

## Strategic Allocation of Management Resources – Human Resources Investment

### Human Resources Strategy

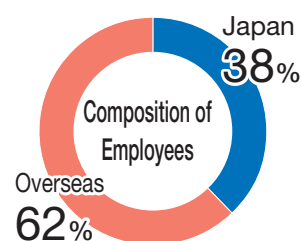
#### Diversity



#### Aiming to diversify management by promoting global HR development and active participation of females in the workplace

Amid continuing globalization, overseas production accounts for approximately 65% of production (in volume) at Nippon Chemi-Con and of our approximately 7,000 employees, about 62% are outside Japan. Regardless of age, gender, or nationality, we emphasize individuality among our diverse human resources. We believe that the new ideas created as a result of this diversity will contribute to the creation of technology that benefits both the environment and people. Also, Nippon Chemi-Con faces the reality that women only represent 2.0% of employees in management positions. To address this and the Promotion of Active Participation for Women Act enacted in April 2016, we drafted a plan to (1)

increase the number of women in management positions by 50% by FY2020 and, (2) increase the percentage of female hires to 30% and higher for technical and manufacturing positions, and 40% and higher for sales and clerical positions. We will continue to promote various initiatives aimed at promoting the active participation of women in the workplace.



#### Action Plan based on Promotion of Active Participation for Women Act

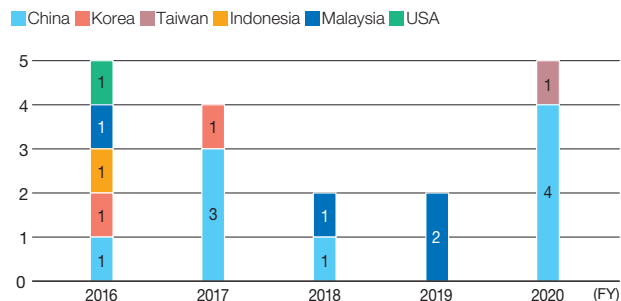
Plan period: April 1, 2016 to March 31, 2021

Issues	Numerical goals	Initiative goals
Low number of women in management positions	Increase the numbers by 50% from the end of March 2015	-Consider a system for rehiring employees who resigned due to the spouse's job transfer, etc.
		-Consider enlightenment activities for direct supervisors to expand growth opportunities for female employees
		-Disseminate information such as introducing role models to help develop career consciousness among female employees
Low ratio of female hiring	Aim for 30% in technology and manufacturing positions, 40% or higher in sales and clerical positions	-Hold events for employment seekers to interact with female employees, enhance information dissemination related to active participation of female employees

#### Active Participation of Foreign Students in Japan

Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief is that the hiring of human resources who live in Japan and have an understanding of Japanese culture is vital. Since 2012, we have aggressively recruited foreign students in Japan. We newly hired 5 foreign students in this fiscal year. As of April 2020, we have 27 such personnel on staff who are involved in a variety of roles in the company.

#### Foreign employees - Number of employment and breakdown



#### Promoting the Hiring of Persons with Disabilities

Nippon Chemi-Con proactively conducts the hiring of persons with disabilities. Not only does this include staff on site in our various factories and offices, but we also work to allow telecommuting to ensure a comfortable working environment for persons with

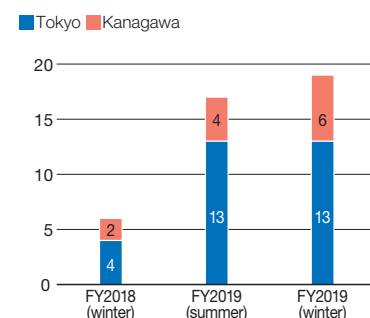
disabilities. We are aiming for persons with disabilities to represent at least 2.5% of hiring by FY2020. The Nippon Chemi-Con Group will continue working to expand our overall hiring and provide work opportunities for persons with disabilities.

## Internships (number of people accepted for internships)

Since winter 2018, in addition to introductions from universities, we also started open recruitment of internships. In FY2019, the product development department (Tokyo) accepted 26 interns and the basic research department (Kanagawa) accepted 10 interns, with each internship period lasting for 5 days or longer. We plan to offer internships regularly and hope to promote familiarity with Nippon Chemi-Con by offering various experiences such as dismantling and analyzing electronic components and designing circuits.



### ▶ Number of people accepted for internships



## Nippon Chemi-Con Education Policy



One of the core policies of our 9th Medium-term Management Plan is “personnel to lead operations ten years down the road and our Personnel Management Policy.” We will foster human resources who will lead operations ten years down the road by instilling the concepts of “thinking and acting autonomously,” “taking on challenges,” and “the culture of discovery.” We will ensure all employees understand the following educational policy and reflect this policy in all our business activities.

### Nippon Chemi-Con Group Education Policy

Requirements of a Nippon Chemi-Con Group employee common to both domestic and international offices

1. Employees who can take on increasingly difficult challenges
2. Employees with high communication skills
3. Employees who can independently think and act from a global perspective

## About Nippon Chemi-Con Group Education and Training System

At Nippon Chemi-Con, we have established various education systems of tiered training for personnel development, including position-based training, distance learning (Nippon Chemi-Con Business School), and OJT. Tiered training is a system of curriculum that serves as the foundation for long-term personnel development. Our main office sponsors 15 tiered training sessions where we provide education on the skills required for each tier. In 2016, we established an additional system for employees who have been with the company for five years. We are focused on providing training that is in line with the needs of society and the company. Since 2017 we also have conducted OJT leader training at domestic affiliate companies. We aim to equip new hires with the ability to quickly engage in and contribute to business operations. This training will also help develop the basic management skills of supervisors in charge of education and training. Additionally, our domestic production division conducts global leadership training for select young employees. This training covers themes that transcend position and office and provide education that cannot be gained through tier-based training. With the goal of increasing employee skill levels at our overseas affiliates, since 2006 we have selected employees from overseas offices to participate in training conducted in Japan. Since then, already over 170 overseas employees have participated. In fiscal 2019, 28 overseas employees participated from Taiwan, Indonesia and Malaysia. Among those who have completed the training are numerous

employees who are already working as managers overseas. We also started an overseas training program in FY2018. Through this program, employees in Japan selected through an open enrollment system are sent for training at an overseas affiliate. A total of seven employees have finished this program thus far. Moving forward, we will continue striving to develop human resources capable of thinking, deciding, and acting based on a global perspective and who are able to lead a team comprised of a diverse range of individuals towards goal achievement.

Furthermore, we have partnered with a distance learning provider to offer distance learning courses covering nearly 200 subjects twice a year. This system enables employees to freely select courses to promote skill improvement. As an incentive, employees who complete courses with high scores are eligible for partial tuition subsidies from the company. Also, employees who complete coursework are allotted “career points,” which are a parameter in the evaluation of promotions and raises. Linking this education system to our HR system helps promote self-improvement.



## Strategic Basis for Sustainability – ESG Initiatives

Nippon Chemi-Con incorporates ESG (Environment, Social, Governance) into our corporate strategies to pursue sustainable growth. We outline activity goals and promote company-wide participation.



### ESG Activities (Major activities/goals for FY2020)

	Core issues / Materiality	FY2020 major activities and goals	Related pages	
<b>E</b>	Global environment conservation	Global warming prevention and energy conservation activities	P26	P28
		Appropriate management of chemical substances used by factories	P26	
		Management of chemical substances contained in the products (environmentally conscious products)	P10	P28
		Effective use of resources and waste reduction, promotion of 3Rs	P27	
		Continuous improvements based on environment management system (ISO14001)	Website CSR/Environment	
		Biodiversity conservation activities	P27	
		Contributions to local society	P32	
		Compliance with environmental laws	P10	Website CSR/Environment
		Development of energy-efficient products	Website CSR/Environment	
<b>S</b>	HR/benefits	Adoption of work-from-home system		
		Continue welcome back program (rehiring program)	Website Welcome back program	
	Worker health and safety	Reduce overtime to average 29 hours or less per month per employee	P31	
		Increase paid leave usage rate and childcare leave usage rate to 70% and higher	P31	
		Continue mandatory rest between shifts		
	Human resource development	Continued implementation of healthy company activities	P31	
		Conduct position-specific training (15 times/year)	P24	
		Continue to offer Japan training program for overseas local workers	P24	
		Continue overseas assignments via the global human resources development program (application based)	P24	
	Diversity	Continue implementing measures to maintain 5-year turnover rate of 11% or less for young employees		
		Proactive hiring of foreign students studying in Japan	P23	
		Increase rate of hiring for disabled workers to 2.5% or higher by FY2020	P23	
		Increase rate of female hiring to 30% or higher for technical and manufacturing positions and 40% or higher for sales and clerical positions	P23	
<b>G</b>	Corporate governance	Increase number of female managers by 50% by FY2020	P23	
		Provide support such as vaccines and clothing to developing nations	P29	
		Support wheelchair purchases	P29	
		Continuation of internship system	P24	
	Risk management	Dispatch instructors for next-generation human resource development conducted by industry organizations		
		Increased participation in management by outside officers and creation of environment that promotes engagement	P33	P41
		Reflect results of internal controls efficacy evaluations on management		
	Compliance	Compliance with basic policy on corporate governance	P33	
		Communication with shareholders and investors (Explanation of financial results and constructive dialogue with major investors)	P38	P42
		Regular BCP validation, reviews (head office, factories)	P36	
		Reinforce information leak prevention (data center, thin client, internal audits, etc.)		
		Continued systematic implementation of compliance education	P35	
		Continued participation in UN Global Compact (participating since 2012)	P29	
		Continue internal audits related to competition laws, export management, ethics, labor, and health and safety		

## Nippon Chemi-Con's Environmental Policy (Summary)

- Structures organization that operates at every level for conserving the global environment
- Sets environmental goals and targets, Improves environmental performances, Continuous improvements of EMS
- Considers biodiversity
- Observes all environmental laws, regulations, agreements, and internal standards
- Promotes Energy conservation, Proper control of Chemical substances in the products, Effective use of resources, Waste reduction
- Promotes the development and marketing of products that have a less environmental loads
- Educates and enlightens our entire workforce
- Prevents the environmental risks, and maintains management systems that minimize the impacts from the risks such as climate changes
- Releases information to the public positively, and promotes sufficient communication with the local community and stakeholders

## Compliance to the Laws and Significant Accidents Occurrence Status

Corresponding to the laws and regulations, depending on regulation parameters, Nippon Chemi-Con Group sets stricter independent standard value for management, and all legal standards are observed.

There have been no accidents that could impact the environment.

### <Activities results>

#### ▶ Total volume of carbon dioxide emissions and breakdown

Fiscal Year	2015	2016	2017	2018	2019
Purchased electric power	475,603	489,601	518,243	476,074	428,225
A-grade heavy oil	23,446	27,127	29,378	23,351	11,486
Kerosene	1,507	1,581	1,799	1,458	1,020
City gas	22,295	17,587	18,463	21,210	17,267
Gasoline	325	310	304	320	243
LPG	308	304	366	354	280
LNG	510	0	0	1,825	8,813
Gas oil	155	65	233	120	41
Industrial steam	2,465	2,430	2,561	2,486	1,687
Total	526,615	539,005	571,346	527,198	469,062

Notes:

1. We have revised the energy-CO<sub>2</sub> conversion factor since FY2018 for the sites outside Japan.
2. Amount of energy-origin CO<sub>2</sub> emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

## Environmental Activities

### Energy Conservation



The Nippon Chemi-Con group has the target of 1% and higher per unit of

improvement rate a year based on the Low-carbon society action Plan of Japanese 4 Industrial Associations from FY 2013, and we are promoting activities of the energy conservation working groups that are organized by the employees in charge of energy.

### <Mid-term target>

In light of "the Low-carbon society Action Plan" by the industrial associations:

**Toward 2020 :  
Improvement target in energy  
consumption per unit**

Annual average : **1** % and higher

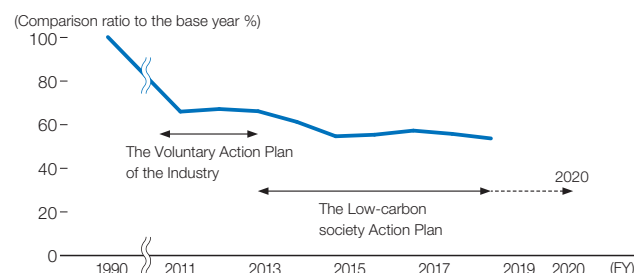
### <Long-term target>

In light of a common target set by the industrial associations:

**Toward 2030 :  
Improvement target in energy  
consumption per unit**

Annual average : **1** % and higher

### ▶ Trends in volume of carbon dioxide emissions and unit energy consumption (sites in Japan)





### Resource Conservation

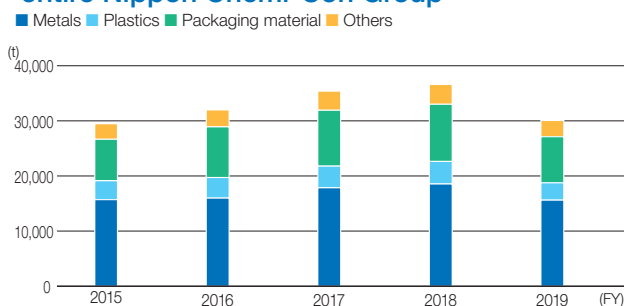


In the manufacturing activities of industries, the resources are essential

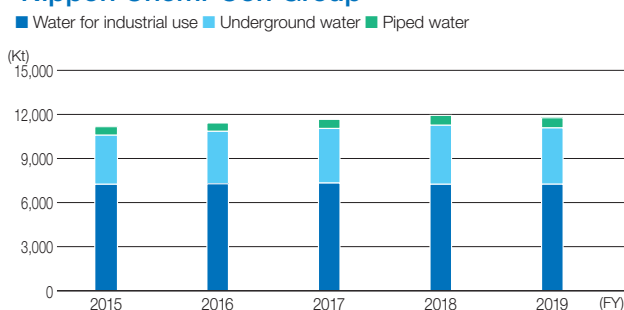
element. Efficient use of such resources will protect global environment and ecology.

We encourage the “3R,” recycling, reusing, and reducing activities in order to contribute to the preservation of the environment.

#### ► Trends in volume of resources consumed by entire Nippon Chemi-Con Group



#### ► Trends in volume of water consumed by entire Nippon Chemi-Con Group



### Waste Reduction

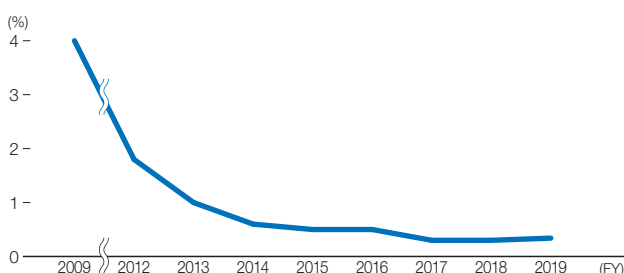


The Nippon Chemi-Con Group has addressed activities for resource

recycling and reduction in landfill disposal volumes by reducing the amount of industrial waste generated.

We further promote 3R, effective utilization and recycling of resources to reduce wastes including plastic waste and improve the final disposal rate.

#### ► Trends of final disposing rate (sites in Japan)



### Biodiversity Initiatives



In the Nippon Chemi-Con Group's activities to conserve

biodiversity, we will take actions for each of the three impacts on biodiversity.

1. [Impact from procurement of raw materials] In cooperation with our suppliers, we share views and mutual understanding concerning biodiversity, and move continuously ahead with activities.
2. [Impact on ecosystems caused by manufacturing] Our manufacturing processes use energy and resources, and they emit CO<sub>2</sub>, waste water and other emissions. As this is an area where our Group's business activities directly have an impact, effective and continuous activities are ongoing.
3. [Impact on biodiversity due to changes in environments surrounding our workplaces caused by our use of land] Consideration to local environment and surrounding ecosystem by securing green space in our premises and the social contribution activities.

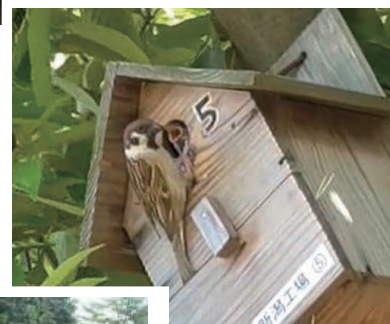
Biodiversity offers indispensable and vital bounties (ecosystem services) to all of humanity. The activities that we are able to perform are steady and modest ones, we think. Yet we believe that each workplace employing its ingenuity, and continuing with what small activities it can accomplish, is a very significant thing. We will roll out such steady and continuous activities.



◀ Chemi-Con East Japan Corp. Iwate Plant  
We conducted conservation activities for the Minami-Medaka (Japanese rice fish/ *Oryzias latipes*), an endangered species in Iwate prefecture. We also requested cooperation from nearby elementary schools.

Nippon Chemi-Con Corporation  
Niigata Plant

We installed bird houses in trees on plant grounds to promote the protection of wild birds. This year also saw the arrival of a new family.



◀ Chemi-Con East Japan Corp. Fukushima Plant  
We held a nature tour for employees' families. The children participating were captivated.



• For more information, please see the website below.

<https://www.chemi-con.co.jp/e/env/index.html>

## Management of Chemical Substances in the Products



Revised EU laws is enacted since July 2019 with 10 substances including 4 phthalic acid esters added newly. Moreover, same 4 phthalic acid esters will be regulated by threshold limit of 0.1% (total of phthalic acid esters) under EU REACH regulations from 2020. The regulatory environment surrounding our products are increasingly severe, and further comprehensive management system is required.

The Nippon Chemi-Con Group has constructed management system for chemical substances in the products based on JIS Z 7201 "JAMP\* Guidelines for the Management of Chemical substances in Products (CiP)" with "Keep Out, Do not Use, Do not Deliver, Do not Mix" as our key words, at all production sites. To ensure thorough management of "Keep Out" from development stage of the products, we have introduced our original environmental approval system and material approval system to manage our purchasing materials and parts.

By combining those three management systems and the Green Procurement Guidelines, we are able to manage chemical substances in the products at various levels of corporate activities such as development, purchasing, production and sales.

Moreover, to ensure proper information distribution and to satisfy customer's requirements, we have been actively using chemSHERPA (Ver.2) which was developed under guidance of the Ministry of Economy, Trade and Industry of Japan.

\*JAMP: Joint Article Management Promotion-consortium

## Green Procurement and Green Supplier Approval System



In order to achieve products development that meet diversified customer's requirement, it is essential to construct cooperative relationship with suppliers and to share information in a timely manner.

The Nippon Chemi-Con Group has established "Nippon Chemi-Con Group Green Procurement Guideline" from the viewpoint of procuring law-compliant raw materials and parts for ensuring a strict level of management. To cope with latest laws, regulations and requirements of automotive customers, we revised our Green Procurement Guidelines for more thorough management. We also conduct periodical and continuous audit and evaluation on our suppliers to confirm their chemical substances management and environmental protection activities. Further, in order to support sustainable global procurement activities, we share regulatory information with suppliers through "Green supplier approval system," and periodically audit and evaluate chemical substances / environment protection management of suppliers.

## Third-party Evaluation on Environmental Initiatives



Yuji Kishi

Professor emeritus,  
Keio University

I reviewed the CHEMI-CON REPORT 2020. In line with your company's Environmental Policy, you are making steady contributions in basic fields such as (1) Greenhouse gas reduction, (2) the 3Rs, (3) promotion of environmental education for employees, (4) consideration for biodiversity conservation, and (5) collaboration with local communities involved in environmental activities. In

terms of reducing Greenhouse gas emissions, you reduced emissions by 8% from 2017 to 2018 and by 11% from 2018 to 2019. In the area of resource conservation, a reduction of 18% from 2018 to 2019 was attained. Also, the long-term reduction trend is maintained in the domain of amount of waste material as well. In the area of biodiversity, your plants over the country are promoting ex-situ (outside of the natural

habitat) protection of endangered species in their on-site biotopes. At some plants, the practice of ex-situ conservation efforts has been linked to environmental education at local elementary schools. From 2015, the Iwate Plant carried on an ex-situ conservation program for the endangered freshwater fish, Minami-Medaka (*Oryzias latipes*) of the Kitakami River system, and this program has expanded to include learning activities at local schools as well as another company located in the same river system, TDK Akita Corporation Kitakami Plant. The idea of creating multiple ex-situ conservation areas for endangered freshwater fish set up within the same watershed is a hopeful method to reduce the risk of extinction of small population of endangered species under protection due to accidents, etc., and may be rated high as a unique and important contribution to the 10th anniversary of biodiversity conservation under the Convention on Biological Diversity. It is expected that efforts to contribute to the conservation of biodiversity based on the formation of an ex-situ conservation network for rare organisms will be further strengthened with fruitful results.

## S Social CSR Management

### Basic CSR Policy

In 2003, the Nippon Chemi-Con Group released the Nippon Chemi-Con Group Charter of Corporate Behavior as an internal and external declaration of our commitment to business activities that ensure our position as a corporation that contributes to society through fair and transparent business activities. Based on the spirit of this Charter of Corporate Behavior, the Nippon Chemi-Con Group Business Conduct Guidelines outline the character that every executive and employee of the Nippon Chemi-Con Group must apply to our daily corporate activities. As a company that provides products and services capable of contributing to the lifestyles of people around the world, we strive for harmony with international society while maintaining our commitment to the local community and stakeholders. We are committed to compliance with the laws and regulations of each country and practice honest business activities based on sound corporate ethics and a strong awareness of our position as a corporate citizen.

Nippon Chemi-Con Group Charter of Corporate Behavior  
[https://www.chemi-con.co.jp/e/company/com\\_charter.html](https://www.chemi-con.co.jp/e/company/com_charter.html)

### ► Positioning of CSR Activities

The Nippon Chemi-Con Group engages in CSR activities to pursue not only profits, but also to contribute widely to society by fulfilling our corporate social responsibility. We maintain an awareness of the impact and risks related to Nippon Chemi-Con Group activities. To ensure stable growth, we prioritize the non-financial aspects of CSR and engage in CSR activities to promote high rates of satisfaction among both employees and customers, and to maintain our position as a company that is trusted by society. The Nippon Chemi-Con Group positions CSR activities as part of our management strategy for reducing business risks and achieving sustainable growth. We further recognize that these types of CSR activities are inseparable from corporate ESG and achieving sustainable development goals (SDGs). We are committed to balancing business development with resolving societal problems.



### CSR Promotion System



The Nippon Chemi-Con Group has established a CSR promotion system within the Nippon Chemi-Con Administration Department to work with each department and factory on specific activities. We go beyond simple corporate

activities. For example, in the area of social contributions, we collaborate with labor unions on activities such as purchasing wheelchairs through soda can pull tab collections, providing vaccinations to developing countries through PET bottle cap collection, and donating clothing to developing countries. To promote CSR upon our supply chain, we convey our CSR policies to suppliers before implementing assessments and aim for mutual sustainable development through communication. All Group offices and plants conduct CSR internal audits and independently work to understand and correct risks, enforcing policies to become a better company. Through various training, we will enhance Group employee awareness of corporate social responsibility and remain dedicated to contributing to all our stakeholders by linking our business activities to social development.

### ► Participation in UN Global Compact

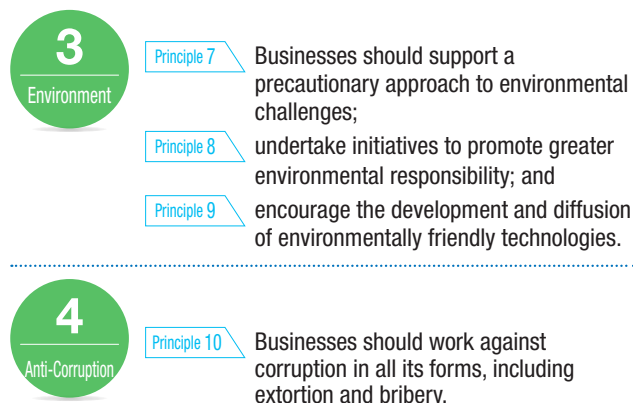
On January 26, 2012, the Nippon Chemi-Con Group announced our support for and participation in the United Nations Global Compact (UNGC). The UNGC is comprised of 10 universal principles related to four areas: human rights, labour, environment, and anticorruption. The Nippon Chemi-Con Group is working to incorporate the 10 principles of the UNGC into our daily business activities in order to achieve a high level of corporate social responsibility and meeting the expectations of all our stakeholders.

### The Ten Principles of the UN Global Compact

- 1**  
Human Rights

**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2** make sure that they are not complicit in human rights abuses.
- 2**  
Labour

**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4** the elimination of all forms of forced and compulsory labour;  
**Principle 5** the effective abolition of child labour; and  
**Principle 6** the elimination of discrimination in respect of employment and occupation.



## SDGs

We aim to contribute to the sustainable development goals (SDGs) outlined in the 2030 Agenda for Sustainable Development adopted at the September 2015 UN Summit. Through the outside-in approach (method of establishing corporate goals based on societal needs and social issues outside the company), we will work to proactively create business opportunities focused on resolving social issues.



## Initiatives Related to SDGs

### 1) Creating long-lasting products to support industrial infrastructure

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

We developed a surface mount type aluminum electrolytic capacitor that increases the product lifespan of conventional products by 250%. Using a unique structure, we constrain performance degradation and are able to guarantee 5,000 hours at 125°C. Products achieving long lifespans are used in electronic control units and 5G communication base stations and supports the industrial infrastructure that sustains people's lives and technical innovation.

### 2) Developing technology to support the social welfare sector

**3 GOOD HEALTH AND WELL-BEING**

The diaper sensor we exhibited at the 18th International Nanotechnology Exhibition & Conference was awarded the Life Nanotechnology Award. The diaper sensor is a system that uses our product materials to provide wireless updates on when it is time to change the wearer's diaper. This system uses technology that does not require batteries, eliminating the need for complicated wiring or charging. Featuring materials with a low environmental load, these diapers can be thrown away as normal trash. The practical realization of these diaper sensors will enable more efficient diaper changing, which will help reduce stress and enable a pleasant daily life for both the carer and the care recipient.



## S Social Healthy Company

3 GOOD HEALTH AND WELL-BEING



### Activity Details

Ensuring the health of our employees and their families enables employees to work with peace of mind and leads to growth for the company. Embracing the approach that employee health is a benchmark of corporate management status, we aim to provide a comfortable work environment that encourages all employees to actively engage in health management, health risk countermeasures, and health maintenance and improvement. To support the mental and physical health of our employees, we will strengthen our collaboration with health insurance unions and proactively adopt ICT in initiatives to promote health management. Since FY2017, Nippon Chemi-Con has participated in health management surveys conducted by the Ministry of

Economy, Trade, and Industry (METI) to promote effective health initiatives by quantifying health information. Also, in a survey of insurer implementation rates for designated health examinations and designated health guidance published by the Ministry of Health, Labour, and Welfare (MHLW) in FY2019, the Nippon Chemi-Con Health Insurance Union had a designated health guidance implementation ratio of 85.2% (figures from FY2017), ranking tenth in all health insurance unions (total of 1,635) in Japan. We will continue working towards increasing implementation rates as a way to contribute to health maintenance and improvement for health insurance union enrollees.

### Activities for FY2020

#### I. Health management initiatives

##### 1) Maintain a 100% health examination consultation rate and measures to increase rate of re-examinations.

Although we have a 100% health examination consultation rate, there is room to improve the rate of re-examinations. To ensure compliance with the Industrial Safety and Health Act and increase health awareness among employees, we will continue working to increase the rate of re-examinations.

##### 2) Providing designated health guidance based on health examination results

Using the results of designated examinations focused on metabolic syndrome, we will use dedicated staff to proactively provide designated health guidance to persons with high risks of lifestyle diseases and may greatly enhance their chances of disease prevention through lifestyle improvements.

##### 3) Continuation of stress check system

We conduct the stress check system at all workplaces to expand opportunities for discovery with a focus on prevention. In doing so, we are working to prevent the rate of workers who suffer from mental illness or require a leave of absence. At the same time, we provide line care training for management personnel to provide opportunities for learning how to respond to consultations from subordinates.

#### II. Health risk initiatives

##### 1) Total ban on smoking during work hours

Society is paying greater attention to measures against smoking because tobacco impacts not only the smoker but also the health of non-smokers due to second-hand smoke. Tobacco increases the risk of lung cancer and ischemic heart disease and can greatly impact future health. We promote various anti-tobacco measures from the desire to promote health maintenance.

In FY2020, the Nippon Chemi-Con Group initiated smoking bans during work hours at all factories as part of efforts to further prevent passive smoking.

##### 2) Lifestyle disease prevention

Health physicians and specialists use health examination results to provide health guidance to persons applicable to metabolic syndrome and pre-metabolic syndrome to support lifestyle improvements. To promote the prevention of common illnesses and lifestyle diseases related to eating habits and sleep, we regularly hold behavior improvement seminars at our offices and plants.

#### III. Health maintenance and improvement initiatives

##### Implementing various measures to promote improvement of exercise habits

While many people understand the importance and joy of exercise, the reality is that, even with that understanding, few people habitually engage in exercise. To improve this situation, we are aiming to increase the rate of people regularly engaged in appropriate exercise, one of the categories on the Health Scoring Report used to evaluate the status of initiatives related to employee health status, medical costs, prevention, and health maintenance. In addition to holding activities and events that promote improvements in exercise habits, we also recommend participation in walking events held by the health insurance union.

#### IV. Achieving work-life balance

We work to create a comfortable work environment that enables balance between work and childcare or family care in order to provide all employees with the opportunity to reach their full potential.

We also have established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Through this plan, we aim for paid leave utilization rates and childcare leave utilization rates of 70% and higher, and to reduce average overtime to 29 hours or less per month, per employee. We are near achievement of these goals.

We will continue enhancing systems that promote flexible and diverse working styles.

## S Social Contributions to Local Community

The Nippon Chemi-Con Group values communication with local communities and actively promotes local contribution activities in a spirit of coexistence and coprosperity.

### Relationship with Local Community



“Shinai-motsugo” is a type of fish, registered as an endangered species by Ministry of Environment, found at Shinai-numa in Miyagi Prefecture.

Chemi-Con East Japan Corp. Miyagi Plant has been attempting hatching of Shinai-motsugo in its premises by guidance from NPO since FY2016.

In June 2019, we released Shinai-motsugo to their home, “Katsurasawa-pond,” with elementary school students. As a member of community, we will perform activities that share the importance of passing on the rich nature to our future generations.



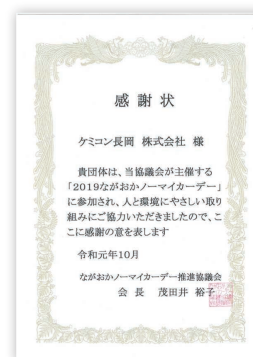
### Certificate and Letter of Appreciation in FY2019



The Nippon Chemi-Con Group received a letter of appreciation for its community contribution activities in 2019.

●Chemi-Con Nagaoka Corp.  
“Letter of appreciation – Nagaoka No Private Car Day 2019”  
Sponsor: Nagaoka No Private Car Day Promotion Council (Co-Sponsor: Nagaoka City, Niigata Prefecture)

Chemi-Con Nagaoka Corp. participated in the “Nagaoka No Private Car Event in 2019” co-sponsored by Nagaoka City, and received a letter of appreciation for its efforts to reduce greenhouse gas emissions from commuter vehicles.



### Environmental Volunteer Activities



For the purpose of environment protection, Nippon Chemi-Con Group conducts environmental volunteer activities every year, including cleanup of nearby areas, by our employees and their family members.



▲Cleaning activity of surrounding area by members of Nippon Chemi-Con Corporation Takahagi Plant

▲Cleaning activity of surrounding area by members of Chemi-Con Yamagata Corp. Yonezawa Plant

### Regional Cooperation for Conservation of the Endangered Minami-Medaka (Japanese rice fish/Oryzias latipes)



The Chemi-Con East Japan Iwate Plant has worked to protect the Minami-Medaka (Japanese rice fish/Oryzias latipes), which has been designated as a Vulnerable species on the Ministry of Environment Red List since 2015. These activities started from protection of medaka native to the local Kitakami River using the pond located on plant grounds to leave regional medaka to the children of the future. Our donation of the medaka raised on plant grounds to nearby elementary schools helped spread the circle of conservation.

In 2016, we started a partnership with TDK Akita Kitakami Plant, which is located in the same region by donating approximately 30 medaka. In October 2019, we helped the grown medaka return home by releasing them into the Chemi-Con East Japan Iwate Plant pond. We will continue to cooperate with the people of the Kitakami region towards medaka conservation.



## G Governance Corporate Governance

### Basic Concept

Nippon Chemi-Con's basic concept of corporate governance is to ensure the transparency and efficiency of management for shareholders and all other stakeholders. In addition to legal functions such as General Meeting of Shareholders, the Board of Directors, the Audit & Supervisory Board, and Accounting Auditor, the company established the internal control systems, and continuously provided information on business conditions through briefing session on financial results and timely disclosure to implement sound, efficient and transparent corporate management.

### Our Corporate Governance System

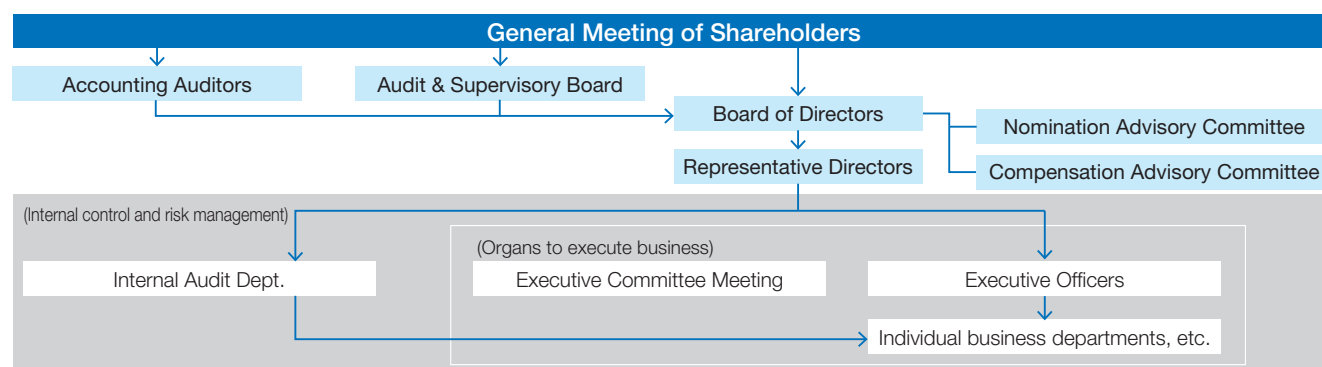
Nippon Chemi-Con is a company with an Audit & Supervisory Board. The company has introduced an executive officer system in the company since June 2014 in order to have a distinct separation between inspection and supervision of management and execution of operations. The company concurrently reduced the number of directors but appointed one outside director to strengthen the function of inspecting and supervising management. In June 2015, the number of outside directors was increased to two to reinforce the function. Additionally, to supplement the function of the Board of Directors, in November 2015 we established a Nomination Advisory Committee and a Compensation Advisory Committee. For both the Nomination Advisory Committee and the Compensation Advisory Committee, the chairperson is an independent outside director and half of the members are independent outside directors. Our Audit & Supervisory Board comprises four members. The board audits decisions made by directors and operational executions carried out by executive officers, the business and financial positions of Nippon Chemi-Con and its subsidiaries in Japan and overseas.

### Business Supervision and Audit Function

Nippon Chemi-Con uses an executive officer system to separate the business monitoring and supervision function and the business execution function of company directors in order to strengthen the business monitoring and supervision function of directors.

The Audit & Supervisory Board monitors the state of governance and business management, and also monitors daily business activities, including the activities conducted by directors. Specifically, Audit & Supervisory Board Members working under guidelines outlined in auditing policies and audit plans created by the Audit & Supervisory Board attend board of directors meetings and conduct factory visits to investigate and validate the status of work implementation and business management, and conduct audits to determine the existence of circumstances that violate laws or the Articles of Incorporation, or that could harm the interests of shareholders and other stakeholders. In addition to Audit & Supervisory Board Members fulfilling a role as a legal entity, we also have established the internal audit department which reports directly to the company president. The internal audit department works to strengthen monitoring functions for transactions and other general business activities. The internal audit department conducts regular internal audits of management systems related to all aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.

## ► Details of the Corporate Organs



<b>Board of Directors</b>	Nippon Chemi-Con's Board of Directors comprises six members. The Board of Directors with this small number has enabled to make swift decisions and appointed two independent outside directors who are disinterested in the company to reinforce the function of inspecting and supervising management.
<b>Executive Officer System</b>	Nippon Chemi-Con has introduced an executive officer system to make separation between the function of the Board of Directors' decision making in management and of directors' inspecting and supervising operations and the function of executive officers' executing operations. Executive officers swiftly execute operations based on decisions in management by executing matters determined by the Board of Directors.
<b>Audit &amp; Supervisory Board</b>	The Audit & Supervisory Board inspects the state of the corporate governance, the steering situations, and daily activities in management including those performed by directors.
<b>Nomination Advisory Committee</b>	The Nomination Advisory Committee consult with other members about the content of a draft to be proposal to a General Meeting of Shareholders concerning selection and dismissal of directors and members of the Audit & Supervisory Board and the content of a draft to be proposed to the Board of Directors concerning selection and dismissal of executive officers. Such consultations are conducted prior to determination of such proposals in light of the "Standards for Selection of Directors and Executive Officers" and the "Standards for Selection of Members of the Audit & Supervisory Board" set by the company, the conclusions of which are recommended to the Board of Directors.
<b>Compensation Advisory Committee</b>	The Compensation Advisory Committee consult with other members about matters concerning compensation of directors and executive officers and expenses opinions and advice to the Board of Directors. Such consultations are conducted after the committee considers the business scale and levels of compensation of employees of the company, and decent third party's study conducted periodically on compensation of corporate management, etc. in addition to levels of compensation of other competitors, socio-economic conditions, etc.
<b>Executive Committee Meeting</b>	Nippon Chemi-Con has established the Executive Committee Meeting for making swift decisions. The committee, which is the consultation organ on operational execution policies, holds weekly meetings, in principle, in order to examine important subjects in management.

## Selection of Outside Officers

Of the six directors of Nippon Chemi-Con, two are outside directors. Also, of our four Audit & Supervisory Board Members, two are outside Audit & Supervisory Board Members. In addition to the parameters outlined in the Companies Act, we established our own "Criteria for appointment of outside officers that ensure independence from Nippon Chemi-Con" to ensure highly independent audits and supervision by our outside officers. Outside officers are selected based on these standards. All four outside officers are registered with the Tokyo Stock Exchange as independent officers.

## Officer Compensation

Compensation for Nippon Chemi-Con directors is designed and managed as a system that is both linked to performance and investor long-term income and to the promotion of personnel growth and development. Our basic

policy is to achieve an appropriate and fair balance that further increases director motivation toward maximizing corporate value.

For the purpose of enhancing the independence and objectivity of functions related to determining directors' compensation, we establish a Compensation Advisory Committee to deliberate on matters related to directors' compensation, after which a decision is made by the Board of Directors.

Furthermore, compensation for executive directors is comprised of monthly compensation and performance-linked compensation, which is determined based on company performance for the given fiscal year and individual performance. As performance-linked compensation is not appropriate for non-executive directors and outside directors, their compensation consists solely of monthly compensation.

Compensation for Audit & Supervisory Board Members is monthly compensation only, which is determined as individual fixed compensation based on deliberations by Audit & Supervisory Board Members.

Officer category	Total compensation (million yen)	Total compensation by type (million yen)			Number of applicable officers
		Fixed compensation	Performance-linked compensation	Retirement bonuses	
Directors (excluding outside directors)	154	154	0	0	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	43	0	0	2
Outside officers	36	36	0	0	5
<b>Total</b>	<b>234</b>	<b>234</b>	<b>0</b>	<b>0</b>	<b>11</b>

(For the fiscal year ended March 31, 2020)



### Effectiveness Evaluations for the Board of Directors

To improve the overall functionality of our Board of Directors, Nippon Chemi-Con conducts evaluations based on our Basic Policy for Corporate Governance to ensure the Board of Directors is functioning appropriately in accordance with this policy. Directors and Audit & Supervisory Board Members comprising the Board of Directors complete surveys on Board of Directors' agendas and management status. These surveys are used to conduct an effectiveness analysis and evaluation of the Board of Directors. In FY2019, we received feedback that agendas (decisions, reports) conducted by the Board of Directors were clear and that the number of issues and the volume of relevant agenda materials presented to the Board of Directors was appropriate. We also received recognition that improvements

had been made to Board of Directors' deliberations and agendas. Based on these results, our evaluation concluded that the company was largely maintaining the effectiveness of the Board of Directors. On the other hand, we confirmed issues indicating room for improvement. These include ensuring that the Board of Directors exercise their influence with appropriate timing in relation to deciding and revising corporate strategy, the need to effectively manage overall deliberation time (time allocation based on agenda importance, etc.) and increase explanations that enable appropriate managerial judgments (avoid use of industry terminology and internal lingo, focus explanations on key points, etc.), and so on.

In light of this analysis and evaluation, we will continue with initiatives aimed at increasing the effectiveness of the Board of Directors.

## G Governance Compliance

### Compliance Promotion System

In addition to our Compliance Regulations, the Nippon Chemi-Con Group has established various internal regulations related to compliance and appoints a managing compliance officer (executive officer in charge of the Nippon Chemi-Con Administration Department) as the chief officer in charge of compliance promotion and enforcement. This chief compliance officer oversees a compliance committee, which works to draft compliance policy that is applied to the entire Group, draft action plans related to compliance, and conduct monitoring of implementation progress for these initiatives. Each department in Nippon Chemi-Con and Group company has assigned a compliance officer and compliance staff, who work to promote and reinforce policy related to compliance.

To further ensure overall compliance, we conduct CSR internal audits of each factory to confirm that management systems related to labor, health and safety, and ethics at all factories are constantly operating effectively.

As CSR education, we include compliance education related to competition laws and insider trading regulations in new hire training and continuous training conducted at each employee level. We teach all employees that compliance is at the forefront of all our corporate activities. One initiative related to ensuring compliance with competition laws is to invite external lecturers (attorneys) to hold competition law seminars. At the same time, we drafted the Basic Policies Concerning Compliance with Competition Laws and other internal regulations, manuals, etc., which are applied to internal audits conducted by the legal affairs department every year.

### Whistleblowing System

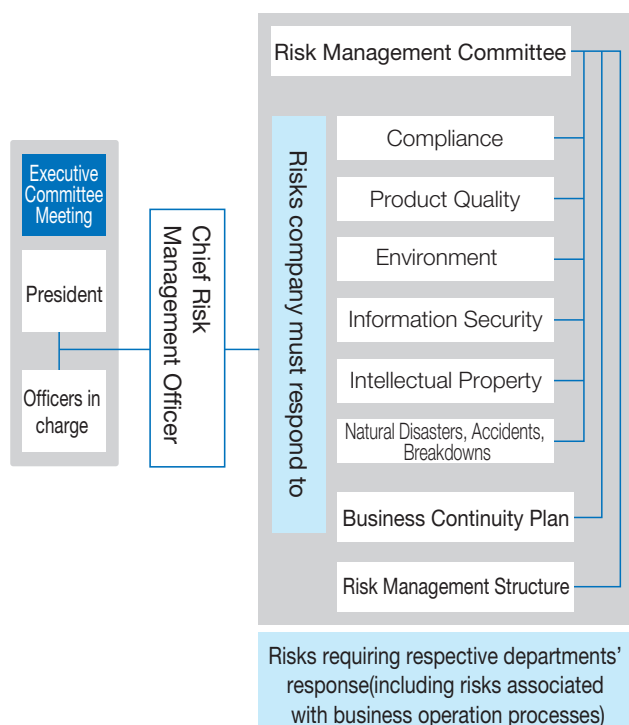
The Nippon Chemi-Con Group has established "Rules on Handling of Whistleblowing," through which we established a consultation desk and whistleblowing help desk for employees (Nippon Chemi-Con in-house standing statutory member of the Audit & Supervisory Board and Administration Department manager) as part of a system for ensuring the early discovery and prevention of legal infractions and to protect whistleblowers. During compliance training, we explain the importance and effectiveness of whistleblowing to promote awareness about the whistleblowing system. During compliance training, we explain the importance and efficacy of whistleblowing and promote awareness of our whistleblowing system. To address questions that arise during daily operations, the department in charge of legal affairs serves as a help desk to provide legal consultation and help prevent compliance risks before they arise.

The Nippon Chemi-Con Group has drafted Basic Policy for Risk Management to prevent risks, including human error and natural disaster, which could have a major impact on business and minimize the subsequent risks to stakeholders. We use Basic Regulations for Risk Management and other relevant regulations to maintain and enhance our risk management system.

## Risk Management Promotion System

The Nippon Chemi-Con Group designates the executive in charge of risk management (executive officer in charge of the Nippon Chemi-Con Administration Department) as the chief risk management officer who is in charge of drafting and implementing risk management policy and action plans. This chief risk management officer oversees a risk management committee, which promotes policy related to risk management. This committee works to draft risk management policy that is applied to the entire Group, draft action plans related to risk management, and conduct monitoring of implementation progress for these initiatives. The committee is comprised of the chief risk management officer, managers of departments in charge of risk management, and Audit & Supervisory Board Members. The committee meets once each half year and holds provisional meetings when necessary.

## ► Risk Management System



## Risk Management Response

The Nippon Chemi-Con Group drafted Business Continuity Regulations to prepare for interruptions in business activities caused by fire, earthquake, or other natural disasters or unpredictable incidents. Based on these regulations, we promote the establishment and maintenance of our business continuity plan (BCP). Following the Great East Japan Earthquake of March 2011, the Nippon Chemi-Con Group has gradually established information infrastructure consisting of phones for emergency and tablet PCs, emergency provisions, and an employee status confirmation system. Based on the BCP, we regularly conduct emergency evacuation and fire drills. When the state of emergency was declared due to the COVID-19 pandemic, we adopted telecommuting mainly in the Tokyo metropolitan area and major cities such as Nagoya, Osaka, and Fukuoka to reduce the number of commuting employees to roughly 20%. For employees commuting to work, we adopted flexible time schedules to avoid crowded public transportation. These and other measures enable us to maintain a minimum level of business operations. We will continue to develop and evaluate our risk management measures in order to minimize the impact on stakeholders caused by unpredictable incidents.

## Risk Factors

Nippon Chemi-Con Group positions risk management as the highest priority matter involving corporate leadership. Nippon Chemi-Con Group has established a Risk Management Committee in accordance with our Basic Policy for Risk Management. This committee is responsible for the centralized management of Group risks. We categorize existing and potential risks as strategic risks, financial risks, hazard risks, and operational risks. Twice a year, these risks are evaluated by the Risk Management Committee, which provides reports during Executive Committee Meetings. Among identified and reported risks, the following are major risks with the potential to impact the operating results, stock price, cash flow, and financial position of

consolidated companies. Furthermore, forward-looking statements are judgments made by the Nippon Chemi-Con Group at the end of the consolidated fiscal year 2019 (March 31, 2020).

### **1 Risks concerning economic conditions**

Nippon Chemi-Con Group's principle business is manufacturing and sales of capacitors and other electronic components. Our business has expanded globally, covering regions including Japan, Americas, Europe and Asia, and therefore, changes in the economic conditions of these regions and countries, where our products are sold, have the potential to impact the operating results and financial position of Nippon Chemi-Con Group.

### **2 Risks concerning exchange rate fluctuations**

Products of Nippon Chemi-Con Group are sold not only in Japan but also in Americas, Europe and Asia, and the proportion of consolidated net sales accounted for by overseas sales stood at 77.8% in the FY2018, and 76.0% in the FY2019. Although we forward exchange contracts to hedge the risk of exchange rate fluctuations, it is impossible to eliminate all such risk, and therefore such fluctuations may affect the operating results of Nippon Chemi-Con Group.

In preparing consolidated financial statements, those of our foreign affiliates are converted to JPY. Even if the values remain unchanged in local currencies, yen translations may fluctuate and thereby affect our business results.

### **3 Risks concerning price competition**

Emerging manufacturers from China and Taiwan are increasing cost competition in aluminum electrolytic capacitors, which is the core product among electronic components manufactured and sold by Nippon Chemi-Con Group. Although we deal with the intensified competition by reducing costs, developing high-value added products and reorganizing overseas production system, the increased competition at the lower end of the market may affect operating results and financial position of Nippon Chemi-Con Group.

### **4 Risks concerning raw material price fluctuations and procurement**

Nippon Chemi-Con Group operating results and financial position may be impacted by cost increases attributable to increased procurement prices for raw materials such as aluminum foils and heavy oil or delays in product shipments caused by difficulty in procuring raw materials.

Nippon Chemi-Con Group implements various risk avoidance measures, including promoting continuous cost reductions by engaging in local procurement at overseas manufacturing companies and pursuing productivity

improvements. Nippon Chemi-Con Group also purchases raw materials from multiple suppliers and engages in regular credit management of our suppliers. However, Nippon Chemi-Con Group operating results and financial position could be impacted in the event of an extreme increase in raw material prices or extensive raw material shortages caused by natural disasters or other conditions.

### **5 Risks concerning product defects**

Nippon Chemi-Con Group conducts manufacturing at each global production site in accordance with globally recognized quality management standards (UL standards, AEC-Q200, etc.).

However, there is no guarantee that we will not experience product defects in any of our products at some point in the future. Although we do have product liability insurance, there is no guarantee that this insurance will be sufficient to fully cover liability compensation amount.

Furthermore, we have obtained certification such as ISO9001 and IATF16949 at all manufacturing sites as part of efforts to strengthen quality management. However, Nippon Chemi-Con Group operating results and financial position could be impacted by the occurrence of a large-scale product defect.

### **6 Risks concerning laws and public regulations**

Significant changes in laws and public regulations in regions both at home and overseas, where Nippon Chemi-Con Group operates its business, may influence the business results and financial position of Nippon Chemi-Con Group. Besides expenses to comply with such regulations, criminal penalties and administrative actions including governmental charges or payment of compensation in case of violation against laws and public regulations, may also influence the business results and financial position of Nippon Chemi-Con Group.

Nippon Chemi-Con Group's business is subject to environmental regulations, and introduction of new regulations or the significant changes in the existing ones may pose the risk of environmental responsibility to Nippon Chemi-Con Group.

Nippon Chemi-Con Group is using legal means to respond to some decisions by the competition law authorities of various countries to assess fines against our Group in relation to aluminum electrolytic capacitor transactions. Separately from the above, civil lawsuits have been filed against Nippon Chemi-Con and our subsidiaries in relation to this case in the United States and Canada.

If these legal proceedings result in unfavorable verdicts, there is the possibility of an impact on the operating results and financial position of Nippon Chemi-Con Group.

## 7 Risks concerning natural disasters and unpredictable events

Nippon Chemi-Con Group operating results and financial position could be impacted by a stop in production caused by facility damage or difficulty in supplying electricity or water due to natural disasters such as earthquakes or some unpredictable events. Furthermore, the spread of the COVID-19 pandemic has become an actualized risk but we are implementing measures to ensure the stable continuation of operations, including adopting staggered office hours and various infection prevention measures. Under the awareness that the continued expansion or prolongation of the pandemic could cause market stagnation, we will continue to engage in information gathering and working with authorities as we implement various measures aimed at minimizing the impact on

business. We also will continue to place our highest priority on the safety and health of our employees and stakeholders by using remote working tools and other measures to continue business operations.

## 8 Risks concerning serious phenomena related to assumptions regarding business continuity

Due to the value of consolidated fiscal year-end (March 31, 2020) net assets dropping below certain levels, Nippon Chemi-Con Group is currently infringing on the financing restrictions stipulated in the syndicated loan and certain loan agreements. However, we have received acknowledgement from the relevant financial institutions that no measures will be taken to exercise the right to accelerate payments.

## Communication with Shareholders

Nippon Chemi-Con holds individual meetings for major institutional investors with investing policies focused on achieving medium- and long-term shareholder profits through the retention of our stock. During these meetings, we engage in discussions concerning our corporate governance and important management policy. We also hold earnings results briefings twice a year for institutional investors and securities analysts. Additionally, we position the Ordinary General Meeting of Shareholders held annually in June as an important opportunity to engage in direct dialogue with our shareholders. By practicing early meeting notice distribution and disclosure of said meeting notices on our website before distribution, we work to provide shareholders with sufficient opportunity to evaluate reports and decisions to be made at the Ordinary General Meeting of Shareholders. At the Ordinary General Shareholders' Meeting, we promote mutual communication by using videos to provide easily comprehensible explanations and work to create an atmosphere that encourages questions and opinions. The opinions and requests gained through these dialogues are provided as feedback to our directors and management team as we aim to link the sharing of problem awareness to increases in our corporate value.



▲ Shareholder meeting layout with social distance (June 26, 2020)



## G Governance

## Executive Members (as of June 26, 2020)



Representative  
Director and  
Chairman  
**Ikuo  
Uchiyama**  
(June 11, 1951)

- Apr 1977 Joined Nippon Chemi-Con Corp.
- Jul 1997 Plant Manager of Niigata Plant, KDK Corp.
- Oct 1999 Plant Manager of Niigata Plant, Material Division Headquarters
- Jun 2001 Director, in charge of Administration Dept., Personnel Dept., and Material Procurement Dept.
- Jun 2003 President
- Jun 2004 President, in charge of Corporate Planning Dept.
- Apr 2005 President, in charge of Corporate Planning Dept., SCM Promotion Dept., and Internal Audit Dept.
- Jun 2014 President and Chief Executive Officer, in charge of Internal Audit Dept.
- Jun 2019 Chairman and Chief Executive Officer (current)



Director and  
Senior Managing  
Executive Officer  
**Yoshifumi  
Minegishi**  
(November 28, 1957)

- Apr 1980 Joined Nippon Chemi-Con Corp.
- Jul 2001 Plant Manager of Niigata Plant, Material Division Headquarters
- Jul 2003 Deputy Division Manager of Material Division Headquarters and Plant Manager of Takahagi Plant
- Jun 2005 Director, Division Manager of Material Division Headquarters
- Jul 2007 Director, Division Manager of Production Engineering Headquarters and Division Manager of Material Division Headquarters
- Apr 2008 Director, Division Manager of Production Facilities Engineering Headquarters and Division Manager of Material Division Headquarters
- Apr 2011 Director, Division Manager of Material Division Headquarters
- Jun 2013 Executive Managing Director, Division Manager of Material Division Headquarters
- Jun 2014 Director and Managing Executive Officer, Division Manager of Material Division Headquarters
- Apr 2016 Director and Managing Executive Officer, Division Manager of Product Business Management
- Jun 2019 Director and Managing Executive Officer, CQO and Division Manager of Quality Assurance Headquarters and Production System Headquarters (current)
- Jun 2020 Director and Senior Managing Executive Officer, CQO and Division Manager of Quality Assurance Headquarters and Production System Headquarters (current)



Representative  
Director and  
President  
**Norio  
Kamiyama**  
(April 1, 1959)

- Apr 1983 Joined Nippon Chemi-Con Corp.
- Nov 2004 Department Manager of Ceramic and Film Capacitor Engineering Department in Technical, R&D Headquarters
- Apr 2006 Department Manager of Ceramic and Film Capacitor Engineering Department in Technical, R&D Headquarters and Department Manager of DLAP Design Department in Supercapacitor Division Headquarters
- Oct 2006 Deputy Division Manager of Quality Assurance Headquarters
- Aug 2009 Division Manager of Quality Assurance Headquarters
- Jun 2012 Director, CQO and General Manager of Quality Assurance Headquarters
- Jun 2013 Director, CTO and General Manager of R&D Headquarters
- Jun 2014 Senior Executive Officer, CTO and General Manager of R&D Headquarters
- Apr 2016 Senior Executive Officer, CTO and Division Manager of R&D Headquarters and Officer in charge of Solid Devices Business (Ceramic Capacitor, Varistor, Film Capacitor, Coil) in Product Business Management
- Jun 2018 Director and Senior Executive Officer, CTO and Division Manager of R&D Headquarters and Officer in charge of Solid Devices Business (Ceramic Capacitor, Varistor, Film Capacitor, Coil) in Product Business Management
- Jun 2019 President and Chief Operating Officer (current)



Outside Director  
**Hideaki  
Takahashi**  
(January 29, 1946)

- Jun 1990 Associate Professor, Faculty of Engineering, Hokkaido University
- Jun 1994 Professor, Graduate School of Engineering, Hokkaido University
- Apr 2008 Professor Emeritus at Hokkaido University, President of Asahikawa National College of Technology
- Apr 2014 Professor Emeritus at Hokkaido University, Professor Emeritus at Asahikawa National College of Technology (current)
- Jun 2014 Director of Nippon Chemi-Con Corp. (current)



Director and  
Senior Managing  
Executive Officer  
**Shuichi  
Shiraishi**  
(February 14, 1956)

- Apr 1979 Joined Nippon Chemi-Con Corp.
- Jul 1995 Department Manager of Corporate Planning Dept.
- Jun 1999 Managing Director of Marcon Electronics Co., Ltd.
- Sep 2002 Department Manager of New Products Sales Promotion Dept. 2, Sales Headquarters and Department Manager of Logistics Dept. and Managing Director of Marcon Electronics Co., Ltd.
- Feb 2003 Department Manager of New Products Sales Promotion Dept. 2, Sales Headquarters and Department Manager of Logistics Dept.
- Jul 2005 Department Manager of Division Planning Dept., Capacitor Division Headquarters
- Jun 2008 Director, Deputy Division Manager of Capacitor Division Headquarters
- Feb 2009 Director, Deputy Division Manager of Production Headquarters
- Mar 2009 Director, Vice President of Samyoung Electronics Co., Ltd.
- Jan 2013 Director, Division Manager of Planning Headquarters
- Jun 2014 Director and Senior Executive Officer, Division Manager of Planning Headquarters
- Jun 2016 Director and Managing Executive Officer, Division Manager of Sales Headquarters and Officer in charge of Management Strategy Dept.
- Jun 2019 Director and Senior Managing Executive Officer, Division Manager of Sales Headquarters and Officer in charge of Corporate Strategy Department (current)



Outside Director  
**Kinya  
Kawakami**  
(November 20, 1951)

- Apr 1976 Joined The Yokohama Rubber Co., Ltd.
- Jan 2003 Head of Tire Materials Development Dept., The Yokohama Rubber Co., Ltd.
- Jun 2008 Director and Corporate Officer, in charge of Procurement Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.
- Jun 2011 Director and Managing Corporate Officer, in charge of Global Human Resources Division, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd.
- Mar 2012 Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.
- Mar 2014 Corporate adviser of The Yokohama Rubber Co., Ltd., and Representative Director and President of Hamagomu Real Estate Co., Ltd.
- Jun 2015 Director of Nippon Chemi-Con Corp., Corporate adviser of The Yokohama Rubber Co., Ltd., and Representative Director and President of Hamagomu Real Estate Co., Ltd.
- Mar 2016 Director of Nippon Chemi-Con Corp. and Corporate adviser of The Yokohama Rubber Co., Ltd.
- Nov 2016 Director of Nippon Chemi-Con Corp. (current)



Audit &  
Supervisory  
Board Member  
**Hiroyuki  
Yajima**  
(April 7, 1957)

Jan 1982 Joined Nippon Chemi-Con Corp.  
Oct 2003 Department Manager of Electro-Products Development Dept., Electro-Mechanical Products Business, Solid Products & Electro-Mechanical Products Division Headquarters  
Jul 2005 Department Manager of Electro-Products Development Dept., Electro-Mechanical Products Division Headquarters  
Jul 2007 Department Manager of Solution R&D Dept.  
Apr 2008 Department Manager of Solution R&D Dept. and Marketing Dept.  
Apr 2011 Department Manager of Solution R&D Dept., R&D Headquarters  
Jun 2014 Executive Officer, Department Manager of Solution R&D Dept., R&D Headquarters  
Jun 2016 Senior Executive Officer, Deputy Division Manager of R&D Headquarters  
Jun 2017 Audit and Supervisory Board Member (current)



Audit &  
Supervisory  
Board Member  
**Shinichi  
Shibata**  
(June 29, 1959)

Apr 1983 Joined Nippon Chemi-Con Corp.  
Jan 2002 Department Manager of Administration Dept. of Chemi-Con (Wuxi) Co., Ltd.  
Jul 2006 Department Manager of Division Planning, Material Division Headquarters  
Jun 2009 President of Iwate Electric Industry Co., Ltd.  
Apr 2016 Department Manager of Accounting Dept. of Nippon Chemi-Con Corp.  
Jun 2019 Executive Officer and Deputy Officer in charge of Accounting Dept.  
Jun 2020 Audit and Supervisory Board Member (current)



Outside Audit &  
Supervisory  
Board Member  
**Fumio  
Morita**  
(August 30, 1955)

Apr 1978 Joined The Yokohama Rubber Co., Ltd.  
Jun 2007 Head of Corporate Finance & Accounting Dept., The Yokohama Rubber Co., Ltd.  
Jun 2009 Corporate Officer, Head of Corporate Finance & Accounting Dept., The Yokohama Rubber Co., Ltd. and President of Yokohamagomu Finance Co., Ltd.  
Jun 2010 Director and Corporate Officer, in charge of Corporate Finance & Accounting Dept. and Audit Dept., The Yokohama Rubber Co., Ltd., and President of Yokohamagomu Finance Co., Ltd.  
Mar 2012 Director and Managing Corporate Officer, in charge of Sports Business Dept., Corporate Finance & Accounting Dept., Audit Dept., Information System Dept., and Global Procurement Division, The Yokohama Rubber Co., Ltd., and President of Yokohamagomu Finance Co., Ltd.  
Jan 2015 Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd., in charge of Yokohama Motorsports International Co., Ltd., President of PRGR Co., Ltd.  
Mar 2016 Corporate adviser of The Yokohama Rubber Co., Ltd., President of PRGR Co., Ltd. (current)  
Jun 2016 Audit and Supervisory Board Member of Nippon Chemi-Con Corp., Corporate adviser of The Yokohama Rubber Co., Ltd., President of PRGR Co., Ltd.  
Mar 2020 Audit and Supervisory Board Member of Nippon Chemi-Con Corp. (current)



Outside Audit &  
Supervisory  
Board Member  
**Shuji  
Ota**  
(December 16, 1951)

Oct 1975 Joined Showa Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)  
Jul 2000 Senior Partner of Century Ota Showa & Co.  
Jan 2006 Examiner of Certified Public Tax Account Examination  
Jul 2013 Established Shuji Ota CPA Office Head of Shuji Ota CPA Office (current)  
Apr 2017 External Director of Tri Chemical Laboratories Inc. (current)  
Jun 2017 Auditor of Japan International Broadcasting Inc. (current)  
Jun 2019 Audit and Supervisory Board Member of Nippon Chemi-Con Corp. (current)

### Executive Officers

Representative Director and Chairman	<b>Ikuo Uchiyama</b>
Representative Director and President	<b>Norio Kamiyama</b>
Director and Senior Managing Executive Officer	<b>Shuichi Shiraishi</b>
Director and Senior Managing Executive Officer	<b>Yoshifumi Minegishi</b>
Senior Executive Officer	<b>Masakazu Furukawa</b>
Senior Executive Officer	<b>Takayuki Ito</b>
Senior Executive Officer	<b>Osamu Ishii</b>
Senior Executive Officer	<b>Kenichi Konno</b>
Executive Officer	<b>Kenji Tamamitsu</b>
Executive Officer	<b>Kentaro Nakaaki</b>
Executive Officer	<b>Takumi Iwata</b>
Executive Officer	<b>Katsunori Nogami</b>

## G Governance

## Message from Outside Directors

Business in a  
Post-COVID World**Hideaki Takahashi**

Outside Director

The COVID-19 pandemic has spread across the world and shows no sign of subsiding. As of July 15, there were a total of 13.5 million infected worldwide and the virus had claimed over 600,000 lives. In Japan, the pandemic has led to over 20,000 infections and approximately 1,000 deaths. Since March, lockdowns were instituted worldwide and a state of emergency was declared in Japan, resulting in a stay-at-home movement that caused a dramatic economic downturn. Soon after loosening restrictions on economic activities, the effects of the pandemic began to reappear.

To avoid the “Three Cs,” many companies have adopted telecommuting and web conferencing, creating vast opportunities for IoT. Some companies have begun closing offices in urban areas and some people have left their condominium in the city for rural life surrounded by nature. The COVID-19 pandemic is accelerating workstyle reform. Workers directly involved in production are not able to work from home, so it is likely that the adoption of artificial intelligence (AI) will accelerate in order to avoid the Three Cs and to improve productivity. According to *The Pure Mechanized Economy* by Tomohiro Inoue, in the past, society maintained a balance between technical development and employment demand. The development of AI will cause this balance to collapse and result in employment losses. This is because once AI programming is completed, it will be possible to copy programming instantly without human power.

The WHO has officially designated COVID-19 a pandemic and is calling on countries to cooperate towards preventing the spread of infection, but countermeasures have varied vastly between each country. In China, the origin of the outbreak, strict control of the population enabled the country to overcome the crisis in just over a month. South Korea used social media to get control over the outbreak. However, in European countries with developed democratic societies, the protection of privacy and human rights as well as concerns about preventing economic downturn have resulted in an inability to effectively control the spread of the virus. In developing nations, there is concern about insufficient medical systems. In his book, *Demain, qui gouvernera le monde?*, Jacques Attali predicted that power would disperse after the Cold War and conflict between the USA and China, driving the world into a period of uncertainty. Current conditions would suggest that the world is accelerating in that direction.

The global B-to-B business in which the Nippon Chemi-Con Group is involved is severely influenced by the state of the world. In the uncertain world after COVID-19, the company will need to ensure strict and dynamic leadership.

Enhancing Response to  
Customer Needs**Kinya Kawakami**

Outside Director

I have served as an outside director for five years. Same as last year, I would like to discuss the perspective I have gained through my work.

FY2019 performance resulted in net sales of 114,599 million yen (down 18.7% YoY) and operating losses of 2,891 million yen (previous year resulted in operating income of 5,137 million yen). As these results indicate, Nippon Chemi-Con was unable to achieve its initial targets. I want to express my regret for this performance. These results are attributable to factors such as economic downturn caused by US-China trade friction as well as the COVID-19 pandemic that broke out at the beginning of the year. However, despite these conditions the company must still find a way to be profitable.

The COVID-19 pandemic caused a global economic crisis and we have yet to see signs of a recovery. At the same time, the pandemic has caused various changes in how we work, with the accelerated adoption of telecommuting and the expansion of takeout services in the restaurant industry. US-China relations continue to lack transparency, with the countries closing their consulates and other incidents continuing to drive increasing tension. Amid such changes, the electrolytic capacitor business environment continues to see strong demand for new products needed for the development of 5G (5th generation mobile communication system) base stations and the continued trend towards vehicle electrification.

In an environment of dramatic change and tough customer demands, the ability to deliver products quickly and at reasonable prices will determine success or failure. To achieve this, the sales department must accurately convey customer needs within the organization, optimize our wide array of products and relevant elemental technology, ensure strong supply capacity by establishing a flexible production structure for the manufacturing department, and the manufacturing knowhow to offer our products at reasonable prices.

Nippon Chemi-Con boasts world-class technology. The basic research departments have cultivated the knowhow and elemental technology for the development of advanced materials and the R&D departments have developed the latest in aluminum electrode foils, electrolyte and rubber seal materials, and product design technology. Production system development departments are engaged in technology development that enables innovation in manufacturing technology. Nippon Chemi-Con must rapidly fuse this advanced technology to address customer needs by delivering good products at inexpensive prices and in a timely fashion. How the company accomplishes this is the subject I will focus on as an outside director. In particular, it is important that the company focus on its areas of strength and increase operational efficiency.

With the COVID-19 pandemic disrupting the operating environment, I am confident that the company will combine the sales departments' ability to identify customer needs with the product development capabilities of the technology development departments to overcome these difficult times.



## G Governance IR Activities / Events

### Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2019, results briefings were held in May and November. In addition to presentations from the President and the Director in charge of Corporate Strategy, the CTO also gave a presentation on technology developments.

### Factory Tours

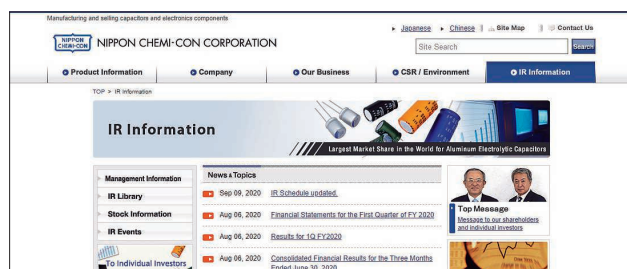
We held a factory tour for institutional investors in FY2019.

### Meetings with Institutional Investors

We proactively respond to individual meeting requests from securities analysts and institutional investors and hold discussions that help promote understanding and appropriate valuations of our company. In FY2019, we held over 110 meetings and telephone conference calls.

### IR Information Website

 <https://www.chemi-con.co.jp/e/ir/index.html>



### Conference Exhibits

Nippon Chemi-Con had booths at the following conferences in FY2019 (excerpt of major conferences only). These conferences provided us with opportunities to interact and communicate with customers, agents and distributors, business partners (suppliers), institutional and individual investors, students involved in the recruitment process, and families with their children.



### FY2020 Conference and Exhibit Participation



Month	Name of Conference	Place
Apr	• TECHNO-FRONTIER 2019 / POWER SYSTEM JAPAN 2019	Japan
	• PCIM Europe 2019	Germany
May	• Electronic Distribution Show and Conference 2019	U.S.A.
	• AUTOMOTIVE ENGINEERING EXPOSITION 2019	Japan
Sep	• CAR-ELE Nagoya - 2nd Int'l Automotive Electronics Technology Expo Nagoya	Japan
	• electronica India 2019	India
Oct	• CEATEC 2019	Japan
Nov	• Embedded Technology 2019	Japan
Dec	• China Hi-Tech Fair ELEXCON 2019	China
Jan	• EV JAPAN - 11th EV & HEV Drive System Technology Expo	Japan
Feb	• BATTERY JAPAN 2019 - 11th Int'l Rechargeable Battery Expo	Japan

Chapter 1

About Nippon Chemi-Con

Chapter 2

Growth Strategy for Value Creation

Chapter 3

Foundation for Value Creation

Chapter 4

Data Section