

To whom it may concern

June 12, 2018

### **The results of the Board's assessment of the effectiveness**

Nissan Chemical Industries, Ltd. (headquartered in Chiyoda-ku, Tokyo, President; Kojiro Kinoshita, hereinafter the "Company") announces the resolution on the results of the Board's assessment of the effectiveness in fiscal 2017 passed at the Board of Directors meeting held on May 22, 2018, as follows.

#### **1. Assessment of the effectiveness of the Board of Directors**

In order to ensure the neutrality and objectivity of the effectiveness assessment, the Company conducts evaluations every few years using an outside institution which has no interest in the Company. For the effectiveness assessment in fiscal 2017, the Company prepared questionnaires for the Directors and Auditors in cooperation with an outside institution and interviewed all Directors and Auditors individually based on their responses.

Board members discussed future issues and measures considering the analysis conducted by outside institution based on the assessment and individual interview at the Board of Directors meeting held in May, along with the proceeding of discussion at the meeting held in March with three independent officers, the President, one Senior Executive Vice President, one Director and outside institution.

#### **2. Result of the effectiveness assessment**

As a result of the assessment, the effectiveness of Board of Directors were ensured. It was concluded that the Company's composition, business status, deliberations and reports were generally appropriate, and that the issues recognized in previous year as described below were improved.

- (1) Adequacy of discussion materials and advance explanations given to Outside Directors,
- (2) Increased efficiency of deliberations through better use of reported matters,
- (3) Participation of Outside Directors in discussions on medium- and long-term management issues
- (4) The examination of the composition of the Board of Directors and its successor plan).

#### **3. Future Initiatives**

Through the discussion, the Company confirmed that it would recognize the following as issues to be addressed and work to make improvements in view of further increasing the effectiveness of its Board of Directors.

- (1) Enhancing the involvement of Outside Directors in discussions for developing management plans.
- (2) Having Outside Directors and Auditors participate in discussions on the progress of management strategies and plans
- (3) Further improving information materials used in the Board of Directors' meetings
- (4) Sharing discussions at management meetings with Outside Directors and Auditors
- (5) Composition of the Board of Directors that considers balance and diversity
- (6) Setting up a voluntary committee that explains and discusses successor plans including executive managers

The Company plans to conduct the effectiveness evaluation every year and examine and take measures to improve the supervising function of the Board of Directors in an ongoing effort to achieve sustainable growth and increase its corporate value.

| Contact information for inquiries on the above |
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