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Securities Code: 4021  
May 31, 2018

## To Those Shareholders with Voting Rights

Kojiro Kinoshita  
Representative Director,  
President & CEO  
Nissan Chemical Industries, Ltd.  
7-1, Kanda Nishiki-cho 3-chome,  
Chiyoda-ku, Tokyo, JAPAN

## NOTICE OF THE CONVOCAION OF THE 148<sup>th</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 148<sup>th</sup> Ordinary General Meeting of Shareholders of Nissan Chemical Industries, Ltd. (the “Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following means. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights.

### Exercise of Voting Rights in Writing

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Company, ensuring that the form reaches us by 5:40 p.m., Tuesday, June 26, 2018.

### Exercise of Voting Rights via the Internet, etc.

Please access the website for exercising voting rights as indicated in the enclosed Voting Rights Exercise Form and exercise your voting rights by 5:40 p.m., Tuesday, June 26, 2018 (please refer to page 2 hereof).

**1. Date and Time:** Wednesday, June 27, 2018 at 10:00 a.m. (Reception starts at 9:15 a.m.)

**2. Place:** Josui Kaikan, 2F, Star Hall  
1-1, Hitotsubashi 2-chome, Chiyoda-ku, Tokyo, Japan

### 3. Agenda of the Meeting:

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 148<sup>th</sup> fiscal year (from April 1, 2017 to March 31, 2018) and results of audits by the Accounting Auditors and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. The Non-Consolidated Financial Statements for the 148<sup>th</sup> fiscal year (from April 1, 2017 to March 31, 2018)

### Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Partial Amendments to the Articles of Incorporation  
**Proposal No. 3:** Election of Eight (8) Directors  
**Proposal No. 4:** Election of One (1) Corporate Auditor

- \* For those attending the meeting, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival.
- \* Included in the documents that should be provided by the Company when providing the notice of convocation for this Ordinary General Meeting of Shareholders are the notes to consolidated financial statements and the notes to non-consolidated financial statements. As provided for by the relevant laws and regulations and Article 19 of the Company's Articles of Incorporation, these documents are posted on the Company's website (<http://www.nissanchem.co.jp/>) and are not included in the accompanying material to this document. In addition to the accompanying material to the notice of convocation for this Ordinary General Meeting of Shareholders, the materials audited by the Audit & Supervisory Board and the Accounting Auditors include the notes to consolidated financial statements and the notes to non-consolidated financial statements will be posted on the Company's website indicated above.
- \* When it is necessary to modify the matters stated in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements and the Consolidated Financial Statements, please understand that any matters if modified will be shown on the Company's website (<http://www.nissanchem.co.jp/>).
- \* The Company participates in the Electronic Voting Rights Exercise Platform for "institutional investors" operated by ICJ Inc.

**The Company's website (<http://www.nissanchem.co.jp/>)**

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

The Company upholds the basic policy of working to improve corporate value from a medium-to-long term viewpoint and providing return of its profits to the shareholders.

After taking into consideration such factors as operating performance, business environment and preparation for future business development, the Company proposes the year-end dividend for the current fiscal year as follows.

(1) Type of dividend property

Cash

(2) Matters related to distribution of dividend property and the total amount

The Company proposes to pay ¥36 per common share of the Company.

Under this proposal, the total amount of dividends paid is ¥5,380,755,768.

As the Company paid an interim dividend of ¥32, the annual dividend for the current fiscal year is ¥68 per share.

(3) Effective date of the distribution of surplus

June 28, 2018

## Proposal No. 2: Partial Amendments to the Articles of Incorporation

The Company proposes to make partial amendments to the current Articles of Incorporation as described below.

### 1. Reasons for the amendments

(1) Since its founding in 1887, the Company has continued to attempt new businesses with a focus on achieving innovative technologies that move society forward. We now provide products and services to customers all over the world in four business domains: Chemicals, Performance Materials, Agricultural Chemicals, and Pharmaceuticals.

And in April 2016 we launched Long-term Business Plan “Progress 2030” for the period to 2030 out of recognition that expanding our business domains was a key to achieving sustainable growth for the Company Group.

We are already conducting our businesses across industry lines, and will be doing more in this respect in the years to come. This is why, in order to match the Company’s name to its business activities, we will be changing our company name from Nissan Chemical Industries, Ltd. to Nissan Chemical Corporation, and will be making all necessary changes to Article 1 (Company Name) in the current Articles of Incorporation. We will add a supplementary provision stating that July 1, 2018 will be the effective date of these changes.

(2) In an effort to manage risks such as those resulting from natural disasters and to increase the certainty of business continuity, the Company intends to relocate its main office. Accordingly, the Company proposes the amendments to change the location of its head office from Chiyoda-ku, Tokyo to Chuo-ku, Tokyo and other necessary amendments under Article 3 of the current Articles of Incorporation. Furthermore, the supplementary provision that the amendments shall take effect on July 1, 2018 shall be newly established.

### 2. Details of the amendments

Details of the amendments are as follows.

(Underlined portions indicate the proposed amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>(Company Name)</p> <p>Article 1</p> <p>The name of the company shall be “<u>Nissan Kagaku Kogyo Kabushiki Kaisha</u>,” which is expressed in English as “<u>Nissan Chemical Industries, Ltd.</u>” (hereinafter referred to as “the Company”).</p> <p>(Location of Head Office)</p> <p>Article 3</p> <p>The head office of the Company shall be located in <u>Chiyoda-ku</u>, Tokyo.</p> <p>(Newly established)</p>	<p>CHAPTER 1. GENERAL PROVISIONS</p> <p>(Company Name)</p> <p>Article 1</p> <p>The name of the company shall be “<u>Nissan Kagaku Kabushiki Kaisha</u>,” which is expressed in English as “<u>Nissan Chemical Corporation</u>” (hereinafter referred to as “the Company”).</p> <p>(Location of Head Office)</p> <p>Article 3</p> <p>The head office of the Company shall be located in <u>Chuo-ku</u>, Tokyo.</p> <p><u>Supplementary Provision</u></p> <p><u>The amendments to Articles 1 and 3 shall take effect on July 1, 2018. Meanwhile, the supplementary provision shall be deleted after the effective date of the amendments to Articles 1 and 3.</u></p>

### Proposal No. 3: Election of Eight (8) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of eight (8) Directors, including two (2) Outside Directors, is proposed.

The candidates for Directors are as follows:

Candidate No.	Name	Position/responsibilities in the Company	Attribute		
1	Kojiro Kinoshita	Representative Director, President & CEO	Reelection		
2	Junichi Miyazaki	Director, Senior Executive Vice President Corporate Strategy & Coordination CFO Internal Audit Department, Finance & Accounting Department, and Environment, Safety & Quality Assurance Department	Reelection		
3	Hiroyoshi Fukuro	Director, Senior Executive Vice President R&D, Intellectual Property Department, Advanced Materials & Planning Department, Research Planning Department, and Pharmaceuticals Division	Reelection		
4	Katsuaki Miyaji	Director, Managing Executive Officer Head of Corporate Planning Department CRO	Reelection		
5	Takashi Honda	Director, Managing Executive Officer Head of Agricultural Chemicals Division	Reelection		
6	Hitoshi Suzuki	Managing Executive Officer Head of Performance Materials Division	New Candidate		
7	Tisato Kajiyama	Outside Director	Reelection	Outside Director	Independent Officer
8	Tadashi Ohe	Outside Director	Reelection	Outside Director	Independent Officer

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
1	 <p data-bbox="225 591 443 658">Kojiro Kinoshita (April 19, 1948)</p> <p data-bbox="280 696 387 725">Reelection</p> <p data-bbox="225 770 443 898">Attendance at meetings of the Board of Directors 12/12</p>	<p data-bbox="475 327 868 356">Apr. 1977    Joined the Company</p> <p data-bbox="475 367 1203 396">Jun. 2002    Director, Head of Corporate Planning Department</p> <p data-bbox="475 407 852 436">Jun. 2006    Managing Director</p> <p data-bbox="475 448 1203 512">Jun. 2008    Representative Director, President &amp; CEO (to the present)</p>	93,200
<p data-bbox="220 913 847 943">Reason for the nomination of the candidate for Director</p> <p data-bbox="220 949 1422 1167">Mr. Kojiro Kinoshita served as General Manager of the Business Strategy Department, Chemicals General Headquarters and also as Head of the Corporate Planning Department. In addition, as Representative Director and President &amp; CEO of the Company since June 2008, he has been promoting strategies to enhance the corporate value of the Company Group. Considering his wide-ranging experience, achievements, and insights, the Company judges that Mr. Kinoshita remains qualified to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
2	 <p data-bbox="233 712 437 779">Junichi Miyazaki (October 9, 1951)</p> <p data-bbox="280 819 389 853"><u>Reelection</u></p> <p data-bbox="233 896 437 1021">Attendance at meetings of the Board of Directors 12/12</p>	<p data-bbox="475 293 1270 353">Apr. 1974 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p data-bbox="475 367 1230 461">Jun. 2000 General Manager, International Department of The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)</p> <p data-bbox="475 474 1214 535">Jun. 2003 Corporate Auditor of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p data-bbox="475 548 1254 609">Apr. 2005 Managing Executive Officer of Kowa Real Estate Co., Ltd.</p> <p data-bbox="475 622 1198 656">Jul. 2005 Managing Director of Kowa Real Estate Co., Ltd.</p> <p data-bbox="475 669 975 703">Apr. 2006 Joined the Company, Advisor</p> <p data-bbox="475 714 732 748">Jun. 2006 Director</p> <p data-bbox="475 759 1134 819">Apr. 2007 Director, Head of Corporate Administration Department</p> <p data-bbox="475 833 855 866">Jun. 2008 Managing Director</p> <p data-bbox="475 878 935 911">Jun. 2011 Senior Managing Director</p> <p data-bbox="475 922 1190 985">Apr. 2013 Director, Senior Executive Vice President (to the present)</p> <p data-bbox="475 996 1098 1144">(Current positions in charge) Corporate Strategy &amp; Coordination CFO Internal Audit Department, Finance &amp; Accounting Department, and Environment, Safety &amp; Quality Assurance Department</p>	31,000
<p data-bbox="217 1155 847 1189">Reason for the nomination of the candidate for Director</p> <p data-bbox="217 1200 1422 1408">Mr. Junichi Miyazaki has strived to improve the financial structure of the Company and contributed to the Company Group's growth from a variety of perspectives as head of the corporate strategy &amp; coordination section of the Company since his assumption of office as Director in June 2006, utilizing his wide-ranging knowledge cultivated through his experience in a financial institution. Considering his wide-ranging experience, achievements, and insights, the Company judges that Mr. Miyazaki remains qualified to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
3	 <p>Hiroyoshi Fukuro (April 18, 1952)</p> <p><u>Reelection</u></p> <p>Attendance at meetings of the Board of Directors 12/12</p>	<p>Apr. 1979    Joined the Company</p> <p>Jun. 2004    Director, Head of Electronic Materials Research Laboratories</p> <p>Jun. 2011    Managing Director</p> <p>Apr. 2013    Senior Managing Director</p> <p>Apr. 2014    Director, Senior Managing Executive Officer</p> <p>Apr. 2018    Director, Senior Executive Vice President (to the present)</p> <p>(Current positions in charge)</p> <p>R&amp;D Intellectual Property Department, Advanced Materials &amp; Planning Department, Research Planning Department, and Pharmaceuticals Division</p>	25,100
<p>Reason for the nomination of the candidate for Director</p> <p>Mr. Hiroyoshi Fukuro has been engaged in research of electronic materials for many years, and contributed to business expansion in the performance materials field, as Head of Performance Materials Division and as the person in charge of R&amp;D of material science since his assumption of office as Director in June 2004. Considering his wealth of experience, achievements, and knowledge, the Company judges that Mr. Fukuro remains qualified to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
4	 <p data-bbox="225 591 443 663">Katsuaki Miyaji (January 27, 1961)</p> <p data-bbox="280 701 387 730"><u>Reelection</u></p> <p data-bbox="233 775 435 898">Attendance at meetings of the Board of Directors 12/12</p>	<p data-bbox="475 293 871 322">Apr. 1985    Joined the Company</p> <p data-bbox="475 333 1209 362">Jun. 2010    Director, Head of Chemical Research Laboratories</p> <p data-bbox="475 374 1206 434">Jun. 2011    Director, Head of Advanced Materials &amp; Planning Department</p> <p data-bbox="475 445 1174 506">Apr. 2014    Director, Executive Officer, Head of Electronic Materials Research Laboratories</p> <p data-bbox="475 517 1177 577">Jun. 2014    Executive Officer, Head of Electronic Materials Research Laboratories</p> <p data-bbox="475 589 1166 649">Oct. 2014    Executive Officer, Head of Materials Research Laboratories</p> <p data-bbox="475 660 1182 721">Apr. 2016    Managing Executive Officer, Head of Corporate Planning Department</p> <p data-bbox="475 732 1246 761">Jun. 2016    Director, Managing Executive Officer (to the present)</p> <p data-bbox="475 772 938 875">(Current positions in charge) Head of Corporate Planning Department CRO</p>	11,200
<p data-bbox="217 916 850 945">Reason for the nomination of the candidate for Director</p> <p data-bbox="217 956 1430 1171">Mr. Katsuaki Miyaji has been engaged in research for many years, and has undertaken tasks related to materials research as well as the creation of new products, which is the driving force for the Company Group's growth. Since April 2016, he has been focusing on understanding the status of business operations in each division and achieving goals across the entire Company Group as Head of Corporate Planning Department. The Company judges that Mr. Miyaji remains qualified to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
5	 <p data-bbox="240 600 427 674">Takashi Honda (March 8, 1959)</p> <p data-bbox="280 712 387 741">Reelection</p> <p data-bbox="233 786 435 913">Attendance at meetings of the Board of Directors 10/10</p>	<p data-bbox="475 293 871 322">Apr. 1981    Joined the Company</p> <p data-bbox="475 333 1203 362">Feb. 1997    Vice President of Nissan Chemical Europe GmbH</p> <p data-bbox="475 374 1155 439">Jun. 2012    General Manager of Planning &amp; Development Department, Agricultural Chemicals Division</p> <p data-bbox="475 450 1238 584">Apr. 2014    Executive Officer, Deputy Head of Agricultural Chemicals Division, General Manager of Planning &amp; Development Department, Agricultural Chemicals Division</p> <p data-bbox="475 595 1206 660">Apr. 2017    Managing Executive Officer, Head of Agricultural Chemicals Division</p> <p data-bbox="475 672 1246 701">Jun. 2017    Director, Managing Executive Officer (to the present)</p> <p data-bbox="475 712 804 741">(Current positions in charge)</p> <p data-bbox="475 752 943 781">Head of Agricultural Chemicals Division</p> <p data-bbox="475 792 922 822">(Significant position concurrently held)</p> <p data-bbox="475 833 1142 862">Representative Director of Nissan Chemical Europe S.A.S.</p> <p data-bbox="475 873 1166 902">Representative Director of Nissan Chemical Agro Korea Ltd.</p> <p data-bbox="475 913 1230 943">Chairman of NISSAN AGRO TECH INDIA PRIVATE LIMITED</p>	4,600
<p data-bbox="217 936 847 965">Reason for the nomination of the candidate for Director</p> <p data-bbox="217 976 1430 1162">Mr. Takashi Honda has been engaged in the agricultural chemicals business focused on development of agricultural chemicals and licensing for many years. As the General Manager of the Planning &amp; Development Department since June 2012, and as Head of the Agricultural Chemicals Division since April 2017, he has been managing the agricultural chemicals business. The Company judges that Mr. Honda remains qualified to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
6	 <p data-bbox="248 757 419 853">Hitoshi Suzuki (December 11, 1961)</p> <p data-bbox="256 898 411 927"><u>New Candidate</u></p>	<p data-bbox="475 293 871 322">Apr. 1985    Joined the Company</p> <p data-bbox="475 333 1155 394">Apr. 2007    General Manager of Semiconductor Materials Department, Electronic Materials Division</p> <p data-bbox="475 405 1267 501">Jun. 2010    General Manager of Semiconductor Materials Research Department, Electronic Materials Research Laboratories</p> <p data-bbox="475 512 1155 573">Jun. 2012    General Manager of Semiconductor Materials Department, Performance Materials Division</p> <p data-bbox="475 584 1187 613">Apr. 2013    Deputy Head of Performance Materials Division</p> <p data-bbox="475 624 1187 685">Jun. 2013    Director, Deputy Head of Performance Materials Division</p> <p data-bbox="475 696 1145 757">Apr. 2014    Director, Executive Officer, Deputy Head of Performance Materials Division</p> <p data-bbox="475 768 1187 828">Jun. 2014    Executive Officer, Deputy Head of Performance Materials Division</p> <p data-bbox="475 840 1171 900">Apr. 2016    Executive Officer, Head of Materials Research Laboratories</p> <p data-bbox="475 911 1219 972">Apr. 2018    Managing Executive Officer, Head of Performance Materials Division (to the present)</p> <p data-bbox="475 992 1066 1095">(Significant position concurrently held) Chairman of Nissan Chemical America Corporation Representative Director of NCK Co., Ltd.</p>	7,600
<p data-bbox="217 1111 847 1140">Reason for the nomination of the candidate for Director</p> <p data-bbox="217 1144 1445 1323">Mr. Hitoshi Suzuki has been engaged in research of electronic materials centering on semiconductor materials for many years. As the Head of the Materials Research Laboratories since April 2016, and as Head of the Performance Materials Division since April 2018, he has contributed to business expansion in the performance materials field. The Company judges that Mr. Suzuki qualifies to be a Director that performs decision-making on business operations and oversees the execution of duties by Directors, and nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
7	 <p>Tisato Kajiyama (May 13, 1940)</p> <p><u>Reelection</u> <u>Outside Director</u> <u>Independent Officer</u></p> <p>Attendance at meetings of the Board of Directors 12/12</p>	<p>Jun. 1969 Post Doctor Course, The University of Massachusetts Amherst, USA</p> <p>Nov. 1984 Professor of Faculty of Engineering at Kyushu University (currently National University Corporation Kyushu University)</p> <p>Nov. 2001 President of Kyushu University</p> <p>Nov. 2008 President of Independent Administrative Institution Japan Student Services Organization</p> <p>Jun. 2010 Outside Corporate Auditor, the Company</p> <p>Apr. 2011 Chairman, Board of Trustees and President of Public University Corporation Fukuoka Women's University (to the present)</p> <p>Jun. 2014 Outside Director, the Company (to the present) (Significant position concurrently held) Chairman, Board of Trustees and President of Public University Corporation Fukuoka Women's University</p>	14,100
<p>Reason for the nomination of the candidate for Outside Director</p> <p>Mr. Tisato Kajiyama currently serves as Outside Director of the Company, and the Company proposes his reelection so that his expertise as a Doctor of Engineering and his wide-ranging knowledge and experience gained as the President of Kyushu University, President of Japan Student Services Organization, and President of Fukuoka Women's University will continue to be reflected in the management of the Company from an outside perspective and from an objective and neutral position. Although Mr. Kajiyama has no experience of involvement in corporate management other than having served in the past as Outside Officer, the Company judges that Mr. Kajiyama will continue to appropriately perform his duties as Outside Director.</p>			

No.	Name (Date of birth)	Career summary, position/responsibilities in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
8	 <p>Tadashi Ohe (May 20, 1944)</p> <p><u>Reelection</u> <u>Outside Director</u> <u>Independent Officer</u></p> <p>Attendance at meetings of the Board of Directors 11/12</p>	<p>Apr. 1969 Qualified for attorney-at-law</p> <p>Apr. 1989 Instructor for the Legal Training and Research Institute of Japan (court representation in civil proceedings)</p> <p>Mar. 1994 Outside Corporate Auditor of Canon Inc. (to the present)</p> <p>Jun. 2004 Outside Corporate Auditor of Marui Group Co., Ltd. (to the present)</p> <p>Jun. 2006 Outside Corporate Auditor of Kao Corporation</p> <p>Jun. 2011 Outside Director, JECO Co., Ltd. (to the present)</p> <p>Jun. 2015 Outside Director, the Company (to the present)</p> <p>(Significant positions concurrently held) Attorney-at-law at Tadashi Ohe &amp; Yutaka Tanaka Law Office, Outside Corporate Auditor of Canon Inc., Outside Corporate Auditor of Marui Group Co., Ltd., and Outside Director of JECO Co., Ltd.</p>	3,000
<p>Reason for the nomination of the candidate for Outside Director</p> <p>Mr. Tadashi Ohe currently serves as Outside Director of the Company, and the Company proposes his reelection so that his abundant experience and specialist knowledge as an attorney-at-law will continue to be reflected in the management of the Company from an outside perspective and from an objective and neutral position. Though Mr. Ohe does not have a past experience being involved in corporate management other than becoming an Outside Officer, up until the present, he has experience being involved in the corporate management of multiple companies as Outside Officer. Therefore, the Company judges that Mr. Ohe will continue to appropriately perform his duties as Outside Director.</p>			

- Notes: 1. Mr. Hitoshi Suzuki serves as the Representative Director of NCK Co., Ltd. The Company has a trading relationship with NCK Co., Ltd. that includes the sale of products. No conflicts of interest exist between any of the other candidates and the Company.
2. Messrs. Tisato Kajiyama and Tadashi Ohe are candidates for Outside Director.
3. Mr. Tisato Kajiyama's terms of office as Outside Corporate Auditor of the Company aggregated to four years and terms of office as Outside Director of the Company will aggregate to four years as of the conclusion of this Ordinary General Meeting of Shareholders. Mr. Tadashi Ohe's terms of office as Outside Director of the Company will aggregate to three years as of the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company entered into agreements with Messrs. Tisato Kajiyama and Tadashi Ohe respectively that limit their liability when they perform their duties concerning the responsibilities under Paragraph 1, Article 423 of the Companies Act in good faith with no serious negligence to the minimum liability provided for by the relevant laws and regulations. If their reelection is approved, the Company plans to continue the same limited liability agreement with them.
5. The Company has notified the Tokyo Stock Exchange of status of Messrs. Tisato Kajiyama and Tadashi Ohe as independent officers. If their reelection is approved, the Company plans to notify the stock exchange of status of Messrs. Kajiyama and Ohe as independent officers again.

#### Proposal No. 4: Election of One (1) Corporate Auditor

The term of office of Corporate Auditor, Mr. Noriyuki Katayama will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, election of one (1) Corporate Auditor is proposed.

The Audit & Supervisory Board has already given its approval to this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position in the Company and significant positions concurrently held outside the Company	Number of the Company's shares held
 <p>Noriyuki Katayama (October 28, 1964)</p> <p><b>Reelection</b> <b>Outside Corporate Auditor</b> <b>Independent Officer</b></p> <p>Attendance at meetings of the Board of Directors 12/12</p> <p>Attendance at meetings of the Audit &amp; Supervisory Board 12/12</p>	<p>Apr. 1990 Qualified for attorney-at-law Joined Nagashima &amp; Ohno (currently Nagashima Ohno &amp; Tsunematsu)</p> <p>Aug. 1996 Qualified for attorney-at-law in New York State, USA</p> <p>Oct. 1996 Joined Tokyo City Law &amp; Tax Partners</p> <p>Feb. 2003 Joined City-Yuwa Partners (to the present)</p> <p>Oct. 2004 Statutory Auditor of Deutsche Asset Management (Japan) Limited (to the present)</p> <p>Jul. 2005 Statutory Auditor (part-time) of Deutsche Securities Junbi K.K. (currently Deutsche Securities Inc.)</p> <p>Sep. 2006 Outside Director of Accordia Golf co., Ltd.</p> <p>Apr. 2009 Visiting Professor of Toyo University Law School</p> <p>Jun. 2013 Supervisory Director of SIA REIT, Inc. (currently One REIT, Inc.)</p> <p>Feb. 2014 Examiner for the preliminary bar examination</p> <p>Jun. 2014 Outside Corporate Auditor, the Company (to the present)</p> <p>Aug. 2017 Supervisory Director of HEIWA REAL ESTATE REIT, Inc. (to the present)</p> <p>Apr. 2018 Outside Director of Nippon Denkai, Ltd. (to the present)</p> <p>(Significant positions concurrently held) Attorney-at-Law (Partner) at City-Yuwa Partners Statutory Auditor of Deutsche Asset Management (Japan) Limited Supervisory Director of HEIWA REAL ESTATE REIT, Inc. Outside Director of Nippon Denkai, Ltd.</p>	<p>0</p>
<p>Reason for the nomination of the candidate for Outside Corporate Auditor</p> <p>Mr. Noriyuki Katayama currently serves as Outside Corporate Auditor of the Company and has made use of his abundant experience and expertise as attorney-at-law. Although Mr. Noriyuki Katayama has no experience of involvement in corporate management other than having served in the past as Outside Officer, he has experience being involved in the corporate management of multiple companies as Outside Officer. Therefore, the Company judges that Mr. Katayama will continue to appropriately perform his duties as Outside Corporate Auditor.</p>		

- Notes: 1. No special conflicts of interest exist between the Corporate Auditor candidate Mr. Noriyuki Katayama and the Company.
2. Mr. Noriyuki Katayama is a candidate for Outside Corporate Auditor.
3. Mr. Noriyuki Katayama's terms of office as Outside Corporate Auditor of the Company will aggregate

- to four years as of the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company entered into agreements with Mr. Noriyuki Katayama that limits his liability when he performs his duties concerning the responsibilities under Paragraph 1, Article 423 of the Companies Act in good faith with no serious negligence to the minimum liability provided for by the relevant laws and regulations. If his reelection is approved, the Company plans to continue the same limited liability agreement with him.
  5. In April 2012, a compliance problem was discovered that concerned an executive director of Accordia Golf co., Ltd. where Mr. Noriyuki Katayama had served as Outside Director until June 2014. Mr. Katayama had regularly advised the board of directors of the company on compliance-related matters, and after the compliance problem was discovered, he conducted an investigation as the Chairman of the Special Compliance Committee. He fulfilled his duties by actively providing his views on matters such as strengthening the company's compliance system, which includes fundamental review of the governance system and other measures described above. On June 22, 2012 the company received a written notice of assessment and determination regarding an additional tax (corporation tax) from the Tokyo Regional Taxation Bureau, which resulted in a substantial additional tax imposed on the company and some of its subsidiaries. In another case, there was a food poisoning incident at a restaurant in the ONAHAMA OCEAN HOTEL & GOLF CLUB (Iwaki City, Fukushima Prefecture), a business facility of the company group. The main kitchen of the restaurant was consequently ordered by the Public Health Center, Iwaki City to cease business operations for three days beginning July 30, 2013 pursuant to Article 6 of the Food Sanitation Act. Mr. Katayama routinely offered a variety of advice and opinions at meetings of the company's board of directors and other opportunities in the interest of ensuring legal compliance, which included compliance and internal control matters. After the reports were issued and the above facts became known, he continued to offer a variety of advice and opinions aimed at further strengthening internal control in order to prevent a recurrence of similar accidents.
  6. The Company has notified the Tokyo Stock Exchange of status of Mr. Noriyuki Katayama as an independent officer. If his reelection is approved, the Company plans to notify the stock exchange of status of Mr. Noriyuki Katayama as an independent officer again.

**(Reference) The Company's stance towards independency for Outside Directors and Outside Corporate Auditors**

The Company's independence standards for Outside Officers are as follows.

The Company's independent Outside Officers (Directors and Corporate Auditors) and independent Outside Officer candidates fulfill the Companies Act's requirements for Outside Officers, as well as the following independence standards.

- (1) Not being an executive (a person who executes business; hereinafter, the same) of the Company or its subsidiaries, nor having been an executive of the Company or its subsidiaries for the past 10 years (if however, a non-executive director or corporate auditor of the Company or its subsidiaries at some point in the past 10 years, the 10 years prior to being appointed to that role)
- (2) Not being one of the Company's major shareholders (a shareholder with 10% or more of voting rights) or an executive thereof
- (3) Not being an executive of a corporation of which the Company is a major shareholder (a shareholder with 10% or more of voting rights)
- (4) Not being a major client or supplier (a client or supplier from whom the value of average payments for transactions to the Company or its subsidiaries over the past 3 fiscal years exceeds 2% of the average annual consolidated net sales of the Company over the past 3 fiscal years) of the Company or its subsidiaries or an executive thereof
- (5) Not being a party whose major client or supplier is the Company or its subsidiaries (a party to whom the value of average payments for transactions by the Company or its subsidiaries over the past 3 fiscal years exceeds 2% of the average annual consolidated net sales of that party over the past 3 fiscal years), or an executive thereof
- (6) Not being an executive of a major financial institution with which the Company has borrowings (a financial institution from whom the average amount of the Company's consolidated fiscal-year-end balance of borrowings over the past 3 fiscal years exceeds 2% of the Company's average annual consolidated fiscal-year-end total assets over the past 3 fiscal years) nor having been an executive thereof for the past 3 years
- (7) Not being an attorney, certified public accountant, certified public tax accountant, other consultant, researcher or educator in receipt from the Company of a large amount of monetary consideration or other property (an average annual amount over the past 3 fiscal years of over ¥10 million for individuals or, in the event the recipient is a corporation or other organization that said individual is affiliated with or retained by, of an amount in excess of 2% of that organization's average annual total revenues over the past 3 fiscal years) other than Director or Corporate Auditor remuneration
- (8) Not being a close relative (spouse, person within the second degree of kinship or relative living together) of an executive (limited to key personnel) of the Company or its subsidiaries
- (9) In addition to items (1) through (8) above, being such person as the Board of Directors determines to be a person whose independence as an independent Outside Officer is unquestionable and for whom there is no rationally determined risk of a conflict of interest with the general shareholders of the Company.