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Stock Exchange Code 4202  
May 31, 2018

**To Shareholders with Voting Rights:**

Misao Fudaba  
President and CEO  
Daicel Corporation  
3-1, Ofuka-cho, Kita-ku,  
Osaka, Japan

**NOTICE OF  
THE 152ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 152nd Annual General Meeting of Shareholders of Daicel Corporation (the “Company”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form. Please review the hereinafter attached “Reference Documents for the General Meeting of Shareholders,” indicate your vote for or against the proposal on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:00 p.m. on June 21, 2018, Japan time.

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. Japan time  
(Reception begins at 9:00 a.m.)
- 2. Place:** HINOKI, 2F, InterContinental Osaka, North Tower C, GRAND FRONT  
OSAKA, located at 3-60 Ofuka-cho, Kita-ku, Osaka, Japan
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements for the Company’s 152nd Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company’s 152nd Fiscal Year (April 1, 2017 - March 31, 2018)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of 8 Directors
    - Proposal 3:** Election of 2 Corporate Auditors
    - Proposal 4:** Revision of Amount of Director Compensation
    - Proposal 5:** Revision of Amount of Corporate Auditor Compensation
    - Proposal 6:** Determination of Compensation for Granting Restricted Stock to Directors

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please bring this convocation notice to the meeting with you to help save resources.
- To help conserve electricity, the air conditioning at the venue will be partially turned down. We would appreciate it if you could come to the meeting wearing light clothing.
- Of the documents to be included in this notice, “Consolidated Statement of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” are posted on the Company’s website (<https://www.daicel.com>) on the internet, pursuant to applicable laws and regulations, as well as the provisions in Article 16 of the Articles of the Incorporation. Therefore, they are not stated in the Appendix concerning the matters to be reported. “Consolidated Statement of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements,” as well as the Appendix concerning the matters to be reported are subject to the audit by the Accounting Auditor and Corporate Auditors.
- Should the Reference Documents for the General Meeting of Shareholders and the Appendix require revisions, the revised versions will be posted on the Company’s website (<https://www.daicel.com>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

Concerning the appropriation of surplus, the Company proposes as follows:  
Matters concerning the year-end dividends

The Company's basic dividend policy is to distribute profits in a balanced manner, taking into comprehensive consideration a shareholder return that is in line with the Company's consolidated financial results in each fiscal year, as well as enhancement of internal reserves to improve medium-to long-term shareholder value based on a more robust revenue base. The Company will also facilitate acquisition of its treasury stocks as a shareholder return measure to complement dividend payments in a flexible manner.

Internal reserves will be applied to investment in business expansion and reinforcement of highly-profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and extension of facilities, and efficiency improvement measures. Through future business development, we will ensure a growing benefit to our shareholders.

During the 3-year 3D-III mid-term plan, which started in FY2017, we will target a dividend payout ratio of 30%, and also flexibly conduct purchases of the Company's own shares.

Based on the policy mentioned above, the year-end dividend for the fiscal year under review will be 16 yen per share.

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof  
16 yen per share of common stock of the Company  
Total amount: 5,419,251,264 yen  
(Note) The annual dividends for the fiscal year under review will be 32 yen per share including the interim dividends, an increase of 2 yen.
- (3) Effective date of distribution of surplus  
June 25, 2018

## Proposal 2: Election of 8 Directors

The terms of office of all 8 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 8 Directors is proposed.

The candidates for Directors are as follows:

No.	Name	Current Positions and Responsibilities at the Company and Significant Concurrent Positions	
1	Misao Fudaba	President and CEO, President, Member of the Nomination and Compensation Committee and Chairman of the Management Advisory Committee	Reappointment
2	Masumi Fukuda	Representative Director, Senior Managing Executive Officer, Member of the Nomination and Compensation Committee, Member of the Management Advisory Committee, Head of Corporate Support Center and Responsible for Corporate Compliance Program	Reappointment
3	Yoshimi Ogawa	Director, Senior Managing Executive Officer, Member of the Management Advisory Committee, Responsible for Quality Management Division, Responsible for Responsible Care, Responsible for Organic Chemical Products Company and Responsible for Aerospace & Defense Systems/Safety Systems Company	Reappointment
4	Hisao Nishimura	Director, Managing Executive Officer, Member of the Management Advisory Committee, General Manager of R&D Headquarters, Responsible for New Business Development and Responsible for Intellectual Property Center	Reappointment
5	Tadao Kondo	Director, and Member of the Nomination and Compensation Committee Councilor of NIPPON SHOKUBAI CO., LTD. Outside Director of OKK Corporation	Reappointment External Independent
6	Masafumi Nogimori	Director, and Member of the Nomination and Compensation Committee Outside Director of Mitsui Fudosan Co., Ltd. Outside Director of Linical Co., Ltd.	Reappointment External Independent
7	Kunie Okamoto	Corporate Auditor Director and Consultant of Nippon Life Insurance Company Outside Corporate Auditor of TOKYU CORPORATION Outside Director of Kintetsu Group Holdings Co., Ltd.	New appointment External Independent
8	Teisuke Kitayama	Advisor of Sumitomo Mitsui Banking Corporation Outside Audit & Supervisory Board Member of Toyota Motor Corporation Outside Auditor of TOKYO BROADCASTING SYSTEM HOLDINGS, INC	New appointment External Independent

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Misao Fudaba (February 23, 1956)  <u>Reappointment</u>	<p>April 1979      Joined the Company June 2006      Executive Officer of the Company                     Deputy Head of Corporate Support Center of the Company June 2008      Head of Raw Material Purchasing Center of the Company June 2010      President of the Company                     President and CEO of the Company</p> <p>(Positions and responsibilities) President and CEO, President, Member of the Nomination and Compensation Committee and Chairman of the Management Advisory Committee</p> <p>[Reasons for selection as a candidate for Director] Mr. Misao Fudaba has served as President and CEO of the Company since 2010, and has achievements in leading the Group toward improving corporate value through his strong leadership. Based on his wealth of insight and operational experience in overall management, the Company has determined that he is an appropriate person to promote global business management, and thus requests his election as Director.</p>	90,590
2	Masumi Fukuda (January 12, 1952)  <u>Reappointment</u>	<p>April 1975      Joined the Company April 2002      Vice President of Cellulose Company of the Company April 2004      President of Functional Organic Products Company of the Company June 2004      Executive Officer of the Company June 2006      Managing Executive Officer of the Company                     Head of Corporate Planning of the Company June 2008      President of Cellulose Company of the Company June 2010      President of Organic Chemical Products Company of the Company June 2012      Representative Director of the Company                     Senior Managing Executive Officer of the Company                     Head of Corporate Support Center of the Company                     Responsible for Corporate Compliance Program of the Company                     Responsible for Business Process Innovation of the Company June 2016      Responsible for Corporate Planning of the Company</p> <p>(Positions and responsibilities) Director, Senior Managing Executive Officer, Member of the Nomination and Compensation Committee, Member of the Management Advisory Committee, Head of Corporate Support Center and Responsible for Corporate Compliance Program</p> <p>[Reasons for selection as a candidate for Director] Mr. Masumi Fukuda has served as the responsible person for administrative divisions such as corporate planning, finance and accounting, and compliance of the Company, and has a wealth of experience, achievements, and insights. The Company has determined that he is an appropriate person to strengthen the management of the Group as well as the global business, and thus requests his election as Director.</p>	65,386

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Yoshimi Ogawa (January 8, 1960)  <u>Reappointment</u>	<p>April 1983      Joined the Company</p> <p>June 2000      Head of Production Innovation Center, Production Technology Headquarters of the Company</p> <p>April 2002      Head of Business Process Innovation of the Company</p> <p>June 2006      Executive Officer of the Company Vice President of Aerospace &amp; Defense Systems/Safety Systems Company of the Company General Manager of Harima Plant, Aerospace &amp; Defense Systems/Safety Systems Company of the Company</p> <p>June 2009      Head of Production Technology of the Company Responsible for Responsible Care of the Company Responsible for Engineering Center of the Company</p> <p>June 2011      Director of the Company</p> <p>June 2013      Managing Executive Officer of the Company</p> <p>April 2014      General Manager of Production Technology Headquarters of the Company</p> <p>April 2015      Responsible for Quality Management Division of the Company</p> <p>June 2016      Responsible for Organic Chemical Products Company of the Company Responsible for Aerospace &amp; Defense Systems/Safety Systems Company of the Company</p> <p>June 2017      Senior Managing Executive Officer of the Company</p> <p>(Positions and responsibilities) Director, Senior Managing Executive Officer, Member of the Management Advisory Committee, Responsible for Quality Management Division, Responsible for Responsible Care, Responsible for Organic Chemical Products Company and Responsible for Aerospace &amp; Defense Systems/Safety Systems Company</p>	36,964
		<p>[Reasons for selection as a candidate for Director] Mr. Yoshimi Ogawa has served as the responsible person for production technology and manufacturing sectors of the Company, and has achievements in strongly leading the production and quality assurance sectors of the Group. He also has a wealth of experience, achievements, and insights in safety and craftsmanship. The Company has determined that he is an appropriate person, and thus requests his election as Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<p>Hisao Nishimura (December 12, 1954)</p> <p><u>Reappointment</u></p>	<p>August 1985      Joined the Company</p> <p>April 2002      Head of Central Research Center of the Company</p> <p>July 2005        President of CPI Company of the Company</p> <p>June 2010        Executive Officer of the Company</p> <p>June 2012        Head of Research Control of the Company</p> <p>                      Responsible for New Business Planning and Development of the Company</p> <p>                      Responsible for Intellectual Property Center of the Company</p> <p>June 2013        Managing Executive Officer of the Company</p> <p>April 2014        General Manager of R&amp;D Headquarters of the Company</p> <p>June 2014        Director of the Company</p> <p>June 2016        Responsible for New Business Planning of the Company</p> <p>April 2017        Responsible for New Business Development of the Company</p> <p>(Positions and responsibilities)</p> <p>Director, Managing Executive Officer, Member of the Management Advisory Committee, General Manager of R&amp;D Headquarters, Responsible for New Business Development and Responsible for Intellectual Property Center</p> <p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Hisao Nishimura has served as the responsible person for fundamental technologies and research and development in various areas including product development of the Company. He also has a wealth of experience, achievements, and insights in the planning and development of new products of the Group. The Company has determined that he is an appropriate person, and thus requests his election as Director.</p>	22,118
5	<p>Tadao Kondo (April 12, 1944)</p> <p><u>Reappointment</u></p> <p><u>External</u></p> <p><u>Independent</u></p>	<p>June 2004        Representative Member of the Board, Vice President of NIPPON SHOKUBAI CO., LTD.</p> <p>April 2005        Representative Member of the Board, President of NIPPON SHOKUBAI CO., LTD.</p> <p>April 2011        Representative Member of the Board, Chairman of NIPPON SHOKUBAI CO., LTD.</p> <p>June 2011        Member of the Board, Chairman of NIPPON SHOKUBAI CO., LTD.</p> <p>June 2012        Councilor of NIPPON SHOKUBAI CO., LTD.</p> <p>June 2013        Director of the Company</p> <p>(Positions and responsibilities)</p> <p>Director, and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions)</p> <p>Councilor of NIPPON SHOKUBAI CO., LTD.</p> <p>Outside Director of OKK Corporation</p> <p>[Reasons for selection as a candidate for External Director]</p> <p>Mr. Tadao Kondo has as a wealth of insights and experience, etc., fostered as a manager of a company that produces and sells chemicals, and to have him utilize these in the management of the Company, the Company requests his election as External Director.</p>	7,437

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Masafumi Nogimori (December 21, 1947)  Reappointment External Independent	<p>April 2005 Executive Vice President and Representative Director of Astellas Pharma Inc.</p> <p>June 2006 President &amp; CEO and Representative Director of Astellas Pharma Inc.</p> <p>June 2011 Chairman and Representative Director of Astellas Pharma Inc.</p> <p>June 2016 Retired from Chairman and Representative Director of Astellas Pharma Inc.</p> <p>June 2017 Director of the Company</p> <p>(Positions and responsibilities) Director, and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Outside Director of Mitsui Fudosan Co., Ltd. Outside Director of Linical Co., Ltd.</p> <p>[Reasons for selection as a candidate for External Director] Mr. Masafumi Nogimori has a wealth of insights and experience, etc., fostered as a manager of a company that produces and sells medical products, and to have him utilize these in the management of the Company, the Company requests his election as External Director.</p>	534
7	Kunie Okamoto (September 11, 1944)  New appointment External Independent	<p>April 2005 President of Nippon Life Insurance Company</p> <p>June 2010 Corporate Auditor of the Company</p> <p>April 2011 Chairman of Nippon Life Insurance Company</p> <p>April 2018 Director and Consultant of Nippon Life Insurance Company</p> <p>(Positions) Corporate Auditor</p> <p>(Significant concurrent positions) Director and Consultant of Nippon Life Insurance Company Outside Corporate Auditor of TOKYU CORPORATION Outside Director of Kintetsu Group Holdings Co., Ltd.</p> <p>[Reasons for selection as a candidate for External Director] Mr. Kunie Okamoto currently serves as External Corporate Auditor, and has a wealth of insights and experience, etc., fostered as a manager of financial institution, and to have him utilize these in the management of the Company, the Company requests his election as External Director.</p>	0
8	Teisuke Kitayama (October 26, 1946)  New appointment External Independent	<p>June 2005 Director President (Representative Director) of Sumitomo Mitsui Financial Group, Inc. Chairman of the Board of Sumitomo Mitsui Banking Corporation</p> <p>April 2017 Director of Sumitomo Mitsui Banking Corporation</p> <p>June 2017 Advisor of Sumitomo Mitsui Banking Corporation</p> <p>(Significant concurrent positions) Advisor of Sumitomo Mitsui Banking Corporation Outside Audit &amp; Supervisory Board Member of Toyota Motor Corporation Outside Auditor of TOKYO BROADCASTING SYSTEM HOLDINGS, INC.</p> <p>[Reasons for selection as a candidate for External Director] Mr. Teisuke Kitayama has a wealth of insights and experience, etc., fostered as a manager of financial institutions, and to have him utilize these in the management of the Company, the Company requests his election as External Director.</p>	0

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Mr. Tadao Kondo, Mr. Masafumi Nogimori, Mr. Kunie Okamoto, and Mr. Teisuke Kitayama are candidates for External Directors.



3. Matters concerning the candidates for External Directors are as follows:

(1) Candidate for External Director, Mr. Tadao Kondo

1) Matters that should be specifically noted regarding the candidate for External Director

Mr. Tadao Kondo will have served as External Director for a period of five years as of the conclusion of this General Meeting of Shareholders.

The Company has registered him as an independent director with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. If his election is approved, the Company plans to continue registering him as independent director. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

2) Liability limitation agreements with the candidate for External Director

The Company has entered into a liability limitation agreement with Mr. Tadao Kondo. The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

Subject to the approval of the reappointment of Mr. Tadao Kondo, the Company plans to continue such liability limitation agreement with him.

(2) Candidate for External Director, Mr. Masafumi Nogimori

1) Matters that should be specifically noted regarding the candidate for External Director

Mr. Masafumi Nogimori will have served as External Director for a period of one year as of the conclusion of this General Meeting of Shareholders.

The Company has registered him as an independent director with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. If his election is approved, the Company plans to continue registering him as independent director. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

2) Liability limitation agreements with the candidate for External Director

The Company has entered into a liability limitation agreement with Mr. Masafumi Nogimori. The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

Subject to the approval of the reappointment of Mr. Masafumi Nogimori, the Company plans to continue such liability limitation agreement with him.

(3) Candidate for External Director, Mr. Kunie Okamoto

1) Matters that should be specifically noted regarding the candidate for External Director

On December 19, 2013, Kintetsu Group Holdings Co., Ltd, for which Mr. Kunie Okamoto currently serves as Outside Director, received a desist order from Commissioner of the Consumer Affairs Agency as there were displays in violation of the Act against Unjustifiable Premiums and Misleading Representations on menus, etc., of facilities at inns and hotels which the company operates but outsources the entire operations to its subsidiary. He had worked to raise awareness of the importance of law compliance at Board of Directors meetings of the company and elsewhere, and, following the incident, he has been taking necessary measures as Outside Director of the company and fulfilling his roles through providing advice for the prevention of recurrence of a similar incident.

• Mr. Kunie Okamoto is scheduled to retire from the position of Director of Nippon Life Insurance Company at the conclusion of the Annual Meeting of Representatives to be held in July 2018 and assume the position of Consultant as of the date of the same meeting.

• Mr. Kunie Okamoto currently serves as External Corporate Auditor of the Company, and is scheduled to retire from the position at the conclusion of this General Meeting of Shareholders due to the expiration of his term of office. He will have served as External Corporate Auditor for a period of eight years as of the conclusion of this General Meeting of Shareholders.

The Company has registered him in the position of External Corporate Auditor as an independent corporate

auditor with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. If his election as External Director is approved, the Company plans to continue registering him as independent director. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

2) Liability limitation agreements with the candidate for External Director

The Company has entered into a liability limitation agreement with Mr. Kunie Okamoto as External Corporate Auditor. The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

Subject to the approval of the appointment of Mr. Kunie Okamoto as External Director, the Company plans to enter such liability limitation agreement with him.

(4) Candidate for External Director, Mr. Teisuke Kitayama

1) Matters that should be specifically noted regarding the candidate for External Director

The Company plans to register him as an independent director with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

Mr. Teisuke Kitayama is scheduled to retire from the position of Outside Audit & Supervisory Board Member of Toyota Motor Corporation at the conclusion of the Ordinary General Shareholders’ Meeting to be held in June 2018.

2) Liability limitation agreements with the candidate for External Director

If the election of Mr. Teisuke Kitayama is approved, the Company plans to enter into a liability limitation agreement with him.

The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

### Proposal 3: Election of 2 Corporate Auditors

The terms of office of Corporate Auditors, namely Messrs. Kunie Okamoto and Ryo Ichida, will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 2 Corporate Auditors is proposed.

The Board of Corporate Auditors has given its consent to this proposal.

The candidates are as follows

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Ryo Ichida (April 2, 1952)  Reappointment External Independent	<p>October 1981 Entered Kyoto office of Tetsuzo Ota &amp; Co. (currently, Ernst &amp; Young ShinNihon LLC)</p> <p>March 1985 Registered as Certified Public Accountant</p> <p>July 2002 Representative Partner (currently, Senior Partner) of Showa Ota &amp; Co. (currently, Ernst &amp; Young ShinNihon LLC)</p> <p>December 2004 Registered as Tax Accountant</p> <p>September 2007 Nishi-Nihon Block Managing Partner and Osaka Office Managing Partner of Ernst &amp; Young ShinNihon LLC</p> <p>July 2013 Established Ryo Ichida Certified Public Accountant Office</p> <p>June 2014 Corporate Auditor of the Company</p> <p>(Positions) Corporate Auditor (Significant concurrent positions) Certified Public Accountant, Tax Accountant of Ryo Ichida Certified Public Accountant Office External Director of Tanabe Management Consulting Co., Ltd. External Corporate Auditor of Keifuku Electric Railroad Co., Ltd.</p> <p>[Reasons for selection as a candidate for External Corporate Auditor] Although Mr. Ryo Ichida has not been directly involved in corporate management, he has advanced specialized knowledge and wide insights as a Certified Public Accountant and Tax Accountant. As he also has experience, etc., as an external director/corporate auditor of companies, the Company has determined that he is an appropriate person as External Corporate Auditor, and requests his election.</p>	1,753
2	Junichi Mizuo (August 12, 1947)  New appointment External Independent	<p>April 1970 Joined Shiseido Company, Limited</p> <p>April 2000 Professor of Faculty of Economics (currently, Faculty of Economics and Management), Surugadai University</p> <p>April 2001 Professor of Graduate School of Economics (currently, Graduate School of Comprehensive Policy), Surugadai University</p> <p>April 2006 President of Economics Research Institute, Surugadai University</p> <p>May 2015 Outside Director of Aderans Company Limited</p> <p>April 2018 President of MIZUO Compliance &amp; Governance Research Office</p> <p>(Significant concurrent positions) President of MIZUO Compliance &amp; Governance Research Office Vice Chairman and Director of Japan Society of Business Ethics</p> <p>[Reasons for selection as a candidate for External Corporate Auditor] Although Mr. Junichi Mizuo has not been directly involved in corporate management, he has experience in working for an operational company and also has advanced specialized knowledge and wide insights as an academic who conducts various areas of studies relating to CSR, corporate governance and corporate ethics. As he also has experience, etc., as an external director of companies, the Company has determined that he is an appropriate person as External Corporate Auditor, and requests his election.</p>	0

(Notes)

1. There are no special interests between each candidate for Corporate Auditor and the Company.
2. Mr. Ryo Ichida and Mr. Junichi Mizuo are candidates for External Corporate Auditors.

3. Matters concerning the candidates for External Corporate Auditors are as follows:

(1) Candidate for External Corporate Auditor, Mr. Ryo Ichida

1) Matters that should be specifically noted regarding the candidate for External Corporate Auditor  
Mr. Ryo Ichida will have served as External Corporate Auditor for a period of four years as of the conclusion of this General Meeting of Shareholders.

The Company has registered him as an independent corporate auditor with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. If his election is approved, the Company plans to continue registering him as independent corporate auditor. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

2) Liability limitation agreements with the candidate for External Corporate Auditor

The Company has entered into a liability limitation agreement with Mr. Ryo Ichida. The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

Subject to the approval of the reappointment of Mr. Ryo Ichida, the Company plans to continue such liability limitation agreement with him.

(2) Candidate for External Corporate Auditor, Mr. Junichi Mizuo

1) Matters that should be specifically noted regarding the candidate for External Corporate Auditor

The Company plans to register him as an independent corporate auditor with Tokyo Stock Exchange, Inc., pursuant to the rules stipulated by the Exchange. Additionally, he satisfies the “Standards for Independence of External Directors / External Corporate Auditors” as defined by the Company. Regarding the “Standards for Independence of External Directors / External Corporate Auditors” defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.

2) Liability limitation agreements with the candidate for External Corporate Auditor

If the election of Mr. Junichi Mizuo is approved, the Company plans to enter into a liability limitation agreement with him.

The outline of the agreement is as follows:

When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, he shall be liable for such damages to the extent of ¥15 million or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher.

The above liability limitation applies only in cases where he has performed his duties which caused liabilities in good faith and without gross negligence.

**Proposal 4: Revision of Amount of Director Compensation**

With regard to the amount of Director compensation, it was approved at the 148th Annual General Meeting of Shareholders held on June 20, 2014 to be 400 million yen or less per year (including 40 million yen or less per year for External Directors).

The Company, as part of the revision of officers compensation plan, is willing to give the payment of bonuses to the Directors of the Company (excluding External Directors; hereinafter the “Eligible Directors”), based on their achievement etc., in line with performance indexes determined by the Company to further heighten the linkage of compensation for the Eligible Directors with business performance, in order to increase their incentive to contribute to the Company’s performance growth as well as to further align their interests with those of shareholders. In addition, taking into account such factors as increased responsibilities of Directors due to a changing business environment against a backdrop of changes in economic situations, the heightened importance of roles of External Directors to further enhance corporate governance, and other various factors, it is proposed that the amount of Director compensation be revised to be 500 million yen or less per year (including 60 million yen or less per year for External Directors).

The number of Directors will be eight (including four External Directors), if Proposal 2 is approved as proposed.

**Proposal 5: Revision of Amount of Corporate Auditor Compensation**

With regard to the amount of Corporate Auditor compensation, it was approved at the 148th Annual General Meeting of Shareholders held on June 20, 2014 to be 100 million yen or less per year. However, taking into account increased responsibilities of Corporate Auditors due to the changing economic situation and business environment, and other various factors, it is proposed that the amount of Corporate Auditor compensation be revised to be 120 million yen or less per year.

The number of Corporate Auditors will be five (including three External Corporate Auditors), if Proposal 3 is approved as proposed.

## **Proposal 6: Determination of Compensation for Granting Restricted Stock to Directors**

With regard to the amount of Director compensation, it was approved at the 148th Annual General Meeting of Shareholders held on June 20, 2014 to be 400 million yen or less per year (including 40 million yen or less per year for External Directors), and it will be 500 million yen or less per year (including 60 million yen or less per year for External Directors) if the Proposal 4 is approved as proposed.

Now, as part of the revision of officers compensation plan, the Company proposes to newly create a compensation plan to grant restricted stock to Directors (excluding External Directors; hereinafter the “Directors Covered by the Plan”), with a separate limit from the above compensation limit, in order to increase their incentive to contribute to the enhancement of corporate value over medium-to-long term as well as to further align their interests with those of shareholders. The outline of the restricted stock is as follows.

The compensation paid to grant restricted stock to the Directors Covered by the Plan (based on this proposal) shall be a monetary claim (hereinafter the “Monetary Compensation Claim”), and its total amount shall be 100 million yen or less per year, the amount deemed to be appropriate based on the above objectives. Furthermore, the specific payment timing and allocation for each of the Directors Covered by the Plan shall be decided at a meeting of the Board of Directors based on a report by the Nomination and Compensation Committee where the majority of its members are External Directors and an External Director serves as a chairperson. However, compensation to grant restricted stock shall not be paid to External Directors.

Currently there are eight Directors (including four External Directors). If Proposal 2 is approved as proposed, there will once again be eight Directors (including four External Directors).

### Details of restricted stock to be granted to the Directors Covered by the Plan

#### 1. Grant of restricted stock

Based on resolution of the Board of Directors of the Company, the Directors Covered by the Plan shall make in-kind contribution of all Monetary Compensation Claims paid under this proposal and shall, in return, receive the issuance or disposal of the common stock of the Company. The amount to be paid in per share shall be determined by the Board of Directors within the scope of an amount that is not particularly advantageous to Directors who will be granted said restricted stock, based on the closing price of the common stock of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of each resolution of the Board of Directors (in the case where the transaction has not been concluded on that day, the closing price on the most recent trading day preceding that day).

#### 2. The total number of restricted stock

The maximum number of common stock of the Company to be granted as restricted stock to the Directors Covered by the Plan shall be 125 thousand shares per fiscal year.

In the case where the Company conducts stock splits (including gratis allocations of its common stock) or reverse stock splits of its common stock on or after the date of the approval of this proposal, or in the case where an adjustment of the total number of its common stock to be issued or disposed of as restricted stock is required to be made, the total number of stock shall be adjusted to within a reasonable extent.

#### 3. Contents of contract for allocation of restricted stock

When allocating restricted stock, a contract for allocation of restricted stock (hereinafter the “Allocation Contract”) containing the following contents shall be concluded between the Company and the Directors Covered by the Plan, based on resolution at the Board of Directors.

##### (1) Transfer restriction period

The Directors Covered by the Plan shall not transfer, dispose of and pledge the common stock of the Company allocated under the Allocation Contract (hereinafter the “Allocated Stock”) during the period stipulated in advance by the Board of Directors of the Company within the range of 3 to 30 years after the date on which allocation is made under the Allocation Contract (hereinafter the “Transfer Restriction Period”) (hereinafter the “Transfer Restrictions”).

##### (2) Treatment in the event that a Director retires from or leaves his/her post

In the case where the Directors Covered by the Plan retire from or leave their posts as Directors, Executive Officers who do not serve concurrently as Directors, Corporate Auditors, Senior General Managers, Senior Advisors, Advisors, Counselors, or other equivalent positions of the Company before the expiration of the Transfer Restriction Period, the Company shall duly acquire the Allocated Stock without compensation except in the case of expiration of term of office, death, or any other legitimate reason for the Directors Covered by the Plan to retire from

or leave their posts.

(3) Lift of the Transfer Restrictions

Notwithstanding the provision in (1) above, the Company shall lift the Transfer Restrictions for all of the Allocated Stock as of the time when the Transfer Restriction Period expires, on the condition that the Directors Covered by the Plan have been in the posts stipulated in (2) above continuously during the Transfer Restriction Period. However, in the case where said Directors Covered by the Plan retire from or leave the posts stipulated in (2) above before the Transfer Restriction Period expires due to expiration of term of office, death, or any other legitimate reason stipulated in (2) above, the number of the Allocated Stock for which the Transfer Restrictions are lifted and the timing of the lifting of the Transfer Restrictions shall be reasonably adjusted as necessary. Furthermore, in the case provided for above, the Company shall duly acquire without compensation the Allocated Stock for which the Transfer Restrictions have not been lifted at the time immediately after the lifting of Transfer Restrictions and the Allocated Stock for which the same applies due to certain circumstances.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision in (1) above, in the case where matters regarding merger contracts under which the Company becomes the absorbed company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc., are approved at the General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company in the case where approval by the General Meeting of Shareholders of the Company is not required for the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall lift, based on the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc., with regard to the Allocated Stock in the number reasonably determined by taking into account the period from the commencement date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc. Furthermore, in the case provided for above, the Company shall duly acquire without compensation the Allocated Stock for which the Transfer Restrictions have not been lifted, at the time immediately after the lifting of Transfer Restrictions.

(5) Other matters

Other matters regarding the Allocation Contract shall be determined by the Board of Directors of the Company.

The Company has received a report from the Nomination and Compensation Committee to the effect that the contents of this proposal are appropriate.

(Reference)

After the conclusion of this Annual General Meeting of Shareholders, the Company plans to allocate to Executive Officers and Senior General Manager of the Company restricted stock that is similar to the above restricted stock.

The independence of External Directors/External Corporate Auditors of the Company refers to such a person being independent from the Company's management without falling under any of the following:

1. A person executing the business, etc. ("Executing Person") of the Company (\*1) and its affiliates (hereinafter, "the Group") and their relatives, etc. (\*2);
2. A party for which the Group is a principal business partner (\*3) or an Executing Person thereof;
3. A principal business partner of the Group (\*4) or an Executing Person thereof;
4. A major shareholder of the Company (\*5) or an Executing Person thereof;
5. A director and other Executing Person of an organization (\*6) that has received a certain amount or more of donations or subsidies from the Group;
6. A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/corporate auditor compensation from the Group (\*7) (if the party receiving such consideration is a corporation, association or other entity, a person belonging to the said entity or a person who has belonged to the said entity in the past three years).

(\*1) An Executing Person refers to those who conduct business operations or conducted business operations within the past three years, including directors (excluding external directors), executive officers and employees.

(\*2) Relatives refer to relatives within the second degree of kinship of those who conduct important business operations, including directors (excluding external directors), executive officers and division managers.

(\*3) A party for which the Group is a principal business partner refers to a business partner group (which means entities that belong to the consolidated group to which the direct business partner belongs; the same shall apply hereinafter) that supplies products and services to the Group, where the business partner group's trading amount with the Group exceeds 2% of the consolidated sales of the business partner group in the any of the recent past three fiscal year.

(\*4) A principal business partner of the Group refers to those who fall under either of the following:

- (1) A business partner group to whom the Group supplies products and services, where the Group's trading amount with such group exceeds 2% of the Group's consolidated sales in the any of the recent past three fiscal year.
- (2) A financial institution group (which means entities that belong to the consolidated group to which the direct lender belongs) from which the Group has borrowed funds, where the total amount of the Group's borrowings from the financial institution group exceeds 2% of the Group's consolidated total assets at the end of the any of the recent past three fiscal year.

(\*5) A major shareholder of the Company refers to those who directly or indirectly hold voting interests of 10% or more.

(\*6) An organization that has received a certain amount or more of donations or subsidies from the Group refers to public interest incorporated foundations, public interest incorporated associations, non-profit organizations, etc. which receive donations or subsidies of over 10 million yen per year within any of the past three years from the Group.

(\*7) A consultant, certified public accountant or other accounting professional, or lawyer or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director/corporate auditor compensation from the Group refers to those who received such consideration other than director/ corporate auditor compensation of over 10 million yen from the Group in any of the recent past three fiscal year or those who belong to an entity which receives such consideration from the Group in amount exceeding 2% of the said entity's consolidated sales or gross income.