Management, Human Resources Dept., Information System Dept., Compliance Management Dept., Purchasing Dept., Osaka Branch and Nagoya Branch Jun. 2015 Director and Executive Officer (current) Feb. 2016 Representative Executive Officer Jun. 2016 Representative and Chief Executive Officer (current) Current Status in the Board: Member of Nomination Committee and Remuneration Committee		3,200	

Reason for nomination as candidate for Director:

Mr. Yuichi Tsuji assumed his office as Executive Officer in 2014 and was responsible for overall headquarters functions, including the Corporate Business Planning Dept. and Human Resources Dept.

Since 2016, Mr. Tsuji has presided over the entire Nitto Boseki Group as Representative and Chief Executive Officer, and having formulated the Nittobo Group's vision for 2030 [Big VISION 2030], he is currently working to promote the New Mid-Term Business Plan (FY2021-2023), which is the first stage in a long-term strategy for realizing the vision. Mr. Tsuji has ample business experience befitting a Director of the Company, and has a broad range of knowledge and deep insight into the Company's business. Therefore, the Nomination Committee once again nominates him as a candidate for Director.

If this proposal is approved and adopted, the Company plans to once again appoint Mr. Tsuji as Representative and Chief Executive Officer at a meeting of the Board of Directors after the conclusion of the Meeting.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
2 Reelection	<p>Toyoshi Nishizaka (May 8, 1958)</p>  <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 12/12 Audit Committee: 13/13</p>	<p>Apr. 1981 Joined the Company</p> <p>Jun. 2003 General Manager of Planning & Administration Dept., Glass Fiber Division</p> <p>Feb. 2007 General Manager of Human Resources Dept.</p> <p>Jun. 2008 Director and General Manager of Human Resources Dept.</p> <p>Oct. 2008 Operating Officer and President of Building Materials Division</p> <p>Apr. 2010 Managing Operating Officer and President of Environmental Division</p> <p>Jan. 2011 Managing Operating Officer and stationed at Main Branch (Fukushima)</p> <p>May 2012 President, Representative Director of Nittobo Allied Service Co., Ltd.</p> <p>Apr. 2013 Advisor and Head of Fukuyama Center of the Company</p> <p>Jun. 2014 Director (current)</p> <p>Current Status in the Board: Member of Audit Committee (full-time)</p>	5,400

Reason for nomination as candidate for Director:

Mr. Toyoshi Nishizaka served as General Manager of Human Resources Dept. and President of Environmental Division and has experience in starting up overseas subsidiaries.

Mr. Nishizaka was responsible for his office as Head of Fukuyama Center in 2013, and now serves as a full-time Member of Audit Committee as a non-executive Director (a Director not concurrently serving as an Executive Officer). Mr. Nishizaka has ample business experience befitting a Director of the Company, and has a broad range of knowledge and deep insight into the Company's business. Therefore, the Nomination Committee once again nominates him as a candidate for Director.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
3 Reelection	<p>Yu Nozaki (Nov. 29, 1959)</p>  <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 12/12 Audit Committee: 10/10</p>	<p>Apr. 1983 Joined the Company</p> <p>Mar. 2010 General Manager of Accounting and Finance Dept.</p> <p>Jun. 2010 Director and General Manager of Accounting and Finance Dept.</p> <p>Apr. 2011 Managing Director, Deputy Senior General Manager of Corporate Business Planning Dept. and General Manager of Human Resources Dept.</p> <p>Jun. 2013 President and Representative Director of Paramount Glass Manufacturing Co., Ltd.</p> <p>Jun. 2015 President and Representative Director of Soyo Co., Ltd.</p> <p>Oct. 2016 Executive Officer, Responsible for Human Resources Dept., Accounting and Finance Dept. of the Company</p> <p>Apr. 2017 Managing Executive Officer, Responsible for Human Resources Dept., Corporate Business Planning Dept., Corporate Communication Dept., Accounting and Finance Dept.</p> <p>Jun. 2017 Director (current)</p> <p>Aug. 2019 Managing Executive Officer, Responsible for Audit Office, Risk Management Dept.</p> <p>Current Status in the Board: Member of Audit Committee (full-time)</p>	7,200
<p>Reason for nomination as candidate for Director:</p> <p>Mr. Yu Nozaki served as Deputy Senior General Manager of Corporate Business Planning Dept. as a Managing Director. Mr. Nozaki then served as President and Representative Director at multiple consolidated subsidiaries. Mr. Nozaki has been a Director since 2017, and from 2018 until March 2020, he worked as a Director concurrently serving as a Managing Executive Officer, mainly in charge of headquarters functions. Currently, Mr. Nozaki serves as a full-time Member of Audit Committee as a non-executive Director (a Director not concurrently serving as an Executive Officer). Mr. Nozaki has ample business experience befitting a Director of the Company, and has a broad range of knowledge and deep insight into the Company's business. Therefore, the Nomination Committee once again nominates him as a candidate for Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company		Number of the Company's Shares Owned
4 Reelection	<p>Candidate for External Director Independent Officer Masamichi Ouchi (Jun. 15, 1942)</p>  <p>Tenure as External Director: 6 years (at the conclusion of the Meeting)</p> <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 12/12 Nomination Committee: 5/5 Remuneration Committee: 3/3 Audit Committee: 13/13</p>	<p>Sep. 1975 Registered as a certified public accountant Jun. 1977 Registered as a tax accountant Aug. 1983 Guest Researcher of Mitsubishi Research Institute, Inc. Jun. 2007 Chairman and President of Tokyo Chapter, the Japanese Institute of Certified Public Accountants Jul. 2007 Deputy President of the Japanese Institute of Certified Public Accountants Jul. 2010 Auditor of the Japanese Institute of Certified Public Accountants Jun. 2013 External Auditor of Tsukishima Kikai Co., Ltd. (current) Jan. 2015 Established MO Partners, Public Tax Accountant Corporation Representative for MO Partners Public Tax Accountant Corporation Jun. 2015 External Director of the Company (current)</p> <p>Current Status in the Board: Chairman of Audit Committee and Member of Nomination Committee</p>	0	
	<p>Reason for nomination as candidate for External Director and overview of expected role: Mr. Masamichi Ouchi has a wealth of experience and a high level of insight as an expert in accounting and finance and as an outside officer of another company. He attends meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee, and as Chairman of the Audit Committee he actively expresses opinions. In this way, he plays an appropriate role as an External Director of the Company, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.</p> <p>The Nomination Committee judges that he will continue to perform his expected role described above as an External Director through his knowledge and experience from a perspective of promoting the sustainable growth and medium- to long-term increase in corporate value of the Company. Therefore the Committee nominates him as a candidate for External Director.</p> <p>Mr. Ouchi has never been involved in the management of a company, except as an external director or external corporate auditor. However, the Company judges he will appropriately fulfill his duties as an External Director based on the above reasons.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company	Number of the Company's Shares Owned
5 Reelection	<p>Candidate for External Director Independent Officer</p> <p>Sadayoshi Fujishige (Jan. 1, 1947)</p>  <p>Tenure as External Director: 1 year (at the conclusion of the Meeting)</p> <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2</p>	<p>Mar. 1969 Joined Lion Fat & Oil Co., Ltd. (currently: Lion Corporation)</p> <p>Mar. 1996 Director, Executive General Manager of International Division of Lion Corporation</p> <p>Mar. 2000 Executive Director, Executive General Manager of Home Products Sales Headquarters of Lion Corporation</p> <p>Mar. 2002 Representative Director, Senior Executive Director, Responsible for Home Products Business, Executive General Manager of Home Products Sales Headquarters of Lion Corporation</p> <p>Mar. 2004 Representative Director, President and CEO of Lion Corporation</p> <p>Mar. 2006 Representative Director, President and CEO, Chairman of the Board of Directors, Responsible for Home Products Business of Lion Corporation</p> <p>Jan. 2012 Representative Director, Chairman and CEO, Chairman of the Board of Directors of Lion Corporation</p> <p>Jan. 2014 Representative Director, Chairman, Chairman of the Board of Directors of Lion Corporation</p> <p>Mar. 2016 Advisor of Lion Corporation</p> <p>Jun. 2020 External Director of SATO HOLDINGS CORPORATION (current)</p> <p>Jun. 2020 External Director of the Company (current)</p> <p>Mar. 2021 Special Consultant of Lion Corporation (current)</p> <p>Current Status in the Board: Chairman of Nomination Committee and Member of Remuneration Committee</p>	0
<p>Reason for nomination as candidate for External Director and overview of expected role:</p> <p>Mr. Sadayoshi Fujishige has a wealth of experience and a high level of insight as a top manager of listed companies, having served as Representative Director, President and Chairman, etc. at Lion Corporation. He attends meetings of the Board of Directors, the Nomination Committee, and the Remuneration Committee, and as Chairman of the Nomination Committee he actively expresses opinions. In this way, he plays an appropriate role as an External Director of the Company, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.</p> <p>The Nomination Committee judges that he will continue to perform his expected role described above as an External Director through his knowledge and experience from a perspective of promoting the sustainable growth and medium- to long-term increase in corporate value of the Company. Therefore the Committee nominates him as a candidate for External Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company		Number of the Company's Shares Owned
6 Reelection	<p>Candidate for External Director Independent Officer Hiroshi Kagechika (Mar. 12, 1950)</p>  <p>Current Status in the Board: Chairman of Remuneration Committee, Member of Nomination Committee and Audit Committee</p> <p>Tenure as External Director: 1 year (at the conclusion of the Meeting)</p> <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2 Audit Committee: 10/10</p>	<p>Apr. 1972 Joined NKK Corporation (currently: JFE Holdings, Inc.)</p> <p>Feb. 2002 Vice President of NKK Corporation</p> <p>Apr. 2003 Vice President of JFE Steel Corporation</p> <p>Apr. 2005 Senior Vice President (Director of Steel Research Laboratory) of JFE Steel Corporation</p> <p>Apr. 2009 President and Director of JFE Techno-Research Corporation</p> <p>Apr. 2015 Advisor of JFE Techno-Research Corporation</p> <p>Jun. 2020 External Director of the Company (current)</p>		0
<p>Reason for nomination as candidate for External Director and overview of expected role:</p> <p>Mr. Hiroshi Kagechika has specialist insight and a wealth of experience in corporate business and the field of research and development in the manufacturing sector, having served as Senior Vice President and Director of Steel Research Laboratory at JFE Steel Corporation, and President and Director of JFE Techno-Research Corporation. He attends meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee, and as Chairman of the Remuneration Committee he actively expresses opinions. In this way, he plays an appropriate role as an External Director of the Company, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.</p> <p>The Nomination Committee judges that he will continue to perform his expected role described above as an External Director through his knowledge and experience from a perspective of promoting the sustainable growth and medium- to long-term increase in corporate value of the Company. Therefore the Committee nominates him as a candidate for External Director.</p>				

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions outside the Company		Number of the Company's Shares Owned
7 Reelection	<p>Candidate for External Director Independent Officer</p> <p>Agasa Naito (Oct. 2, 1976)</p>  <p>Tenure as External Director: 1 year (at the conclusion of the Meeting)</p> <p>Attendance at meetings (Fiscal year ended March 31, 2021)</p> <p>Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2 Audit Committee: 10/10</p>	<p>Oct. 2001 Registered as an attorney Joined Nagashima Ohno & Tsunematsu</p> <p>May 2008 Registered as an attorney at New York State Bar Association</p> <p>Jun. 2011 Joined TANABE & PARTNERS</p> <p>Apr. 2013 Partner of TANABE & PARTNERS (current)</p> <p>Jun. 2015 Outside Audit & Supervisory Board Member of BOOKOFF CORPORATION LIMITED</p> <p>Oct. 2018 Outside Audit & Supervisory Board Member of BOOKOFF GROUP HOLDINGS LIMITED (current)</p> <p>Jun. 2020 External Director of the Company (current)</p> <p>Current Status in the Board: Member of Nomination Committee, Remuneration Committee and Audit Committee</p>		0
	Reason for nomination as candidate for External Director and overview of expected role: Ms. Agasa Naito has a wealth of experience and a high level of insight as an expert in law and as an outside officer of other companies. She attends meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee, where she actively expresses opinions. In this way, she plays an appropriate role as an External Director of the Company, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution. The Nomination Committee judges that she will continue to perform her expected role described above as an External Director through her knowledge and experience from a perspective of promoting the sustainable growth and medium- to long-term increase in corporate value of the Company. Therefore the Committee nominates her as a candidate for External Director. Ms. Naito has never been involved in the management of a company, except as an external director or external corporate auditor. However, the Company judges she will appropriately fulfill her duties as an External Director based on the above reasons.			

(Notes)

1. There is no special interest between any of the candidates and the Company.
2. Messrs. Masamichi Ouchi, Sadayoshi Fujishige and Hiroshi Kagechika, and Ms. Agasa Naito are candidates for External Director.
3. Messrs. Masamichi Ouchi, Sadayoshi Fujishige and Hiroshi Kagechika, and Ms. Agasa Naito satisfy the “Independence Criteria for External Directors” established by the Company and the requirements for independence stipulated by Tokyo Stock Exchange, Inc.
4. The Company has entered into limited liability agreements with Messrs. Masamichi Ouchi, Sadayoshi Fujishige and Hiroshi Kagechika, and Ms. Agasa Naito to limit their liability under Article 423, paragraph 1 of the Companies Act to an amount as provided for by Article 425, paragraph 1 of the same Act pursuant to the provisions of Article 26 of the Company’s Articles of Incorporation, and if this proposal is approved and adopted as originally proposed, the Company plans to renew these agreements.
5. The Company has submitted an Independent Officer Notification Form to register Messrs. Masamichi Ouchi, Sadayoshi Fujishige and Hiroshi Kagechika, and Ms. Agasa Naito as independent officers at Tokyo Stock Exchange, Inc. If their election is approved and adopted in accordance with this proposal, they will continue to serve as independent officers and the Company plans to submit Independent Officer Notification Forms registering them all as Independent Officers.
6. Overview of directors and officers liability insurance policy
The Company has concluded a directors and officers liability insurance (D&O insurance) policy as stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company, in which Directors and Executive Officers of the Company and directors and other officers of its subsidiaries are the insureds. The insurance premiums, including those for special clauses, are borne by the Company in full, and there are no insurance premiums actually borne by the insureds. The aforementioned insurance policy has been made to cover losses that may arise from the insured’s assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
If this proposal is approved and adopted as originally proposed, the Company plans to include all seven Director candidates as insureds in the aforementioned insurance policy and renew the said policy with the same terms in June 2021.
7. It is planned that after the conclusion of the Meeting, by way of resolutions of the Board of Directors, the respective members and chairman for the Nomination Committee, Remuneration Committee, and Audit Committee will be as follows.
In each committee, the majority of members shall be External Directors, and an External Director shall be appointed as chairman.

Name	Position	Nomination Committee	Remuneration Committee	Audit Committee
Yuichi Tsuji	Director, Representative and Chief Executive Officer	○	○	
Toyoshi Nishizaka	Director			○
Yu Nozaki	Director			○
Masamichi Ouchi	External Director, Independent Officer	○		●
Sadayoshi Fujishige	External Director, Independent Officer	●	○	
Hiroshi Kagechika	External Director, Independent Officer	○	●	○
Agasa Naito	External Director, Independent Officer	○	○	○

(Note) The black circles (●) indicate the committee chairman and the white circles (○) indicate members.

Attached Documents

(1) Corporate governance

The Company made the transition from a company with Audit & Supervisory Board to a company with a Nomination Committee, etc. in 2014. With the aim of achieving sustainable growth for the Group while enhancing the corporate value over the medium to long term, the Company is enhancing the corporate governance structure and implementing reviews on an ongoing basis, setting various objectives, such as further clarifying the separation of supervision from execution, strengthening the management supervisory function and improving management transparency of the Board of Directors, and ensuring agility of the execution and running of business operations performed swiftly by Executive Officers.

[Principal initiatives carried out in recent years]

- 1) The Company has established the “preliminary briefings” to deepen understanding of agenda items of meetings of the Board of Directors in the interest of further energizing deliberations at meetings of the Board of Directors, and preliminary briefings were held 10 times in the fiscal year. During these preliminary briefings, timely and appropriate explanations were given and opinions were exchanged regarding not only the agenda items to be raised at the meeting of the Board of Directors, but also matters deemed important for the supervision of management, spending about two hours each time. The background of the agenda items, etc. provided at meetings contributed to deepening essential understanding, thereby contributing to the efficient operation of the meetings of the Board of Directors.
- 2) Pursuant to internal rules established by the Board of Directors, the Company commissioned retired officers of the Company, including Chief Executive Officer, Chairmen, and other officers (Directors, or Executive Officers with titles) to serve as Advisors or Special Consultants for a certain period. However, in the interest of building a more efficient and effective management structure for the future, the Company abolished the “Advisor and Special Consultant System” effective June 30, 2017.
- 3) The Company established the Corporate Communication Department on April 1, 2017 with the aim of enhancing the dissemination of information to outside the company. This department works to ensure better transparency and fairness, to disseminate information that is easy to understand and very useful, and to promote constructive dialogue with the shareholders. Beginning with fiscal 2018, the department now augments its IR activities by also engaging in dialogue with key persons for deciding voting rights at institutional investors.
- 4) From the standpoint of supervising the business execution of Executive Officers, the Board of Directors determined the “Rules of Executive Committee” at the meeting of the Board of Directors held on December 26, 2017. Concerning deliberations on important matters related to overall management of the Group, the Board of Directors has indicated its intention to promote discussions that are more multifaceted to further energize and deepen the Executive Committee meetings.
- 5) From 2019, the Company has begun to publish an integrated report combining financial information and non-financial information including CSR to enable a deeper understanding of the Group’s initiatives for creating value over the medium to long term.
- 6) The Company holds shares of listed companies under its policy on cross-shareholding in cases where it deems such shareholding to be beneficial for building favorable relationships with important trading partners of the Group in fields including sales, procurement of raw material and fuel, and finance, smoothly advancing business activities of the Group, and maintaining and enhancing corporate value in the Group. However, from a standpoint of the sustainability and growth of the Group’s corporate value, when the Company deems that there is insufficient reason to hold those shares, the Company will sell them while paying attention to the effect on the market, and so forth.

Moreover, the Company reviews the holding policy for listed shares individually at a meeting of the Board of Directors on a periodic basis, comprehensively considering qualitative factors such as the materiality of transactions, and the maintaining or establishment of favorable trading relationships, etc., i.e. sales and purchases, the existence of any technological cooperation or joint capital investment, whether there are any joint ventures underway, or financing arrangements, and a quantitative evaluation that compares the total return on investment, calculated by considering dividend yield and business profit, against the cost of capital. Based on such reviews, the Company

sold four different listed company shares worth ¥8,665 million in fiscal 2020, and 17 different company shares worth ¥12,804 million in the four-year period from fiscal 2017.

[Self-evaluation concerning the effectiveness of the Board of Directors]

The composition, operation, support structure, shareholder dialogue, etc. of the Company's Board of Directors are analyzed and evaluated by the Board of Directors based on evaluations by each Director by implementing surveys using external attorneys.

In the evaluation concerning the effectiveness of the Board of Directors in the previous fiscal year, the opinion was expressed that further improvements need to be made to matters such as enhancement of feedback from Executive Officers on matters resolved by the Board of Directors, deepening of discussion on management policy and management strategy, including from the perspective of ESG and SDGs, and further strengthening of risk management, such as disaster countermeasures, fraud prevention measures and Group management, and review of the agenda of items and time for discussion at meetings of the Board of Directors, and the following initiatives were adopted in the fiscal year.

- With regard to large-scale capital investment projects resolved by the Board of Directors and progress made with respect to the annual budget, the Executive Officers provided preliminary briefings, as well as provided explanations and reports at meetings of the Board of Directors, which enhanced deliberations.
- In the development of the Mid-Term Business Plan, Executive Officers and the Board of Director shared reflection on the previous Mid-Term Business Plan as well as challenges for each business division and company-wide challenges in research and development, risk management and other areas on several occasions and deepened discussions on the Company's management policy and management strategy to be pursued, including ESG and SDGs, and the Group formulated new management strategy incorporating environmental goals (the Nittobo Group's vision for 2030 [Big VISION 2030], and the New Mid-Term Business Plan).
- As four External Directors with diverse knowledge and experience were elected and the Board of Directors received explanations related to agenda items, current business conditions and issues at preliminary briefings, etc., the Board of Directors was able to have free and open-minded deliberations and discussions that were constructive and multifaceted.

The survey for the fiscal year, returned an evaluation that there were very positive results, with about 70% of the survey items receiving higher evaluation compared with the previous fiscal year. However, there were also the opinions that the following items require improvement.

- Further improvement in risk management
- Creation of a structure for feedback on matters resolved by the Board of Directors in the past
- Promotion of sustainability activities
- Continued discussions on grooming plan for prospective candidates for senior executive positions

The Company will continue to make improvements to ensure the Board of Directors performs supervisory functions more.

(2) Amount of remuneration, etc. of Directors and Executive Officers

Category of officer	Total amount of remuneration, etc. (Millions of yen)	Total amount by category of remuneration, etc. (Millions of yen)			Number of recipients (Persons)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	
Directors (Excluding External Directors)	80	58	21	–	3
External Directors	75	75	–	–	6
Directors Total	155	134	21	–	9
Executive Officers Total	192	141	50	–	12
Grand Total	347	275	71	–	21

(Notes) 1. The above numbers of recipients include two Directors who retired as of the conclusion of the 159th Ordinary General Meeting of Shareholders held on June 25, 2020.

2. The amount paid to Executive Officers does not include the wages paid for service as an employee for Executive Officers who concurrently serve as an employee of the Company.
3. The Company's performance-linked remuneration is calculated based on the previous fiscal year's performance, and the amount combined with fixed remuneration (basic remuneration) is defined as remuneration for the current fiscal year, and this is paid as a fixed regular wage.

(3) Policy for the determination of remuneration, etc. for Directors and Executive Officers

(i) Deciding policy

The Company determines the policy related to the determination of individual remuneration of Directors and Executive Officers on the basis of objective data, etc. from external consultants in the Remuneration Committee, composed of a majority of External Directors and chaired by an External Director, based on the provisions of the Companies Act related to a Company with Nomination Committee, etc.

Furthermore, the policy is based on the approach of providing strong motivation for officers to achieve their performance targets while securing transparency and rationality, fostering awareness for medium- to long-term management, and conforming with the interests of stakeholders including shareholders and investors, and the performance targets used for calculating remuneration also reflect this approach.

(ii) Outline of details of the policy

The Company's officer remuneration (excluding External Directors) is structured with basic remuneration determined by the position and the state of competency expected of each position (behavior evaluation) and the state of performance (performance evaluation), and performance-linked remuneration that varies within a range of 0% to 150% according to the level of achievement of company performance targets from the previous fiscal year and individual performance targets based on the activities and performance of the responsible divisions, and the current fiscal year's remuneration is based on a combination of these.

Performance-linked remuneration is not applicable for External Directors due to the role of supervising management from an independent and objective perspective.

<Percentage of remuneration by position>

Position	Portion of officer remuneration (if the level of achievement of company and individual targets is 100%)		
	Basic remuneration	Performance-linked remuneration (note)	
		Company performance	Individual performance
Representative and Chief Executive Officer	67%	16.5%	16.5%
Senior Managing Executive Officers	69%	15.5%	15.5%
Other officers (Excluding External Directors)	71%	14.5%	14.5%
External Directors	100%	—	—

(Note) Performance-linked remuneration (company performance portion + individual performance portion) is set at 50% of basic remuneration for the Representative and Chief Executive Officer, 45% of basic remuneration for Senior Managing Executive Officers, and 40% of basic remuneration for other officers (excluding External Directors).

<Indicators for performance-linked remuneration and ratio for their reflection therein>

Company performance	Operating profit (compared to budget)	Operating profit (year on year)	ROE (year on year)	Dividends (year on year)
	25%	25%	25%	25%
Individual performance	Operating profit of division under charge (compared to budget)		Status of initiatives to address issues in the Mid-Term Business Plan for division under charge	
	40%		60%	

<The reasons for the selection of these indicators>

(i) Company performance

Operating profit is set to strengthen our earning power and growth potential, and ROE is set to improve capital efficiency. Dividends are set for the purpose of further sharing value with our shareholders.

(ii) Individual performance

The operating profit of division under charge and the status of initiatives to address issues in the Mid-Term Business Plan were set to clarify the responsibility for performance that should be taken on by each officer (excluding External Directors). In addition, evaluation is conducted based on a perspective and items different from that of the company performance.

<Determining remuneration>

The Remuneration Committee chaired by an External Director checks the exhibition of competencies and the level of achievement of company performance targets and individual performance targets, and determines individual amounts based on the aforementioned remuneration percentages and percentages of reflection in performance-linked remuneration.

■ Calculation rules

(Basic remuneration)

This is determined using a basic remuneration table that is a matrix based on four levels of behavior evaluation and nine levels of performance evaluation.

(Performance-linked remuneration)

- Company performance portion = amount of basic remuneration for each previous fiscal year × percentage of company performance portion for each position × level of achievement of company performance portion for the previous fiscal year
- Individual performance portion = amount of basic remuneration for each previous fiscal year × percentage of individual performance portion for each position × level of achievement of individual performance portion for the previous fiscal year

Performance-linked remuneration is determined by combining the company performance portion and the individual performance portion calculated as shown above.

Since remuneration for Directors and Executive Officers for the fiscal year under review was also determined by the above method, and furthermore, the validity of the level of remuneration was checked based on data on officer remuneration periodically provided by external consultants, the Remuneration Committee has judged that the content of the remuneration reflects the above policy.

Targets and actual values of company performance for fiscal 2019 used in the calculation of performance-linked remuneration in fiscal 2020 are as follows.

[Operating profit (compared to budget)] target: ¥10,000 million/actual: ¥8,160 million

[Operating profit (year on year)] target: ¥8,198 million/actual: ¥8,160 million

[ROE (year on year)] target: 9.1% (after adjustment)/actual: 6.3%

[Dividends (year on year)] target: ¥40 per share/actual: ¥45 per share

(Note) Individual performance targets are set using individual quantitative and qualitative targets, and calculated based on the results thereof.

(4) Matters regarding External Directors

There is no personal, capital, business or other relationship between the Company and each of the External Directors. Therefore, four External Directors have been elected on the basis of being able to provide appropriate advice and supervision from an independent standpoint based on character insight, etc.

(i) Relationships between the Company and organizations where significant concurrent positions are held

There are no special relationships between the Company and the organizations at which the four External Directors have significant concurrent positions.

(ii) Overview of limited liability agreements

The Company has entered into limited liability agreements with each of the External Directors to limit their liability under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of Article 26 of the Company's Articles of Incorporation. The maximum amount of the liability for damages based on such agreements is the amount prescribed in laws and regulations.

(iii) Activities of External Directors during the fiscal year under review

Each of the four External Directors attended all the meetings of the Board of Directors, Nomination Committee, Remuneration Committee and Audit Committee held during his/her term of office in the fiscal year under review. As part of their attendance at the Board of Directors meetings, the External Directors attended the preliminary briefings.

In particular, at the Audit Committee, the External Directors carried out their auditing duties as independent officers, which included holding discussions with the internal audit department, and the accounting auditor, receipt of reports on on-site inspections, etc., exchanging opinions with the President, and holding hearings with operating departments, while making use of telephones, the internet and other means due to the nature of activities during the COVID-19 pandemic.

Name	Attendance at meetings during term of office	Principal activities and overview of the duties carried out in the expected roles as an External Director
Masamichi Ouchi	Board of Directors: 12/12 Nomination Committee: 5/5 Remuneration Committee: 3/3 Audit Committee: 13/13	Mr. Masamichi Ouchi has a wealth of experience and a high level of insight as an expert in accounting and finance and as an outside officer of another company. Based on this, he actively makes statements at meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee. In this way, he plays a role expected as an External Director, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.
Sadayoshi Fujishige	Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2	Mr. Sadayoshi Fujishige has a wealth of experience and a high level of insight as a top manager of a listed company. Based on this, he actively makes statements at meetings of the Board of Directors, the Nomination Committee and the Remuneration Committee. In this way, he plays a role expected as an External Director, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.
Hiroshi Kagechika	Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2 Audit Committee: 10/10	Mr. Hiroshi Kagechika has specialist insight and a wealth of experience in corporate business and the field of research and development in the manufacturing sector. Based on this, he actively makes statements at meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee. In this way, he plays a role expected as an External Director, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.

Name	Attendance at meetings during term of office	Principal activities and overview of the duties carried out in the expected roles as an External Director
Agasa Naito	<p>Board of Directors: 10/10 Nomination Committee: 5/5 Remuneration Committee: 2/2 Audit Committee: 10/10</p>	Ms. Agasa Naito has a wealth of experience and a high level of insight as an expert in law and as an outside officer of another company. Based on this, she actively makes statements at meetings of the Board of Directors, the Nomination Committee, the Remuneration Committee, and the Audit Committee. In this way, she plays a role expected as an External Director, including providing accurate advice to management, contributing to decision making by the Board of Directors, and supervising business execution.

(Notes) 1. The number of meetings of the Remuneration Committee attended by Mr. Masamichi Ouchi refers to meetings of the committee held during the period while he was in office (from April 1, 2020 to June 25, 2020).
2. The numbers of meetings of the Board of Directors and each committee attended by Messrs. Sadayoshi Fujishige and Hiroshi Kagechika, and Ms. Agasa Naito refer to the meetings of the Board of Directors and each committee held on and after June 25, 2020, when they assumed office.

(iv) Relationships with specially related business entities such as main customers

Not applicable

(v) Amount of remuneration, etc. received as officers in the fiscal year under review from the Company's subsidiaries, etc.

Not applicable

(Note) Unless explicitly stated, each item in this business report reflects fiscal 2020 (from April 1, 2020 to March 31, 2021) or the end of fiscal 2020 (March 31, 2021).