



The 159th Business Year Notice of Convocation of the Ordinary General Shareholders' Meeting



Time and Date

Friday, June 24, 2022
10:00 a.m.



Venue

**1st Floor hall, Head of Techno
Center, Nikko Co., Ltd.**

Please refer to the map of the venue at the end of this notice in attending the Meeting.

Resolutions

- | | |
|------------|---|
| Proposal 1 | Appropriation of Surplus from the 159th Business Year |
| Proposal 2 | Partial Amendment to the Articles of Incorporation |
| Proposal 3 | Election of Nine Directors |
| Proposal 4 | Election of One Audit & Supervisory Board Member |

Deadline for exercising voting rights in writing (mail) or via the internet.

Thursday, June 23, 2021
Till 5 p.m.

[Notice]

If the spread of COVID-19 infections results in changes to the operation, etc. of the General Shareholders' Meeting, the Company will post a notification on its website to inform the shareholders. Please kindly check the site for notifications. (<https://www.nikko-net.co.jp/>)
You may also exercise your voting rights in advance in writing (by post) or via the internet, etc. You are requested to kindly also consider exercising your voting rights ahead of the meeting.



Main contents of this convocation notice are available on a PC or a smartphone.
<https://p.sokai.jp/6306/>



To Shareholders:

(Tokyo Stock Exchange Code: 6306)
June 8, 2022

1013-1, Eigashima, Okubo-cho, Akashi-shi, Hyogo Prefecture

Nikko Co., Ltd.

Representative Director and President Masaru Tsuji

Notice of Convocation of the 159th Ordinary General Shareholders' Meeting

We deeply thank you for your continued support.

We would like to notify you of the 159th Ordinary General Shareholders' Meeting of Nikko Co., Ltd., which will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights using one of the methods explained from the following page onwards. Please consider the reference materials attached to this notice and exercise your voting rights.

Meeting Details




1	Time and Date	From 10:00 a.m., Friday, June 24, 2022				
2	Venue	1st Floor Hall, Techno Center, Nikko Co., Ltd. 1013-1, Eigashima, Okubo-cho, Akashi-shi, Hyogo Prefecture If you are attending the Meeting, please refer to the map of the venue at the end of this notice.				
3	Meeting agenda	<table><tbody><tr><td>Reports</td><td>1. Business report, consolidated financial statements and non-consolidated financial statements for the 159th business year (from April 1, 2021 to March 31, 2022) 2. Results of the audits of the consolidated financial statements for the 159th business year (from April 1, 2021 to March 31, 2022) by the Independent Auditor and Audit & Supervisory Board</td></tr><tr><td>Resolutions</td><td>Proposal 1: Appropriation of Surplus from the 159th Business Year Proposal 2: Partial Amendment to the Articles of Incorporation Proposal 3: Election of Nine Directors Proposal 4: Election of One Audit & Supervisory Board Member</td></tr></tbody></table>	Reports	1. Business report, consolidated financial statements and non-consolidated financial statements for the 159th business year (from April 1, 2021 to March 31, 2022) 2. Results of the audits of the consolidated financial statements for the 159th business year (from April 1, 2021 to March 31, 2022) by the Independent Auditor and Audit & Supervisory Board	Resolutions	Proposal 1: Appropriation of Surplus from the 159th Business Year Proposal 2: Partial Amendment to the Articles of Incorporation Proposal 3: Election of Nine Directors Proposal 4: Election of One Audit & Supervisory Board Member
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- ◎ When you arrive at the venue, please submit the enclosed Voting Rights Exercise Form at the reception desk at the venue.
- ◎ The following items have been posted on the Company's website (<https://www.nikko-net.co.jp/soukai/>) in accordance with the relevant laws and regulations as well as Article 16 of the Company's Articles of Incorporation and are not included in this notice of convocation. Therefore, the attachment to the notice of convocation are portions of the statements audited by the Audit & Supervisory Board Members and the Independent Auditors in their preparation of the accounting audit report.
 - (i) Systems necessary to ensure that the execution of the duties by the Directors complies with applicable laws and regulations and the Articles of Incorporation, and to ensure that the other operations of Nikko Co., Ltd. and the operations of the group of enterprises consisting of Nikko Co., Ltd. and its subsidiaries are appropriate, overview of the operation of the internal control system and the basic policy regarding the control by the stock company of the Company's System and Policy of the Business Report
 - (ii) Consolidated Statements of Changes in Equity of the Consolidated Financial Statements and Notes to the Consolidated Statements
 - (iii) Non-consolidated Statements of Changes in Equity of the Financial Statements and Notes to the Statements
- ◎ If any revisions are made to the Business Report, Consolidated and Non-consolidated Financial Statements and the reference materials for the meeting, the corrected materials will be posted on the Company's above website.

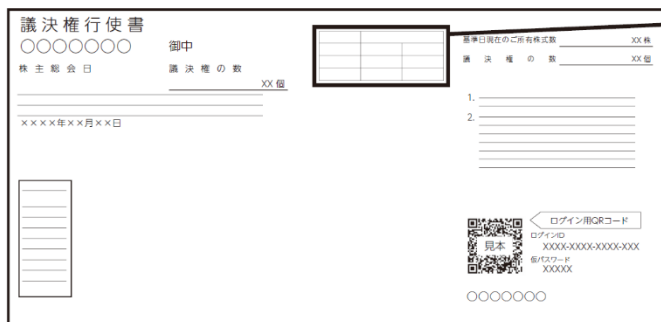
How to Exercise Voting Rights

Voting rights at an Ordinary General Shareholders' Meeting are an important right of the shareholders. We sincerely request you to consider the reference materials for the meeting, described later, upon exercising your voting rights.

The following three methods can be used for exercising voting rights.

 <p>Attending the Ordinary General Shareholders' Meeting in person</p> <p>Please submit the enclosed Voting Rights Exercise Form at the reception desk.</p> <p>Time and Date</p> <p>Friday, June 24, 2022 10:00 a.m. (the reception desk opens at 9:00 a.m.)</p>	 <p>Exercise of voting rights in writing (postal mail)</p> <p>Please indicate your approval or disapproval on each of the proposals on the enclosed Voting Rights Exercise Form and send it by mail. The form does not require a postal stamp.</p> <p>Deadline for exercising voting rights:</p> <p>Thursday, June 23, 2022 The voting rights arriving by 5:00 p.m. will be accepted.</p>	 <p>Exercise of voting rights via the internet</p> <p>Please enter your approval or disapproval of the proposals in accordance with the instructions in the next page.</p> <p>Deadline for exercising voting rights:</p> <p>Thursday, June 23, 2022 Input need be completed by 5:00 p.m.</p>
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How to fill the Voting Rights Exercise Form



Enter your approval or disapproval here.

Proposal 2

- If you approve the election of all candidates >>> Draw a circle (○) in the **“Approve”** field.
- If you disapprove the election of all candidates >>> Draw a circle (○) in the **“Disapprove”** field.
- If you disapprove the election of some of the candidates >>> Draw a circle (○) in the **“Approve”** field and enter the number of the candidate you disapprove.

Proposals 1, 2 and 4

- If you approve the proposal >>> Draw a circle (○) in the **“Approve”** field.
- If you disapprove the proposal >>> Draw a circle (○) in the **“Disapprove”** field.

*The Voting Rights Exercise Form is a representative image.

If you exercise your voting rights both in writing (mail) and via the internet, the voting rights exercised via the internet are accepted as the valid exercise of voting rights.

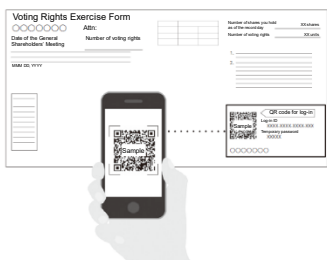
If you exercise your voting rights over several times via the internet, the final entry is accepted as the valid exercise of voting rights.

How to exercise voting rights via the internet

How to read the QR code

You may log in to the voting right exercise website without the log-in ID and temporary password in the Voting Rights Exercise Form.

- 1 Read the QR code printed in the Voting Rights Exercise Form.



QR code is a registered trademark of Denso Wave Incorporated.

- 2 Please enter your approval or disapproval by following the instructions on the screen.

You can log in using the QR code only once.

If you wish to exercise the voting rights again or exercise the voting rights without using the QR code, see "How to enter login ID and temporary password" on the right.

Should you have any question or inquiry on how to operate a PC, smartphone or mobile phone for exercising your voting rights via the internet, please contact the helpdesk telephone number on the right.

Help Desk, Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
0120-173-027

(Toll free; from 9:00 to 21:00)

Institutional investors may use the voting rights electronic execution platform for institutional investors operated by ICJ, Inc.

How to enter login ID and temporary password

Voting right exercise website <https://evote.tr.mufg.jp/>

- 1 Access the voting right exercise website.
- 2 Enter the log-in ID and temporary password in the Voting Rights Exercise Form and click.

Input the login ID and temporary password.

Click "Log in."

- 3 Register a "new password."

Input the "new password."

Click "Send."

- 4 Please enter your approval or disapproval by following the instructions on the screen.

*The operation screen is a representative image.

**Reference Materials for the Ordinary
General Shareholders' Meeting
Proposals and Reference Items**

Proposal 1 Appropriation of Surplus from the 159th Business Year

The Company recognizes appropriate returns of profit to shareholders as one of the important management issues. Its basic policy is to decide the amount of dividends by comprehensively considering requirements for enhancement of internal reserve, etc., while intending, in principle, to pay dividends by reflecting its business performance for the concerned period.

Under this basic policy, the Company sets the year-end dividend for the current business year as described below.

Matters regarding year-end dividends

(1) Type of dividend property

Cash

(2) Matters regarding appropriation of the dividend property to shareholders and its total amount

15.00 yen per share of common stock 573,387,975 yen in total

(3) Effective date of dividend of surplus

June 27, 2022

As a result, annual dividend for the current fiscal year including interim dividend is 30.00 yen per share of common stock.

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendment The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Article 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for the General Shareholders’ Meeting, the Articles of Incorporation of the Company shall be amended as follows.
 - (1) The proposed Article 16 (Measures for Electronic Provision, Etc.) shall be newly established as it becomes mandatory to stipulate the electronic provision of information contained in the reference materials for the General Shareholders’ Meeting in the Articles of Incorporation, and to establish a provision to limit the scope of matters included in the paper copy to be sent to shareholders who have requested it to be within the scope provided in the Ordinance of the Ministry of Justice.
 - (2) Once the system for electronic provision of the reference materials for the General Shareholders’ Meeting is introduced, Article 16 (Internet Disclosure and Deemed Provision of Reference Materials for the Meeting of Shareholders, Etc.) of the current Articles of Incorporation will become unnecessary and will therefore be deleted.
 - (3) This is to newly establish supplementary provisions related to the effectiveness of the above established and deleted provisions. The supplementary provisions shall be deleted after the due date.
2. Details of the amendment
The details of the amendment are as described below.

(The part to be amended is underlined.)

Current Articles of Incorporation	Proposed Amendment
<u>Article 16 (Internet Disclosure and Deemed Provision of Reference Materials for the General Shareholders’ Meeting, Etc.)</u>	(Deleted)
<u>The Company may, when convening a General Shareholders’ Meeting, deem that it has provided information to shareholders pertaining to matters that are to be described or indicated in the reference materials for the General Shareholders’ Meeting, the business report, the non-consolidated financial statements, and the consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u>	

(Newly established)	<u>Article 16 (Measures for Electronic Provision, Etc.)</u>
	<u>The Company shall, when convening a General Shareholders' Meeting, electronically provide information contained in the reference materials for the General Shareholders' Meeting, etc.</u>
	<u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u>
(Newly established)	<u>Supplementary provisions (Transitional Measures regarding Measures for Electronic Provision, Etc.)</u>
	<u>The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Materials for the General Shareholders' Meeting, Etc.), and the newly established Article 16 (Measures for Electronic Provision, Etc.), both of the Articles of Incorporation, shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Article 70 of 2019) (the "Effective Date"). However, Article 16 (Internet Disclosure and Deemed Provision of Reference Materials for the General Shareholders' Meeting, Etc.) of the Articles of Incorporation shall remain in force with respect to the General Shareholders' Meeting to be held on a date within six months from the Effective Date.</u>
	<u>These supplementary provisions shall be deleted after six months from the Effective Date, or within six months but after three months from the date of the General Shareholders' Meeting set forth in the preceding paragraph, whichever is later.</u>

Proposal 3 Election of Nine Directors

The Company emphasizes on management responsibility of its Directors and its Articles of Incorporation set the term of their office at one year so as to ask shareholders confidence in them every business year. The term of office of all nine Directors will expire at the conclusion of this Ordinary General Shareholders' Meeting, and Nikko Co., Ltd. requests to elect nine Directors once again.

Candidates for Directors are as described below.

The number of candidates and the candidates are determined at the Board of Directors upon consideration of a report by the Nomination and Remuneration Committee, which serves as an advisory body to the Board of Directors.

Candidate number	Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
1	<p>Takahisa Nishikawa</p> <p>(Date of birth: March 31, 1959)</p> <p>Reappointment</p>	<p>April 1982 Joined Nikko Co., Ltd.</p> <p>June 2007 Executive Officer of the Company</p> <p>June 2008 Director of the Company</p> <p>June 2011 Managing Director of the Company</p> <p>June 2012 Representative Director and President of the Company</p> <p>April 2019 Representative Director and Chairman of the Company (current)</p> <p> Affiliates in-charge and General Manager of Manufacturing Division of the Company (current)</p>	117,100 shares
	<p>[Reason for nomination as candidate for Director]</p> <p>Takahisa Nishikawa has appropriately supervised the management and taken decisions on important matters as the Representative Director and President since 2012 and Representative Director and Chairman since April 2019 and has been contributing to business expansion while working to improve the corporate value. Given his track record and based on the judgment that he is an appropriate human resource for realizing continuous improvement in the corporate value of the Company, Nikko Co., Ltd. requests to elect him again as Director.</p>		
2	<p>Masaru Tsuji</p> <p>(Date of birth: June 4, 1960)</p> <p>Reappointment</p>	<p>September 1987 Joined Nikko Co., Ltd.</p> <p>June 2007 Executive Officer of the Company</p> <p>June 2008 Director of the Company</p> <p>June 2011 Managing Director of the Company</p> <p>June 2015 Senior Managing Director of the Company</p> <p>April 2016 General Manager of Business Division of the Company</p> <p>April 2019 Representative Director and President of the Company (current)</p> <p> Internal control in-charge and General Manager of Technology Division of the Company (current)</p>	103,100 shares
	<p>[Reason for nomination as candidate for Director]</p> <p>Since 2019, Masaru Tsuji has appropriately supervised the management and taken decisions on important matters as the Representative Director and President and has formulated and been implementing the Medium-Term Management Plan while working to improve the corporate value. Given his track record and based on the judgment that he is an appropriate human resource for realizing continuous improvement in the corporate value of the Company, Nikko Co., Ltd. requests to elect him again as Director.</p>		

Candidate number	Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
3	Hiroshi Fujii (Date of birth: January 16, 1959) Reappointment	April 1982 Joined Taiyo-Kobe Bank Limited (current Sumitomo Mitsui Banking Corporation) April 2009 Manager of Kansai Corporate Solution Sales Department, SMBC Consulting Co., Ltd. June 2011 Director of the Company Manager of Financial Department of the Company June 2015 Manager of Financial Department and legal affairs and Information Center in-charge of the Company June 2018 Managing Director of the Company (current) General Manager of Financial Division of the Company April 2020 General Manager of Financial Division and security export control in-charge of the Company April 2021 General Manager of Administrative Division, General Manager of Financial Department, and security export control in-charge of the Company May 2021 General Manager of Administrative Division and security export control in-charge of the Company (current)June 2021 Senior Managing Director, the Company (current) <Important concurrent position> Representative Director and President, Nikko Kosan Co., Ltd. Representative Director and President, Nikko Baumaschinen GmbH	61,900 shares
[Reason for nomination as candidate for Director] Hiroyuki Sakurai has appropriately supervised the management and taken decisions on important matters as Director, been in charge of administration of corporate planning and general affairs as Managing Director, and driven forward the management plan. Given his track record and based on the judgment that he is an appropriate human resource for realizing continuous improvement in the corporate value of the Company, Nikko Co., Ltd. requests to elect him again as Director.			
4	Tomomi Nakayama (Date of birth: January 10, 1963) Reappointment	April 1982 Joined Nikko Co., Ltd. January 2011 Branch Manager, Chubu Branch, the Company July 2013 Manager, Asphalt Plant Sales Management Department, Tokyo Head Office, the Company June 2015 Executive Officer of the Company Manager of Business Planning Department, Business Division, and Manager of Asphalt Plant Sales Management Department, Tokyo Head Office, the Company April 2016 Manager of Business Planning Department, Business Division, Manager of Asphalt Plant Sales Management Department, and Director of AP Technology Center of the Company April 2018 Manager of Business Planning Department, Business Division, Manager of Asphalt Plant Sales Management Department, Director of AP Technology Center, and Manager of Mobile Plant Business Department of the Company April 2019 General Manager of Business Division, Manager of Business Planning Department, and Manager of Asphalt Plant Sales Management Department of the Company (current) June 2019 Director of the Company (current)	38,960 shares
[Reason for nomination as candidate for Director] Tomomi Nakayama has appropriately supervised the management and taken decisions on important matters as Director, been in charge of the Business Division as Director, taken initiative in sales strategies, and driven forward management plans. Given this track record, the Company, based on the judgment that he is an appropriate human resource for realizing continuous improvement in corporate values, requests to elect him again as Director.			

Candidate number	Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
5	Minoru Tanaka (Date of birth: December 18, 1960) Reappointment	April 1981 Joined Nikko Co., Ltd. October 2007 Branch Manager, Tohoku Branch, the Company April 2010 Director, Tokyo Service Center, the Company June 2012 Executive Officer, the Company Manager, Service Planning Department, the Company (current) June 2019 Senior Executive Officer, the Company (current) June 2021 Director, the Company (current) Manager, Service Planning Department, Business Division, the Company (current) <Important concurrent position> Representative Director and President, Nikko Electronics Co., Ltd.	35,600 shares
		[Reason for nomination as candidate for Director] Minoru Tanaka has appropriately supervised the management and taken decisions on important matters as Director, been in charge of the Maintenance Service Business, the Company's mainstay, as Director, taken initiative in business strategies for the Maintenance Service divisions, and driven forward the management plan. Given this track record, the Company, based on the judgment that he is an appropriate human resource for realizing continuous improvement in corporate values, requests to elect him again as Director.	
6	Tsutomu Yuasa (Date of birth: June 27, 1946) Reappointment	April 1970 Joined Matsushita Electric Industrial Co., Ltd. (current Panasonic Corporation) April 2002 Joined Rock Field Co., Ltd. July 2002 Director of Rock Field Co., Ltd. July 2005 Managing Director of Rock Field Co., Ltd. July 2008 Representative Senior Managing Director of Rock Field Co., Ltd. July 2014 Vice-Chairman of the Board of Directors of Rock Field Co., Ltd. June 2016 Outside Director of the Company (current)	5,000 shares
		[Reason for nomination as candidate for Outside Director and expected roles] Having been engaged in corporate management as a director of an operating company over many years, Tsutomu Yuasa has extensive knowledge and experience, which the Company expects to be reflected in its management. Further, the Company believes that it is necessary for its future development to incorporate his diverse opinions regarding financial and accounting as well as ICT, in which he is well-versed, and expects him to offer appropriate supervision of and advices on its business execution.	

Candidate number	Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
7	<p>Masafumi Ishii</p> <p>(Date of birth: November 3, 1957)</p> <p>Reappointment</p>	<p>April 1980 Joined the Ministry of Foreign Affairs of Japan February 2002 Executive Assistant to the Minister for Foreign Affairs January 2004 Minister, Embassy of Japan in the UK July 2006 Minister, Embassy of Japan in the United States of America January 2013 Director-General, International Legal Affairs Bureau, the Ministry of Foreign Affairs of Japan July 2014 Ambassador Extraordinary and Plenipotentiary of Japan to the Kingdom of Belgium March 2017 Ambassador Extraordinary and Plenipotentiary of Japan to the Republic of Indonesia January 2021 Retired from the Ministry of Foreign Affairs of Japan June 2021 Outside Director, the Company (current)</p>	None
<p>[Reason for nomination as candidate for Outside Director and expected roles]</p> <p>Having served in a number of key positions at the Ministry of Foreign Affairs over many years, Masafumi Ishii has extensive knowledge of international affairs based on his abundant international experience as well as understanding of the Asian region, where the Company aims to expand its business in the future. He is expected to offer diverse and wide-ranging advices and appropriately supervise its business execution. While he has not been involved in corporate management in the past, the Company requests to elect him again as Outside Director based on the judgment that he is an appropriate human resource for realizing continuous improvement in corporate values given the above reasons, track record, and expectations.</p>			
8	<p>Rika Saeki</p> <p>(Date of birth: February 27, 1961)</p> <p>Reappointment</p>	<p>April 2002 Established Ussystem LLC (current Ussystem Co., Ltd.) Representative Director, Ussystem co.,ltd. (current) June 2021 Outside Director, the Company (current) <Important concurrent position> Representative Director, Ussystem co.,ltd.</p>	None
<p>[Reason for nomination as candidate for Outside Director and expected roles]</p> <p>Having been engaged in corporate management as the founder and manager of an operating company, Rika Saeki has extensive knowledge and experience, which the Company expects to be reflected in its management. Further, the Company believes that it is necessary for its future development to incorporate her knowledge of ICT, which is her main business, and her diverse opinions from the diversity perspective, and expects her to offer appropriate supervision of and advices on its business execution. Based on the above reasons, track record, and expectations, the Company has judged her to be an appropriate human resource for realizing continuous improvement in its corporate values and requests to elect her again as an Outside Director.</p>			

Candidate number	Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
9	<p>Shigeru Sadakari</p> <p>(Date of birth: September 22, 1957)</p> <p>New appointment</p>	<p>April 1980 Joined Taiyo-Kobe Bank Limited (currently, Sumitomo Mitsui Banking Corporation)</p> <p>April 2010 Executive Officer and Manager of Internal Audit Department, Sumitomo Mitsui Banking Corporation</p> <p>May 2011 Managing Executive Officer, The Minato Bank, Ltd.</p> <p>April 2013 Senior Representative Managing Director and Senior Managing Executive Officer, The Minato Bank, Ltd.</p> <p>June 2015 Representative Director and Vice President, Kobe Tochi Tatemono Co., Ltd.</p> <p>June 2016 Representative Director and President, Kobe Maintenance of Building Co., Ltd.</p> <p>June 2019 Outside Audit & Supervisory Board Member of the Company (current)</p>	None
<p>[Reason for nomination as candidate for Outside Director and expected roles]Having been engaged in corporate management at financial institutions and operating companies over many years, Shigeru Sadakari has extensive knowledge and experience, which the Company expects to be reflected in its management. Further, the Company believes that it is necessary for its future development to incorporate his diverse opinions regarding financial and accounting, in which he is well-versed, and expects him to offer appropriate supervision of and advices on its business execution. Based on the above reasons, track record, and expectations, the Company requests to elect him newly as Outside Director. If appointed, he is expected to engage in the selection of officer candidates and decision on the remuneration for officers as a Nomination and Remuneration Committee member from an objective and neutral standpoint.</p>			

(Notes)

- There is no special interest between Nikko Co., Ltd. and each of the candidates.
- Tsutomu Yuasa, Masafumi Ishii, Rika Saeki, and Shigeru Sadakari are candidates for Outside Director.
- Nikko Co., Ltd. has reported to the Tokyo Stock Exchange that Tsutomu Yuasa, Masafumi Ishii, Rika Saeki, and Shigeru Sadakari as Independent Directors, whose designation is required by the exchange as directors who do not cause conflict of interests with general shareholders. If all four are reappointed, the Company plans to continue to designate them as Independent Directors.
- Tsutomu Yuasa currently serves as an Outside Director. His term of office will be six years at the conclusion of this Ordinary General Shareholders' Meeting. Masafumi Ishii and Rika Saeki currently serve as Outside Directors. Their terms of office will be one year each at the conclusion of this Ordinary General Shareholders' Meeting. Shigeru Sadakari currently serves as an Outside Audit & Supervisory Board Member. His term of office will be three years at the conclusion of this Ordinary General Shareholders' Meeting. He will resign as Audit & Supervisory Board Member at the conclusion of this Ordinary General Shareholders' Meeting.
- Nikko Co., Ltd. has entered into agreements with Tsutomu Yuasa, Masafumi Ishii, and Rika Saeki to limit their liability for damages and the maximum amount of their liability under these agreements is the amount provided for in laws and regulations. Upon approval of their election, the Company plans to continue these agreements with them. Nikko Co., Ltd. has entered into an agreement with Shigeru Sadakari to limit his liability for damages as an Outside Audit & Supervisory Board Member and the maximum amount of his liability under the agreement is the amount provided for in laws and regulations. If he is elected as an Outside Director, the Company plans to once again sign an agreement to limit his liability as an Outside Director for damages and the maximum amount of his liability under the agreement will be the amount provided for in laws and regulations.
- The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3 (1) of the Companies Act with an insurance company and the insurance policy covers liability of the insured including Directors arising from the performance of their duties and damage claims put forward pertaining to the pursuit of the said liability. If the candidates are elected as Directors and take office, they become the insured of the said insurance policy. The Company plans to keep the contents of the said insurance policy unchanged in the next renewal.
- At the moment, the Company does not plan to sign an indemnity agreement based on Article 430-2 (1) of the Companies Act with each of the candidates.
- Rika Saeki is expected to be appointed Director of Kobe Commerce, Industry and Trade Center on June 29, 2022.

Proposal 4: Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Shigeru Sadakari will resign at the conclusion of this Ordinary General Shareholders' Meeting, and Nikko Co., Ltd. requests to elect one Audit & Supervisory Board Member as a substitute. The term of office of an Audit & Supervisory Board Member elected as a substitute shall expire with the term of office of his or her predecessor, which is the conclusion of the 160th Ordinary General Shareholders' Meeting to be held in June 2023.

The candidate for Audit & Supervisory Board Member is as described below.

The candidates are determined at the Board of Directors upon consideration of a report by the Nomination and Remuneration Committee, which serves as an advisory body to the Board of Directors, with the consent of Audit & Supervisory Board.

Name (Date of birth)	Brief personal history, position and responsibility at Nikko Co., Ltd. (important concurrent positions)	The number of shares the candidate holds in the Company
<p style="text-align: center;">Koji Yoneda</p> <p style="text-align: center;">(Date of birth: February 17, 1957)</p> <p style="text-align: center;">New appointment</p>	<p>April 1990</p> <p>Certified as attorney Joined Motohara & Tanaka Law Office (current Tamon Law Office) (current Tamon Law Office) (current)</p>	<p style="text-align: center;">None</p>

[Reason for nomination as candidate for substitute Audit & Supervisory Board Member]

Koji Yoneda has been nominated as a candidate for Outside Audit & Supervisory Board Member so as to leverage his expert knowledge as a lawyer in audit and for provision of advice regarding the legality of management and execution from an objective and neutral standpoint. While he has not been involved in managing a company in the past, he has an excellent track record as a lawyer from an expert standpoint and also has deep insight regarding management. Based on the above reasons, the Company judged that he has the ability to appropriately perform duties of an Outside Audit & Supervisory Board Member and requests to elect him newly as an Outside Audit & Supervisory Board Member.

(Notes)

1. There is no special interest between Nikko Co., Ltd. and the candidate.
2. Koji Yoneda is a candidate for an Outside Audit & Supervisory Board Member.
3. Nikko Co., Ltd. has judged that Koji Yoneda does not have a possibility of conflicts of interest with general shareholders and satisfy the requirements for Independent Director, whose designation is mandated by the Tokyo Stock Exchange, and thereby plans to elect him as an Independent Director.
4. If Koji Yoneda is elected, Nikko Co., Ltd. plans to enter into an agreements with him to limit his liability for damages and the maximum amount of their liability under these agreements will be the amount provided for in laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3 (1) of the Companies Act with an insurance company and the insurance policy covers liability of the insured including Audit & Supervisory Board Member arising from the performance of their duties and damage claims put forward pertaining to the pursuit of the said liability. If Koji Yoneda is elected as an Audit & Supervisory Board Member and takes office, he becomes the insured of the said insurance policy. The Company plans to keep the contents of the said insurance policy unchanged in the next renewal.
6. At the moment, the Company does not plan to sign an indemnity agreement based on Article 430-2 (1) of the Companies Act with the candidate.

End

(Reference) Diversity of the Board of Directors and the Audit & Supervisory Board (if Proposal 3 and Proposal 4 are approved)

Director candidate number	Name	Independence (Outside Directors only)	Knowledge and experience the Company expects*								
			Corporate management Business operation	Industrial knowledge	Finance and accounting	Legal compliance	Overseas experience	Sales experience	ICT	Engineering experience	Administrative experience
1	Takahisa Nishikawa		●	●						●	
2	Masaru Tsuji		●	●				●	●	●	
3	Hiroshi Fujii		●		●	●	●				
4	Tomomi Nakayama		●	●				●		●	
5	Minoru Tanaka		●	●				●	●	●	
6	Tsutomu Yuasa	●	●		●				●		
7	Masafumi Ishii	●				●	●				●
8	Rika Saeki	●	●						●		
9	Shigeru Sadakari	●	●		●	●					

*The above list does not cover all knowledge and experience the candidates have.

*ICT in the above list denotes information and communication technology.

Director candidate number	Name	Independence (Outside Directors only)	Knowledge and experience the Company expects*								
			Corporate management Business operation	Industrial knowledge	Finance and accounting	Legal compliance	Overseas experience	Sales experience	ICT	Engineering experience	Administrative experience
—	Nobutaka Yasuda		●	●				●			
—	Naoki Ota	●	●					●			
—	Tsuyoshi Fukui	●			●						
—	Koji Yoneda	●				●					

*The above list does not cover all knowledge and experience Audit & Supervisory Board Members have.

(Reference) Criteria for Independence of Outside Officers

The Company shall set the criteria for independence of its outside officers (Directors and Audit & Supervisory Board Members) as follows. If none of the following items applies to an outside officer (or its candidate), the Company deems that the said outside officer maintains adequate independence.

Outside officers shall strive to maintain the independence stipulated by the criteria until retirement. If they come to lose the independence stipulated by the criteria, he or she shall immediately notify the Company.

1. A person who is or used to be engaged in business execution^{*1} of the Company as well as its subsidiaries and affiliates (hereafter referred to as the “Group”).
2. Party for whom the Group is a major business partner^{*2} or a major business partner of the Group and a person who is engaged in business execution at the major business partner of the Group.
3. A major shareholder^{*3} of the Company or a person engaged in business execution at a major shareholder of the Company.
4. A person engaged in business execution at a party in which the Group is a major shareholder.
5. A Group’s major lender^{*4} or person engaged in business execution at a Group’s major lender.
6. A person who belongs to the accounting firm that is the accounting auditor of the Group.
7. A consultant, accountant, tax accountant, attorney at law, judicial scrivener, patent attorney, or other expert receiving 10 million yen or more a year other than officers’ compensation from the Group (if such financial benefits are obtained by an organization such as an incorporated entity and union, a person belonging to such an organization).
8. A person receiving 10 million yen or more a year from the Group.
9. A person engaged in the business execution at a company where the Company’s outside officer concurrently holds a position.
10. A person who fell under any of above items 2 to 9 in the past three years.
11. Spouse, or a relative within one or second degree from a person who falls under any of above items 1 to 10 in the past three years or a relative who lives together with the person.
12. A person who currently holds the position of an independent officer and the total number of years in service as Director exceeds eight years if reappointed or the total number of years in service as Audit & Supervisory Board Member exceeds 12 years if reappointed.
13. In addition to the above items, a person who has a special reason which prevents him or her from performing the duties of an independent outside officer such as a possible conflict of interest with the Company.

*1 “Person engaged in business execution” refers to executive directors, executives, executive officers, and other officers and employees in an equivalent position at a corporate body, etc.

*2 “Major business partner” refers to a business partner whose transaction exceeds 2% of net sales of either party in the most recent fiscal year.

*3 “Major shareholder” refers to a party that directly or indirectly holds 10% or more of the voting rights.

*4 “Major lender” refers to a person from which the Group is borrowing equivalent to 2% or more of its consolidated total assets in the most recent fiscal year.

Enacted on May 21, 2021