

June 14, 2019

To whom it may concern

The Results of the Effectiveness Evaluation of the Board of Directors

Nissan Chemical Corporation (headquartered in Chuo-ku, Tokyo; President & CEO, Kojiro Kinoshita) (the “Company”) announces the resolution on the results of the effectiveness evaluation of the Board of Directors (the “Effectiveness Evaluation”) for fiscal year 2018 confirmed at the Board of Directors’ meeting held on May 23, 2019, as follows.

1. Viewpoints and methods of analysis and evaluation

The Company has conducted the Effectiveness Evaluation every year since fiscal year 2015, and carried out a third-party evaluation every several years using an external organization that holds no relationships of interest with the Company in order to ensure neutrality and objectivity. The third-party evaluation was carried out recently in fiscal year 2017, and the Effectiveness Evaluation in fiscal year 2018 was conducted in the form of a self-evaluation by the Company’s Board of Directors.

The evaluation method is in the form of a questionnaire answered by all Directors and Corporate Auditors, that grasps the current status and identifies issues from two perspectives, quantitative evaluation and qualitative evaluation, through a combination of five-grade evaluation and free writing. An external organization is contracted to collect the responses and collate the data in order to ensure anonymity, which enhances the self-evaluation.

Based on the results of the questionnaire responses, an opinion-exchange meeting was held in March 2019 (with all Independent Officers (2 Outside Directors and 1 Outside Corporate Auditor), the President & CEO, the Senior Executive Vice Presidents, the Director and Head of Corporate Planning Department, and the full-time Corporate Auditor) to discuss issues and responses and conduct analysis and evaluation.

2. Outline of the results of Effectiveness Evaluation for fiscal year 2018

It was concluded that the Company’s Board of Directors was generally operating appropriately overall from the perspective of carrying out its principle roles and responsibilities, and that the effectiveness of the Board of Directors was ensured as improvement measures were taken with regard to issues identified in the Effectiveness Evaluation for fiscal year 2017.

3. Points of future improvement

Through the discussion that was conducted this time, the following issues were identified from a perspective of further enhancing the effectiveness of the Board of Directors, and the Company confirmed that measures are to be taken to improve them.

(1) Examining the following while making use of the Nomination and Remuneration Advisory Committee (established in April 1, 2019):

- 1) Creating systems to appropriately reflect the Company's business performance in the nomination and remuneration of Directors.
- 2) Taking a leading role in formulating and implementing succession plans for top management and appropriately supervising the development of successor candidates, along with providing opportunities for explaining and discussing successor development plans, including for other Directors and Executive Officers.

(2) Examining the creation of a system that allows each Director and Corporate Auditor sufficient time for discussion by further innovating methods for prior provision and sharing of information to Directors and Corporate Auditors in order to deepen their deliberation on matters for resolution within a limited time.

(3) Examining the creation of a system for regularly verifying the investment impact of investment projects approved by the Board of Directors and reporting the verification result to the Board of Directors.

By enabling deeper discussion in the Board of Directors based on the recent evaluation result and continuing to implement measures to improve the effectiveness of the Board of Directors, the Company will ascertain the status of improvement on a regular basis through the Effectiveness Evaluation and further enhance the effectiveness of the Board of Directors in an effort to achieve sustainable growth and increase its corporate value.

Contact information for inquiries on the above
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