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Stock Exchange Code 4202  
May 30, 2019

**To Shareholders with Voting Rights:**

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

**NOTICE OF  
THE 153RD 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 153rd 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 20, 2019, Japan time.

- 1. Date and Time:** Friday, June 21, 2019 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 153rd Fiscal Year (April 1, 2018 - March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 153rd Fiscal Year (April 1, 2018 - March 31, 2019)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendment to the Articles of Incorporation
- Proposal 3:** Election of 10 Directors
- Proposal 4:** Election of 1 Audit & Supervisory Board Member
- Proposal 5:** Revision of Amount of External Director Compensation

- 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 the Audit & Supervisory Board Members.
- 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: 5,253,336,128 yen  
(Note) The annual dividends for the fiscal year under review will be 32 yen per share including the interim dividends.
- (3) Effective date of distribution of surplus  
June 24, 2019

### Proposal 2: Partial Amendment to the Articles of Incorporation

#### 1. Reason for Amendment

In order to strengthen the foundation of the Company's business, flexibly respond to a diversifying business environment, and further enhance corporate governance, the Company proposes to amend the maximum number of Directors stipulated in the current Articles of Incorporation from 10 to 12.

#### 2. Details of Amendment

The details of the amendment are as follows:

(The amended part is underlined.)

Current Articles	Proposed Amendment
Article 22 (Number of Directors) The Company shall have not more than <u>10</u> Directors.	Article 22 (Number of Directors) The Company shall have not more than <u>12</u> Directors.

**Proposal 3: Election of 10 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 10 Directors is proposed, an increase of 2 Directors (including 1 External Director), to strengthen the foundation of the Company's business, flexibly respond to a diversifying business environment, and further enhance corporate governance.

The candidates for Directors are as follows:

No.	Name	Current Positions and Responsibilities at the Company	
1	Misao Fudaba	President and CEO, President, Member of the Nomination and Compensation Committee and Chairman of the Management Advisory Committee	Reappointment
2	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
3	Kotaro Sugimoto	Managing Executive Officer, Head of Raw Material Purchasing Center and Responsible for Business Process Innovation	New appointment
4	Hisanori Imanaka	Managing Executive Officer and Responsible for Corporate Planning	New appointment
5	Akihisa Takabe	Executive Officer and Deputy General Manager of R&D Headquarters	New appointment
6	Masafumi Nogimori	Director and Chairman of the Nomination and Compensation Committee	Reappointment External Independent
7	Kunie Okamoto	Director and Member of the Nomination and Compensation Committee	Reappointment External Independent
8	Teisuke Kitayama	Director and Member of the Nomination and Compensation Committee	Reappointment External Independent
9	Sonoko Hacchoji	–	New appointment External Independent
10	Toshio Asano	–	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</p> <p>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>	112,728
2	Yoshimi Ogawa (January 8, 1960)  <u>Reappointment</u>	<p>April 1983      Joined the Company 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 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 June 2013      Managing Executive Officer of the Company April 2014      General Manager of Production Technology Headquarters of the Company</p> <p>April 2015      Responsible for Quality Management Division of the Company 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> <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 to promote global business management, and thus requests his election as Director.</p>	49,480

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Kotaro Sugimoto (October 10, 1960) <u>New appointment</u>	<p>April 1984      Joined the Company</p> <p>June 2011      Head of Raw Material Purchasing Center of the Company</p> <p>June 2014      Executive Officer of the Company Representative Director and President of Daicel Logistics Service Co., Ltd.</p> <p>June 2017      Managing Executive Officer of the Company Responsible for Business Process Innovation of the Company</p> <p>(Positions and responsibilities) Managing Executive Officer, Head of Raw Material Purchasing Center and Responsible for Business Process Innovation</p> <p>[Reasons for selection as a candidate for Director] Mr. Kotaro Sugimoto has served as the responsible person for the Raw Material Purchasing Center of the Company, and has a wealth of experience, achievements, and insights in appropriate raw material procurement essential to the Group's products. The Company has determined that he is an appropriate person to strengthen the Company's group management and global business management, and thus requests his election as Director.</p>	17,202
4	Hisanori Imanaka (January 12, 1960) <u>New appointment</u>	<p>April 1982      Joined the Company</p> <p>July 2010      Vice President of Cellulose Company of the Company</p> <p>June 2012      President of Cellulose Company of the Company</p> <p>June 2014      Executive Officer of the Company Head of Raw Material Purchasing Center of the Company</p> <p>June 2017      Managing Executive Officer of the Company Responsible for Corporate Planning of the Company</p> <p>(Positions and responsibilities) Managing Executive Officer and Responsible for Corporate Planning</p> <p>[Reasons for selection as a candidate for Director] Mr. Hisanori Imanaka has served as the responsible person for administrative divisions involved in management planning and M&amp;A, etc., and has a wealth of experience, achievements, and insights in management. The Company has determined that he is an appropriate person to strengthen the Company's group management and global business management, and thus requests his election as Director.</p>	21,280
5	Akihisa Takabe (January 20, 1960) <u>New appointment</u>	<p>April 1984      Joined the Company</p> <p>June 2008      Representative Director and President of Daicel Safety Systems Inc.</p> <p>April 2014      Head of Central Research Center of the Company Head of Corporate Research Center of R&amp;D Headquarters of the Company</p> <p>February 2015      Deputy General Manager of R&amp;D Headquarters of the Company</p> <p>June 2015      Executive Officer of the Company</p> <p>(Significant concurrent positions) Executive Officer and Deputy General Manager of R&amp;D Headquarters</p> <p>[Reasons for selection as a candidate for Director] Mr. Akihisa Takabe has served as the responsible person for the Company's fundamental technologies and research and development divisions in various areas including product development. 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>	11,903

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)  <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	<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 Chairman of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) External Director of Mitsui Fudosan Co., Ltd. External 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>	1,533
7	Kunie Okamoto (September 11, 1944)  <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	<p>April 2005 President of Nippon Life Insurance Company</p> <p>June 2010 Audit &amp; Supervisory Board Member 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>June 2018 Director of the Company</p> <p>July 2018 Consultant of Nippon Life Insurance Company</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Consultant of Nippon Life Insurance Company Chairman of East Nippon Expressway Co., Ltd. (External Director) External Director of TOKYU CORPORATION External Director of Kintetsu Group Holdings Co., Ltd.</p> <p>[Reasons for selection as a candidate for External Director] Mr. Kunie Okamoto has a wealth of insights and experience, etc., fostered as a manager of a financial institution, and to have him utilize these in the management of the Company, the Company requests his election as External Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Teisuke Kitayama (October 26, 1946)  Reappointment External Independent	<p>June 2005 Director President (Representative Director) of Sumitomo Mitsui Financial Group, Inc. Chairman of the Board (Representative Director) of Sumitomo Mitsui Banking Corporation</p> <p>April 2011 Retired from 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>June 2018 Director of the Company</p> <p>October 2018 Honorary Advisor of Sumitomo Mitsui Banking Corporation</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Honorary Advisor of Sumitomo Mitsui Banking Corporation External Audit &amp; Supervisory Board Member 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
9	Sonoko Hacchoji (January 15, 1950)  New appointment External Independent	<p>November 1993 Director and Vice President of IBJ International Plc., U.K. securities subsidiary of The Industrial Bank of Japan, Limited</p> <p>March 2002 Executive Officer of IBJ Leasing Company, Limited</p> <p>January 2006 Director (General Manager of Administration Division) of Yuki Management &amp; Research Co., Ltd.</p> <p>March 2011 Managing Director and Managing Executive Officer of FUJITA KANKO INC. (Chief of Planning Group and Deputy Chief of Business Operations Division)</p> <p>April 2017 Special Advisor to the President (Chief Strategy Officer) of Tsuda University</p> <p>(Significant concurrent positions) External Director of NIPPON STEEL NISSHIN CO., LTD. External Director of Japan Airlines Co., Ltd.</p> <p>[Reasons for selection as a candidate for External Director] Ms. Sonoko Hacchoji has a wealth of insights and experience, etc., fostered as a member of a management team at financial institutions and a hotel management company, and to have her utilize these in the management of the Company, the Company requests her election as External Director.</p>	0
10	Toshio Asano (December 4, 1952)  New appointment External Independent	<p>April 2010 President &amp; Representative Director, Presidential Executive Officer of Asahi Kasei Pharma Corp.</p> <p>April 2014 Presidential Executive Officer of Asahi Kasei Corp.</p> <p>June 2014 President &amp; Representative Director, Presidential Executive Officer of Asahi Kasei Corp.</p> <p>April 2016 Director and Standing Advisor of Asahi Kasei Corp.</p> <p>June 2016 Standing Advisor of Asahi Kasei Corp.</p> <p>(Significant concurrent positions) Standing Advisor of Asahi Kasei Corp. External Director of MEDIPAL HOLDINGS CORPORATION</p> <p>[Reasons for selection as a candidate for External Director] Mr. Toshio Asano has a wealth of insights and experience, etc., fostered in operating companies that manufacture and sell chemical goods, and to have him</p>	0



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
		utilize these in the management of the Company, the Company requests his election as External Director.	

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. Mr. Masafumi Nogimori, Mr. Kunie Okamoto, Mr. Teisuke Kitayama, Ms. Sonoko Hacchoji, and Mr. Toshio Asano are candidates for External Directors.
3. Matters concerning the candidates for External Directors are as follows:

(1) 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 two years as of the conclusion of this General Meeting of Shareholders.
- Mr. Masafumi Nogimori has taken on roles such as Representative Director and President at Astellas Pharma Inc., a business partner of the Company. Since he retired from the position of Representative Director and Chairman of Astellas Pharma Inc. in June 2016, he has not been involved in its business execution. The Group has business transactions with Astellas group, and the Group's sales to said group are less than 1% of the Group's consolidated sales. Therefore, we believe that this will not have an effect on the independency of Mr. Masafumi Nogimori as External Director.
- The Company has registered him as an independent director with Tokyo Stock Exchange, 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 Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" 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 election of Mr. Masafumi Nogimori, the Company plans to continue said liability limitation agreement with him.

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

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

- Mr. Kunie Okamoto will have served as External Director for a period of one year as of the conclusion of this General Meeting of Shareholders. Previously, he served as External Audit & Supervisory Board Member for eight years.
- Mr. Kunie Okamoto has taken on roles such as President of Nippon Life Insurance Company, a lender of the Company. Since he was appointed Director and Consultant of said company in April 2018, he has not been involved in its business execution. Additionally, the Group's amount of borrowings from said company is less than 1% of the Group's consolidated total assets, and insurance premiums which the Group paid to said company is less than 1% of the said company's premiums and other income. Therefore, we believe that this will not have an effect on the independency of Mr. Kunie Okamoto as External Director.
- The Company has registered him as an independent director with Tokyo Stock Exchange, 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 Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" 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.

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 election of Mr. Kunie Okamoto, the Company plans to continue said liability limitation agreement with him.

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

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

- Mr. Teisuke Kitayama will have served as External Director for a period of one year as of the conclusion of this General Meeting of Shareholders.
- Since June 2017, Mr. Teisuke Kitayama has served as a non-executive officer (Director) of Sumitomo Mitsui Banking Corporation, which is a Specified Associated Service Provider of the Company.
- Mr. Teisuke Kitayama has taken on roles such as Chairman of the Board of Sumitomo Mitsui Banking Corporation, a lender of the Company. Since he retired from the position of Representative Director of Sumitomo Mitsui Banking Corporation in April 2011, he has not been involved in said bank's business execution. The Group's amount of borrowings from said bank is equivalent to approximately 2.7 % of the Group's consolidated total assets. Approximately eight years have passed since he was no longer involved in the business execution of said bank or Sumitomo Mitsui Financial Group, Inc. Therefore, we believe that this will not have an effect on the independency of Mr. Teisuke Kitayama as External Director.
- The Company has registered him as an independent director with Tokyo Stock Exchange, 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 Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" 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. Teisuke Kitayama.

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 election of Mr. Teisuke Kitayama as External Director, the Company plans to enter into said liability limitation agreement with him.

(4) Candidate for External Director, Ms. Sonoko Hacchoji

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

- Ms. Sonoko Hacchoji is a spouse of a non-executive person (External Audit & Supervisory Board Members) of Marubeni Corporation, which is a Specified Associated Service Provider of the Company.
- Japan Airlines Co., Ltd., at which Ms. Sonoko Hacchoji serves as External Director, received a business improvement order with regard to ensuring air transportation safety from the Ministry of Land, Infrastructure and Transport ("MLIT") on December 18, 2018 as MLIT found serious violations that had effects on air safety, such as alcohol intake issues caused by flight crew members and decisions related to modifying crew operating structures. On January 11, 2019, said company also received a business improvement recommendation with regard to ensuring air transportation safety from MLIT due to a case of alcohol intake by a cabin crew member. While she did not recognize these problems until the facts caused these issues were revealed, she has made suggestions on a regular basis in the Board of Directors and other meetings from the standpoint of legal and regulatory compliance. In addition, after these issues came to light, she fulfilled her roles through issuing instructions for thorough investigations of these cases and preparation of preventive measures.
- The Company plans to register her as an independent director with Tokyo Stock Exchange, pursuant to the rules stipulated by the Exchange. Additionally, she satisfies the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.
- Ms. Sonoko Hacchoji is scheduled to retire from the position of External Director of NIPPON STEEL NISSHIN CO., LTD. at the conclusion of its Annual General Meeting of Shareholders scheduled to be held in June 2019.
- Ms. Sonoko Hacchoji is scheduled to be appointed to the position of External Director of Maruha Nichiro Corporation on June 26, 2019.

- 2) Liability limitation agreements with the candidate for External Director  
If the election of Ms. Sonoko Hacchoji is approved, the Company plans to enter into a liability limitation agreement with her.  
The outline of the agreement is as follows:
- When bearing liability for the damages stipulated in Article 423 Paragraph 1 of the Companies Act, she 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 she has performed her duties which caused liabilities in good faith and without gross negligence.
- (5) Candidate for External Director, Mr. Toshio Asano
- 1) Matters that should be specifically noted regarding the candidate for External Director
- In October 2015, while Mr. Toshio Asano served as President & Representative Director of Asahi Kasei Corp., it was publicized that Asahi Kasei Construction Materials Corp., a subsidiary of Asahi Kasei Corp., diverted data on installation of foundation piles. In January 2016, Asahi Kasei Construction Materials Corp. received supervisory dispositions in accordance with the Construction Business Act. Although the installation had been performed before he was appointed as an executive of Asahi Kasei Corp., he took the issue with the utmost gravity, established internal and external investigation committees as the parent company's president, and formulated measures to probe the cause and prevent recurrence.
  - Mr. Toshio Asano has taken on roles such as President & Representative Director of Asahi Kasei Corp., a business partner of the Company. Since he retired from the position of President & Representative Director of Asahi Kasei Corp. in April 2016, he has not been involved in its business execution. The Group has business transactions with Asahi Kasei group, and the Group's sales to said group is less than 1% of the Group's consolidated sales, while purchase amounts from said group is less than 1% of said group's consolidated sales. Therefore, we believe that this will not have an effect on the independency of Mr. Toshio Asano as External Director.
  - The Company plans to register him as an independent director with Tokyo Stock Exchange, pursuant to the rules stipulated by the Exchange. Additionally, he satisfies the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of External Directors / External Audit & Supervisory Board Members" defined by the Company, please refer to the standard which is attached on the last portion of the Reference Documents.
  - Mr. Toshio Asano is scheduled to assume the position of External Director of Tokyo Century Corporation as of June 24, 2019.
- 2) Liability limitation agreements with the candidate for External Director  
If the election of Mr. Toshio Asano 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: Election of 1 Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Mr. Hiroyasu Masuda will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 1 Audit & Supervisory Board Member is proposed.

The Board of Audit & Supervisory Board Members has given its consent to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Shinji Fujita (January 31, 1959)  <u>New appointment</u>	April 1981      Joined the Company July 2000      Manager of Accounting Group of Business Support Headquarters of the Company April 2002      Leader of Accounting Group of Corporate Support Center of the Company June 2011      Deputy Head of Corporate Support Center of the Company June 2016      Executive Officer of the Company  (Positions) Executive Officer and Deputy Head of Corporate Support Center	24,137
	[Reasons for selection as a candidate for Audit & Supervisory Board Member] Mr. Shinji Fujita has served as a responsible person for accounting divisions for many years, and overseen the Group's finance and accounting. Taking into consideration his achievements, the Company has determined that he can conduct audits from a neutral and objective viewpoint and that he is an appropriate person to ensure the soundness of management as Audit & Supervisory Board Member, and requests his election as Audit & Supervisory Board Member.	

(Note) There are no special interests between the candidate for Audit & Supervisory Board Member and the Company.

**Proposal 5: Revision of Amount of External Director Compensation**

The amount of Director compensation was approved at the 152th Annual General Meeting of Shareholders held on June 22, 2018 to be 500 million yen or less per year (including 60 million yen or less per year for External Directors).

The Company proposes an increase of 1 External Director to further enhance corporate governance as stated in Proposal 3. In addition, taking into account factors such as the diversified roles that are expected of External Directors, additional increases in the responsibilities of External Directors, and other various factors, it is proposed that only the portion for the amount of External Director compensation be increased by revising the amount of Director compensation to 500 million yen or less per year (including 80 million yen or less per year for External Directors).

The number of Directors will be 10 (including 5 External Directors) if Proposal 3 is approved as proposed.