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Securities Code: 6366

May 31, 2018

## **Notice of the 90th Ordinary General Meeting of Shareholders**

Dear Shareholders,

We would hereby like to inform you that the 90th Ordinary General Meeting of Shareholders of the Company will be held as follows, and would be grateful if you could attend the meeting. If you are unable to attend the meeting in person, you may exercise your voting rights by using one of the following methods. Please refer to the reference materials for the meeting attached to this notice and exercise your voting right.

### **Voting by Mail**

Please use the enclosed document to indicate your approval or disapproval of the proposals and return it to us by Wednesday, June 20, 2018.

### **Voting via the Internet**

Please refer to Exercising Your Voting Rights via the Internet or by Electronic Proxy on page 3. If you vote both by mail and via the Internet, only your Internet vote will be deemed valid regardless of the receiving time.

Yours faithfully,

Masaji Santo, Representative Director, President &  
CEO  
Chiyoda Corporation  
6-2, Minato Mirai 4-chome, Nishi-ku,  
Yokohama City, Kanagawa Pref.

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|--------------------------|--|
| <b>1. Date and Time:</b> | 10:00 a.m. on Thursday, June 21, 2018<br>(Reception will open at 9:00 A.M.)  |
| <b>2. Venue:</b>         | Lecture Hall on the 11th floor of Minato Mirai Grand Central Tower,<br>6-2, Minato Mirai 4-chome, Nishi-ku, Yokohama City. |

Please be advised that starting from this year, gifts will not be handed to shareholders attending the meeting. We appreciate for your understanding.

### **3. Meeting Agenda:**

- Matters to be reported:**
1. Business report, consolidated financial statements, and the results of auditing consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Committee for the 90th (from April 1, 2017 to March 31, 2018)
  2. Non-consolidated financial statements for the 90th (from April 1, 2017 to March 31, 2018)

**Matters to be resolved:**

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Partial amendments to the Articles of Incorporation
- Proposal 3:** Appointment of nine Directors who are not Audit and Supervisory Committee Members
- Proposal 4:** Appointment of five Directors who are Audit and Supervisory Committee Members
- Proposal 5:** Appointment of one Substitute for Director who is an Audit and Supervisory Committee Member

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\* If you attend the meeting in person, please remember to hand in the enclosed voting ballot at the reception desk.

\* When exercising your voting rights by an authorized representative (proxy), please hand in the voting ballot along with an identification document that verifies the authority of representation at the reception desk. The proxy shall be limited to one person who is a shareholder of the Company with voting rights as stipulated in the Articles of Incorporation.

\* We will post any modifications to the reference and attached materials for the meeting on our website (<https://www.chiyodacorp.com/>)

## **Exercising Your Voting Rights via the Internet or by Electronic Proxy**

### **1. How to vote via the Internet**

Log on to the voting website (<https://evote.tr.mufg.jp/>) using the voter code and password indicated on the enclosed reference sheet and follow the on-screen instructions to register your vote for or against each proposal.

### **2. Electronic Proxy Voting Platform**

Institutional investors may use the Electronic Proxy Voting Platform for Institutional Investors managed by ICJ, Inc. as an electronic method for the exercise of votes at the General Meeting of Shareholders of the Company.

## Business Report

From April 1, 2017 to March 31, 2018

### 1. Share data (As of March 31, 2018)

#### (1) Authorized number of shares

570,000,000 shares

#### (2) Number of shares issued and outstanding

260,324,529 shares

Notes: 1. One unit of stock is one hundred shares.

2. The number of shares per unit was changed from 1,000 shares to 100 shares effective as of October 1, 2017, by resolution at the meeting of the Board of Directors held on April 24, 2017.

#### (3) Number of shareholders 18,233 persons

(decreased 2,147 persons from the previous fiscal year-end)

#### (4) Major shareholders (Top 10)

	Number of shares held (thousands)	Investment ratio (%)
Mitsubishi Corporation	86,931	33.57
The Master Trust Bank of Japan, Ltd. (Trust account)	16,061	6.20
Japan Trustee Services Bank, Ltd. (Trust account)	11,755	4.54
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,033	3.49
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	7,294	2.82
MSCO CUSTOMER SECURITIES	5,826	2.25
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	5,675	2.19
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	5,161	1.99
Mitsubishi UFJ Trust and Banking Corporation	4,274	1.65
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,194	1.62

(Notes) 1. Investment ratio is calculated excluding treasury stock (1,356,873 shares).

2. The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its trade name to MUFG Bank, Ltd., effective as of April 1, 2018.

## 2. Directors

### (1) List of Directors (As of March 31, 2018)

Name	Position and responsibilities	Representative positions in other companies (Including key concurrent posts, etc.)
Katsuo Nagasaka	Representative Director, Chairman of the Board	
Masaji Santo	Representative Director, President & CEO General Manager, Structural Reform Promotion Office	
Arata Sahara	Representative Director, Senior Executive Vice President Operations Director, Downstream & Non Hydrocarbon Project Operations	
Hirotsugu Hayashi	Representative Director, Senior Executive Vice President CFO, Risk Management, Deputy General Manager, Structural Reform Promotion Office	
Masahiko Kojima	Director, Executive Vice President Corporate Planning & Management, Division Director, Growth Strategy Division	
Ryosuke Shimizu	Director, Senior Vice President Operations Director, Technology Development, Investment and Project Operations	
Nobuyuki Uchida	Director, Senior Vice President Project Operations - U.S. Projects Gas & LNG Project Operations No. 2	
Nobuo Tanaka	Director	Chairman of The Sasakawa Peace Foundation Outside Audit & Supervisory Board Member of INNOTECH CORPORATION Outside Audit & Supervisory Board Member of TEIJIN LIMITED
Hiroshi Sakuma	Director	Executive Vice President of Mitsubishi Corporation
Mikio Kobayashi	Director, Full-Time Audit and Supervisory Committee member	
Hideaki Takaishi	Director, Full-Time Audit and Supervisory Committee member	
Yukihiro Imadegawa	Director, Audit and Supervisory Committee member	Lawyer

- (Notes)
1. Keiichi Nakagaki, Hiroshi Ogawa, Masahito Kawashima and Tetsuji Nakagawa retired as Directors at the closing of the FY2016 Ordinary General Meeting of Shareholders held on June 26, 2017, due to the expiration of their terms of office.
  2. Nobuo Tanaka and Hiroshi Sakuma are Outside Directors. Mikio Kobayashi and Yukihiro Imadegawa are Outside Directors, Audit and Supervisory Committee.
  3. Mikio Kobayashi and Hideaki Takaishi are appointed as full-time Audit and Supervisory Committee members to enhance the effectiveness of audits and strengthen audit and supervisory functions by further promoting information gathering and through sufficient collaboration with the internal audit division and other relevant divisions.
  4. In accordance with the guideline of the Tokyo Stock Exchange, Inc., the Company registered Nobuo Tanaka, Mikio Kobayashi and Yukihiro Imadegawa as independent officers.
  5. Hideaki Takaishi was a manager in accounting and management departments of Mitsubishi Corporation, and has extensive knowledge and insight of finance and accounting.
  6. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with each Outside Director and Director who are Audit and Supervisory Committee Members to limit the liability for damages stipulated in Article 423, Paragraph 1 of the Law. The limitation of liability amount under such contract shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law..
  7. CFO: Chief Financial Officer

**(2) Remuneration for Directors**

(i) Total amount of remuneration of the term under review

	No. of persons	Base remuneration (millions of yen)	Performance-based remuneration (millions of yen)	Remuneration for Purchase of Treasury Stock (millions of yen)
Directors who are not Audit and Supervisory Committee Members	11	201	28	40
Directors who are Audit and Supervisory Committee Members	3	58	(N/A)	(N/A)

- (Notes)
1. Total remuneration for Directors who are not Audit and Supervisory Committee Members is 269 million yen, and for Directors who are Audit and Supervisory Committee Members is 58 million yen. Total remuneration for Outside Directors and Outside Audit and Supervisory Committee Members (one Outside Director, two Outside Audit and Supervisory Committee Members) is 44 million yen.
  2. The above number of persons represents the number of Directors and Audit and Supervisory Committee Members to whom remuneration was paid during the fiscal year under review, including three Directors who retired as of the conclusion of the FY2016 Ordinary General Meeting of Shareholders held on June 26, 2017.
  3. One of Directors is receiving remuneration from a subsidiary.

(ii) Policy on decision of content of remuneration

The Company's system of remuneration for Directors aims at strengthening linkage with performance, sharing values with shareholders, and increasing motivation and morale toward improving business results, and was approved by resolution at the FY2015 Ordinary General Meeting of Shareholders held on June 23, 2016 as follows.

1. Directors who are not Audit and Supervisory Committee Members

	Category	Concept of Remuneration	Outline of System of Remuneration
	Base Remuneration	Corresponds to roles and responsibilities	300 million yen or less per year
	Performance-Based Remuneration	Corresponds to the achievements for each term	Taking into account quantitative elements such as the levels of profit attributable to owners of parent and dividends as well as qualitative elements such as the degree of achievement of management objectives, keep within 200 million yen per year or 1% of the amount of profit attributable to owners of parent.
	Remuneration for Purchase of Treasury Stock	Linked to long-term achievements improvement	Directors other than Directors, Audit and Supervisory Committee (excluding Outside Directors) acquire treasury stocks of 90 million yen or less per year through the Directors Holding Association.

(Note) Only base remuneration shall be paid to Outside Directors.

2. Directors who are Audit and Supervisory Committee Members

The amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be 84 million yen or less per year as the base remuneration that corresponds to roles and responsibilities. For the remuneration for Directors, Audit and Supervisory Committee, only base remuneration, which is a fixed remuneration, shall be paid in consideration of their duties.



**(3) Outside Directors and Directors who are Audit and Supervisory Committee Members**

- (i) Relations between other companies, etc. in which they hold key concurrent posts and the Company
1. Mitsubishi Corporation, which Outside Director Hiroshi Sakuma concurrently serves, is in capital and business alliance with the Company as well as being its major shareholder.
  2. There are no particular business relationships, etc. between the company in which he holds a key concurrent post and the Company, other than the relationship mentioned in 1, above.
- (ii) Attendance and opinions expressed at the Board of Directors/  
Audit and Supervisory Committee meetings

Title	Name	Major activities
Director	Nobuo Tanaka	Mr. Tanaka attended all meetings of the Board of Directors (every 15 meetings) held during the term under review. He expressed opinions for the overall management of the Company from time to time utilizing his experience, knowledge, etc. in the energy field.
Director	Hiroshi Sakuma	Mr. Sakuma attended all meetings of the Board of Directors (every 12 meetings) held during the term under review after assignment as Director on June 26, 2017. He expressed opinions for the overall management of the Company from time to time based on his experience and knowledge as a corporate manager.
Director who are Audit and Supervisory Committee Member	Mikio Kobayashi	Mr. Kobayashi attended all meetings of the Board of Directors, the Board of Executive Officers (every 14 meetings) and the Audit and Supervisory Committee (every 17 meetings) held during the term under review. He also attended the major internal meetings of the Company including meetings of the Executive Committee as a full-time Audit and Supervisory Committee Member and expressed opinions from time to time. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who are Audit and Supervisory Committee Member	Hideaki Takaishi	Mr. Takaishi attended all meetings of the Board of Directors, the Board of Executive Officers and the Audit and Supervisory Committee held during the term under review. He also attended the major internal meetings of the Company including meetings of the Executive Committee as a full-time Audit and Supervisory Committee member and expressed opinions from time to time. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who are Audit and Supervisory Committee Member	Yukihiro Imadegawa	Mr. Imadegawa attended all meetings of the Board of Directors, the Board of Executive Officers and the Audit and Supervisory Committee held during the term under review. He expressed opinions from time to time with explanations of the laws and regulations as a lawyer, chiefly from a legal viewpoint.

(Note) In addition to the number of meetings of the Board of Directors above, there was one written resolution, in which a resolution by the Board of Directors was deemed to have passed, in accordance with the provisions of Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

### **3. Accounting Auditor**

#### **(1) Name of Accounting Auditor**

Deloitte Touche Tohmatsu LLC

#### **(2) Remuneration for Accounting Auditor during the term under review**

[1] Remuneration for Accounting Auditor during the current business year:

85 million yen

[2] The total amount of cash and other profits from assets the Company and its subsidiaries have to pay:

115 million yen

(Notes) 1. The auditing agreement entered into between the Company and the Audit & Supervisory Board Members does not distinguish between the remuneration for auditing under the Companies Act and that for auditing under the Financial Instruments and Exchange Law. The amount indicated in [1] above is the sum of these two types of remuneration.

2. Besides the above amount of remuneration for the current business year, 2 million yen of additional remuneration in association with the previous business year is to be paid.

3. Of significant subsidiaries of the Company, overseas subsidiaries are audited by an auditor other than the Accounting Auditor of the Company.

4. The Audit and Supervisory Committee confirmed the contents of an audit plan including the audit system of Accounting Auditor and the calculation basis of estimated remuneration, including audit hours and the unit rate of remuneration, through obtaining necessary materials and receiving reports from Directors, relevant departments within the Company, and Accounting Auditor, while taking into consideration factors, such as the status of the execution of duties in the previous fiscal years, the status of the entrustment for non-audit services, and other companies' examples. As a result of reviewing the above, the Audit and Supervisory Committee gave the consent set forth in Article 399, Paragraph 1 of the Companies Act based on its judgment that the remuneration for Accounting Auditor is appropriate.

#### **(3) Dismissal or non-reappointment of Accounting Auditor**

If the Accounting Auditor ("current Accounting Auditor") falls into any of the categories listed in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss the current Accounting Auditor with the consent of all the Audit and Supervisory Committee members.

In this event, the Audit and Supervisory Committee will also appoint a temporary Accounting Auditor, as necessary; and the Audit and Supervisory Committee Member who is selected by the Audit and Supervisory Committee will report on and explain the dismissal of the current Accounting Auditor and the appointment of the temporary Accounting Auditor at the first General Meeting of Shareholders held after such dismissal.

If the Company deems the current Accounting Auditor to have difficulty in performing proper auditing, or judges that the current Accounting Auditor needs to be replaced in consideration of the quality of the audit performed by the current Accounting Auditor or the effectiveness and efficiency of audit performance, the Audit and Supervisory Committee will decide on a proposal for non-reappointment of the current Accounting Auditor and appointment of a new Accounting Auditor. In this event, the Audit and Supervisory Committee member who is selected by the Audit and Supervisory Committee will report on and explain the non-reappointment of the current Accounting Auditor and the appointment of the new Accounting Auditor at the General Meeting of Shareholders.

(Note) The policy stated above was resolved at the Audit and Supervisory Committee on June 26, 2017.

#### **4. Organization and policy of the Company**

**Framework created aiming at ensuring Directors' duties and the operations of the Company are properly executed in compliance with laws and regulations and the Articles of Incorporation and management status of the framework**

<Framework for ensuring proper execution of operations>

An outline of the framework for ensuring proper execution of operations (the basic policy on the internal control system) determined by the Board of Directors is as follows. (Last Revision: March 28, 2018)

[Basic Policy on the Internal Control System]

The Company, in accordance with laws and regulations, has developed and managed an internal control system to ensure the proper execution of operations. To enhance internal controls, the Company has established the Internal Control Committee, which coordinates and summarizes the opinions voiced within the Company. At the end of the term or whenever it considers necessary, the Internal Control Committee proposes improvements on internal controls to the Executive Committee. The Executive Committee then reviews the proposals from the Internal Control Committee, and the Board of Directors makes the necessary decisions on the internal control system.

[Development and Management of the Internal Control System]

##### **1. Framework of Compliance with Laws and Regulations**

- (1) The Company conducts business activities based on corporate philosophy and the principles provided in the Code of Conduct of the Chiyoda Group, by setting compliance with domestic and international laws and regulations and business execution in accordance with corporate ethics as the top priority. The Directors take the initiative to set an example for the rest of the Company, while the Board of Directors oversees the execution of duties by the Directors in light of compliance with laws and regulations.
- (2) To enhance the framework of compliance with laws and regulations, the Company establishes the Compliance Committee chaired by the Chief Compliance Officer (CCO). In addition, by creating relevant rules and manuals, conducting various training and providing relevant information, the Company thoroughly raises the awareness of its executives and employees, as well as enhances the effectiveness of compliance through the development of whistle-blowing systems and consultation systems. Furthermore, such whistle-blowers or persons who utilize consultation systems will not be treated disadvantageously on the grounds of having made such reports or engaged in such consultations.
- (3) With respect to legal issues and the procedures for making management decisions, the Board of Directors consults with legal counsel from time to time in its decision-making process, in an effort to enhance its objectivity and transparency.
- (4) The internal audit division conducts audits on the status of compliance with laws and regulations of each sector.
- (5) The Company confronts antisocial forces in a firm manner and will not offer profits to them. In the event that unreasonable demands are made on the Company by antisocial forces, it will respond systematically in collaboration with external, expert organizations such as the police force and lawyers.

##### **2. Framework of Information Retention and Management**

- (1) The Company properly retains and manages documents by setting forth basic matters such as the documents subject to management, the relevant administrators and the retention periods in the in-house regulations of document handling and confidential information

management, with regard to handling of information relating to the execution of duties by the Directors.

- (2) The Company prepares minutes of important meetings such as those of the Board of Directors and the Executive Committee in accordance with laws and regulations as well as in-house regulations, and properly retains and manages them.

### 3. Framework of Loss and Risk Management

- (1) The Company establishes a risk and crisis management framework for each type of risk in accordance with basic policy regarding the Company's risk and crisis management, in-house regulations and various manuals. In addition, the Company establishes an organization that constantly monitors risks throughout the Company to centrally supervise the risk management activities implemented by the risk managers assigned to each division.
- (2) The division in charge of risk supervision fulfills the crisis management secretariat function in the event of a crisis and deals with emergency situations, while it engages in constant activities to prevent and manage risks including providing relevant information and promoting awareness.
- (3) In terms of risk management associated with receiving contract awards and executing awarded projects, which are the Company's core business, the Company develops examination system with regard to take-up, estimation policy, proposals, etc. In addition, an organization is established to be responsible for internal checking including the cold-eye reviews, etc. The relevant divisions review and audit the execution of the projects, using specialized expertise in a timely manner, in line with the execution stages of the projects.

### 4. Framework to Ensure Efficiency

- (1) The Board of Directors makes decisions on company-wide management policies and the execution of material businesses, formulates concrete management plans and takes effort to achieve management targets. In addition, in order to promptly make decisions on operations, the Board of Directors delegates part of its authority to the Executive Committee to the extent that it does not conflict with laws and regulations, in an effort to ensure the efficiency of operations.
- (2) To contribute to the efficient achievement of management targets, organizations are formed flexibly and official authorities are clearly articulated and delegated, in accordance with the in-house regulations regarding division of duty and official authority.
- (3) To enhance the efficiency of operations throughout the Company, various in-house regulations are established systematically, enforced and managed in an appropriate manner. In addition, information systems are utilized proactively to enable the efficient sharing and analysis of information.

### 5. Framework of internal control of the Chiyoda Group

- (1) The Chiyoda Group clearly sets forth the values to be shared by all group executives and employees in its corporate philosophy and the Code of Conduct of the Chiyoda Group, while the Company and the group companies conduct business based on close mutual cooperation.
- (2) The Company will establish in-house regulations to ensure the propriety and efficiency of operations of the Chiyoda Group, while managing and supervising the group companies by establishing a responsible division for each particular group company. The Company will also establish a division to constantly engage in the planning and design relating to group management and a division to constantly provide control and instructions relating to the operation of the group companies.

- (3) The group companies will establish a framework of internal control based on the same policy as the Company, including a system for reporting information to the Company in a timely and appropriate manner and a whistle-blowing system, to maintain consistency between the Company and its group companies. Specifically, in terms of compliance with laws and regulations, the Company establishes the Group Companies Compliance Liaison Meeting consisting of members from each group company for the purpose of sharing compliance information within the Chiyoda Group. In terms of the risk and crisis management of the group companies, a system similar to the Company's system will be established. In addition, internal audits of the group companies are conducted by the internal audit division of the Company.
- (4) As for major group companies, a framework is in place in which the Company's Audit and Supervisory Committee members serve concurrently as the Audit & Supervisory Board Members of each group company and they can conduct proper investigations as necessary.

#### 6. Framework to Ensure the Effectiveness of the Audits by Audit and Supervisory Committee

- (1) To enhance auditing activities of the Audit and Supervisory Committee, employees who specialize in supporting the Audit and Supervisory Committee to execute their duties are placed.
- (2) To ensure the independence of such employees and to ensure the effectiveness of instructions given to them, the Audit and Supervisory Committee will evaluate the performance of the Audit and Supervisory Committee Office's employees. Furthermore, staff transfers will require the prior approval of the Audit and Supervisory Committee and transferred staff must not concurrently hold positions related to the actual execution of operations of the Company.

#### 7. Framework for Reporting to the Audit and Supervisory Committee

- (1) Executives and employees, when requested by the Audit and Supervisory Committee, report on their activities relating to internal controls on a regular basis or whenever important matters arise. The Company does not treat executives and employees who have reported to the Audit and Supervisory Committee disadvantageously on the grounds of having made such reports.
- (2) To ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the Representative Directors meet with the Audit and Supervisory Committee on a regular basis to exchange opinions regarding the status of reports made by executives and employees to the Audit and Supervisory Committee. When the Audit and Supervisory Committee requests that Audit and Supervisory Committee members attend important meetings such as those of the Executive Committee, the Representative Directors accept the request.
- (3) To ensure the effectiveness of reporting by the group companies, the Audit and Supervisory Committee meets with the Audit & Supervisory Board Members of major group companies on a regular basis to exchange opinions and share information on the framework of internal controls system of the Chiyoda Group.
- (4) If the Audit and Supervisory Committee requests to use external experts selected by it for the audits conducted by Audit and Supervisory Committee members, the Company will pay the necessary expenses associated with the use of external experts, unless it is clearly proved that such external experts are not necessary for the execution of duties of Audit and Supervisory Committee members.

#### 8. Framework for securing the appropriateness of financial reporting

- (1) To secure the appropriateness of financial reporting required under the Financial Instruments and Exchange Law, the Company, together with the principal group companies, will establish and operate the necessary framework of internal control such as the documentation of operating rules. In case a new risk is recognized or in case a fault or deficiency is detected in the framework, prompt corrective action will be taken.
- (2) The Company will conduct internal audits of daily operations, etc. to identify and validate the actual status of control activities in each area and secure the effectiveness of internal control functions related to financial reporting on a company-wide basis by establishing a highly-independent internal control division.

#### <Outline of the management status of the framework for ensuring proper execution of operations of the Company>

The Company has developed and managed an internal control system based on the “Policy on the Internal Control System” resolved at the meeting of the Board of Directors as stated above. The Company works for continuous improvement by confirming the management status in each division and sharing information at the meeting of the Internal Control Committee, which was held twice in the FY2017. The major management initiatives in the FY2017 are as follows.

##### [1] Initiatives relating to compliance with laws and regulations

- The Company has conducted business activities based on corporate philosophy and the principles provided in the Code of Conduct of Chiyoda Group, by setting compliance with domestic and international laws and regulations and business execution in accordance with corporate ethics as the top priority.
- In the FY2017, the Company continuously engaged in the thorough implementation of compliance programs which the Company has developed. Specifically, to promote the utilization of the whistle-blowing system to the group companies both in Japan and overseas, issues and details of initiatives were shared through the Group Companies Compliance Liaison Meeting. The Company also conducted various training, such as the position-specific training related to the compliance of laws and regulations, pre-transfer training for overseas posting, and harassment prevention training, while holding the Compliance Committee meeting four times.
- The internal audit division conducted audits on compliance programs, compliance frameworks, compliance related documents and others of the Company based on compliance regulations.

##### [2] Initiatives relating to loss and risk management

- The Company has established a risk and crisis management framework for each type of risk in accordance with the basic policy regarding the Company’s risk and crisis management, in-house regulations, and various manuals.
- In terms of risk management, the Company, in the FY2017, classified company-wide risks into the three categories of “corporate-related risk,” “investment and finance risk” and “project risk,” the current status of which was confirmed respectively.
- The Company is handling its risk management by establishing a permanent dedicated division, and in the FY2017, it established a crisis management system that coordinated with the overseas sites, prepared response procedures for each crisis event, and verified the effectiveness of such procedures through field drills to reinforce the group-wide risk management system. In addition, information was provided through dissemination of knowledge by using common training materials and awareness was raised in order to heighten the level of crisis management awareness among the group employees both in

Japan and overseas. Furthermore, the security training for officers was newly held with the efforts to reinforce the link between the existing training for employees and the various policies as well as initiatives for the enhancement of their effectiveness.

- In terms of risk management associated with awarding contracts for projects, the division in charge continuously conducted management activities, implementing the cold-eye reviews to 84 projects. With regard to investments, the division conducted assessment in accordance with in-house regulations and regularly reported the status of profit and loss on the investments executed to the Executive Committee and the Board of Directors.

[3] Initiatives relating to ensuring efficiency

- In order to promptly make decisions on the execution of operations, the Company's Board of Directors delegates a part of its authority to the Executive Committee to the extent permitted by laws and regulations, in an effort to ensure the efficiency of the execution of duties.
- In the FY2017, operation rules of the Executive Committee were improved to enable more effective management decisions to further ensure efficiency.

[4] Initiatives relating to the framework of internal control of the Chiyoda Group

- The Chiyoda Group clearly sets forth the values to be shared by all group executives and employees in its corporate philosophy and the Code of Conduct of the Chiyoda Group, while the Company and the group companies conduct business based on close mutual cooperation.
- In the FY2017, the Company renewed in-house regulations and moved ahead with their re-establishment in order to fit the group company management framework in conjunction with the reorganization, effective on April 1, 2018.
- As for initiatives relating to the Chiyoda Group's compliance with laws and regulations, the Group Companies Compliance Liaison Meeting, consisting of members from the Company and major group companies, was held three times to enhance control and to share information within the Chiyoda Group.

[5] Initiatives relating to ensuring the effectiveness of audits by the Audit and Supervisory Committee

- To ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, Audit and Supervisory Committee held 16 meetings with the Representative Directors and 36 meetings with Executive Directors to exchange opinions. Audit and Supervisory Committee members also attended important meetings including those of the Executive Committee and the Compliance Committee, as well as the Internal Control Committee for collaboration between the Audit and Supervisory Committee and the internal control division, and expressed their opinions as necessary.
- To verify whether the effectiveness of audits conducted by group companies, the Audit and Supervisory Committee held two meetings with Audit & Supervisory Board Members of major group companies, exchanged opinions and shared information regarding internal control systems within the Chiyoda Group.
- To enhance the auditing activities of the Audit and Supervisory Committee, employees who specialize in assisting the Audit and Supervisory Committee to execute its duties are placed. In the FY2017, such specialized employees were assigned, and evaluations of their performance were conducted by the Audit and Supervisory Committee.

[6] Initiatives relating to reporting to the Audit and Supervisory Committee

- Executives and employees, when requested by the Audit and Supervisory Committee, report on their activities relating to internal controls on a regular basis or whenever important matters arise.
- The Audit and Supervisory Committee received reports from executives and employees on their activities relating to internal controls at regular meetings or through hearings. As for the occurrence of important matters relating to internal controls for which reporting is required by the Audit and Supervisory Committee, no such important matter was recognized. The occurrence of a case where the Audit and Supervisory Committee uses external experts in its auditing was not recognized.

(Note) Monetary amounts and numbers of shares less than stated units in this Business Report are rounded down.



## **Reference Materials for the General Meeting of Shareholders**

### **Proposal 1: Appropriation of surplus**

In the current Medium-Term Management Plan, the policy of the Company is to decide the amount of dividends for each fiscal year in consideration of the progress of our growth and investment strategy and the business environment, while maintaining a level of payment ratio of 30% or more of profit attributable to owners of parent on a consolidated basis, with a minimum payment of 6 yen per share.

Based on this policy, the Company proposes the year-end dividend as follows.

#### **Year-end dividend**

- (1) Type of dividend  
Cash
- (2) Dividend allocation and total dividend payment  
7.5 yen per share of the Company's common stock  
Total dividend payment of 1,942,257,420 yen
- (3) Effective date of payment  
June 22, 2018

### **Proposal 2: Partial amendments to the Articles of Incorporation**

#### **1. Reasons for the proposal**

- (1) The Company, in an effort to further reinforce the corporate governance system for the purpose of enhancing the soundness and the transparency of the management base, proposes to increase the maximum number of Directors who are Audit and Supervisory Committee Members from four to five, as set forth in Article 18 (Number of Directors) of the current Articles of Incorporation.
- (2) The Company, in the reelection of Directors who are Audit and Supervisory Committee Members, ensures consistency with the terms of office by adding a provision to the effect that the resolution to elect a Substitute for Director who are Audit and Supervisory Committee Member shall be in effect for two years, to the Article 20 (Term of Office of Directors) of the current Articles of Incorporation.

#### **2. Details of the amendments**

Details of the amendments are as follows.

(Proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 1 to ARTICLE 17 (Omitted)</p> <p>CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p> <p>(Number of Directors)</p> <p>ARTICLE 18 The directors of the Company (excluding Audit and Supervisory Committee members) shall not be more than twelve (12) in number, and the Directors, Audit and Supervisory Committee of the Company shall not be more than <u>four (4)</u> in number.</p> <p>ARTICLE 19 (Omitted)</p>	<p>ARTICLE 1 to ARTICLE 17 (Unchanged)</p> <p>CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</p> <p>(Number of Directors)</p> <p>ARTICLE 18 The directors of the Company (excluding Audit and Supervisory Committee members) shall not be more than twelve (12) in number, and the Directors, Audit and Supervisory Committee of the Company shall not be more than <u>five (5)</u> in number.</p> <p>ARTICLE 19 (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office of Directors)</p> <p>ARTICLE 20 The term of office of a Director (excluding Audit and Supervisory Committee members) shall expire at the conclusion of the Annual General Meeting of Shareholders convened in connection with the last business year that ends within one (1) year from his/her election.</p> <p>The term of office of a Director, Audit and Supervisory Committee shall expire at the conclusion of the Annual General Meeting of Shareholders convened in connection with the last business year that ends within two (2) years from his/her election.</p> <p>The term of office of a Director, Audit and Supervisory Committee elected as a substitute for a Director, Audit and Supervisory Committee that retired before the expiration of his/her term of office shall expire on the expiration of the term of office of the said retired Director.</p>	<p>(Term of Office of Directors)</p> <p>ARTICLE 20 The term of office of a Director (excluding Audit and Supervisory Committee members) shall expire at the conclusion of the Annual General Meeting of Shareholders convened in connection with the last business year that ends within one (1) year from his/her election.</p> <p>The term of office of a Director, Audit and Supervisory Committee shall expire at the conclusion of the Annual General Meeting of Shareholders convened in connection with the last business year that ends within two (2) years from his/her election.</p> <p>The term of office of a Director, Audit and Supervisory Committee elected as a substitute for a Director, Audit and Supervisory Committee that retired before the expiration of his/her term of office shall expire on the expiration of the term of office of the said retired Director.</p>

Current Articles of Incorporation	Proposed Amendments
(New)	<u>The resolution to appoint a Substitute for Director who is an Audit and Supervisory Committee Member shall be in effect until the beginning of the Annual General Meeting of Shareholders convened in connection with the last business year that ends within two (2) years from his/her election.</u>
ARTICLE 21 to ARTICLE 36 (Omitted)	ARTICLE 21 to ARTICLE 36 (Unchanged)

**Proposal 3: Appointment of nine Directors who are not Audit and Supervisory Committee Members**

Terms of office of all nine Directors who are not Audit and Supervisory Committee Members will expire at the closing of this General Meeting of Shareholders.

Therefore, the Company proposes to elect nine Directors who are not Audit and Supervisory Committee Members.

This Proposal was deliberated in the Audit and Supervisory Committee, and obtained the opinion that the nominees are qualified.

The table below lists the nominees for those positions.

[List of nominees]

Nomination No.	Name		Positions and responsibilities within the Company	Number of years in office as Director (at the closing of this General Meeting of Shareholders)
1	Katsuo Nagasaka	Reelection	Representative Director, Chairman of the Board	6 years
2	Masaji Santo	Reelection	Representative Director, President & CEO General Manager, Structural Reform Promotion Office	1 year
3	Arata Sahara	Reelection	Representative Director, Senior Executive Vice President CTMO	3 years
4	Hirotsugu Hayashi	Reelection	Representative Director, Senior Executive Vice President CFO CCO Deputy General Manager, Structural Reform Promotion Office	1 year

Nomination No.	Name		Positions and responsibilities within the Company	Number of years in office as Director (at the closing of this General Meeting of Shareholders)
5	Masahiko Kojima	Reelection	Director, Executive Vice President Assistant to President (Growth Strategy) Deputy General Manager, Structural Reform Promotion Office	5 years
6	Ryosuke Shimizu	Reelection	Director, Executive Vice President CSO Division Director, Corporate Planning Division	6 years
7	Nobuyuki Uchida	Reelection	Director, Senior Vice President Deputy Operations Director of Energy Project Operations Division	1 year
8	Nobuo Tanaka	Reelection Outside Director Independent Officer	Director	3 years
9	Hiroshi Sakuma	Reelection Outside Director	Director	1 year

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Katsuo Nagasaka (May 26, 1953)	<p>April 1976: Joined the Company</p> <p>November 1997: Manager of International Business Development Unit 2 of the Company</p> <p>January 2004: General Manager of International Business Development Division of the Company</p> <p>June 2010: Executive Officer, General Manager of Business Development Unit 2 of the Company</p> <p>April 2012: Senior Vice President, Division Director of Business Development Division of the Company</p> <p>June 2012: Director, Senior Vice President and Division Director of Business Development Division of the Company</p> <p>April 2013: Director, Executive Vice President and Division Director of Business Development Division of the Company</p> <p>February 2017: Representative Director, Senior Executive Vice President and Division Director of Business Development Division of the Company</p> <p>June 2017: Representative Director, Chairman of the Board of the Company (current position)</p>	51,200
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Katsuo Nagasaka, since joining the Company, has long been involved in management of the International Business Divisions, and since being appointed as Senior Vice President in April 2012, has overseen overall business development of the Company. He has abundant experience and knowledge regarding the management of the Company and the Chiyoda Group after having served as the Representative Director, Senior Executive Vice President since February 2017 and the Representative Director, Chairman of the Board since June 2017. We have determined that by leveraging his global work experience and knowledge, he is qualified to contribute to improving the corporate value of the Company and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Masaji Santo (October 21, 1957)	<p>April 1981: Joined Mitsubishi Corporation</p> <p>April 2009: President of Mitsubishi Chile Ltda. (Santiago)</p> <p>April 2012: Senior Vice President of Mitsubishi Corporation President of Mitsubishi Chile Ltda. (Santiago)</p> <p>July 2012: Senior Vice President, Division COO of Environment &amp; Infrastructure Business Division of Mitsubishi Corporation</p> <p>June 2013: Director of the Company (retired in June 2016)</p> <p>July 2013: Senior Vice President, Division COO of Infrastructure Business Division and Division COO of Environmental Business Division of Mitsubishi Corporation</p> <p>April 2015: Senior Vice President, Division COO of Infrastructure Business Division of Mitsubishi Corporation</p> <p>April 2016: Senior Vice President, Regional CEO for Latin America &amp; the Caribbean of Mitsubishi Corporation</p> <p>April 2017: Senior Executive Vice President of the Company</p> <p>June 2017: Representative Director, President &amp; CEO of the Company</p> <p>October 2017: Representative Director, President &amp; CEO and General Manager, Structural Reform Promotion Office of the Company (current position)</p>	18,400
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Masaji Santo is versed in the businesses of the Company and its group companies from having served as Outside Director of the Company for 3 years from June 2013, after having served as President of Mitsubishi Chile Ltda. and Senior Vice President of Mitsubishi Corporation. We have determined that he is qualified to contribute to improving the corporate value of the Company as a leader by leveraging his global work experience and knowledge, having been appointed as Representative Director, President &amp; CEO in June 2017, and have renominated him as a candidate for Director.</p>			



No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Arata Sahara (June 27, 1956)	<p>April 1980: Joined the Company</p> <p>July 2009: Deputy Division Director of International Project Division 1 of the Company</p> <p>April 2014: Executive Officer and Operations Director of Downstream &amp; Non Hydrocarbon Project Operations of the Company</p> <p>April 2015: Senior Vice President and Operations Director of Downstream &amp; Non Hydrocarbon Project Operations of the Company</p> <p>June 2015: Director, Senior Vice President and Operations Director of Downstream &amp; Non Hydrocarbon Project Operations of the Company</p> <p>June 2017: Representative Director, Senior Executive Vice President and Operations Director, Downstream &amp; Non Hydrocarbon Project Operations of the Company</p> <p>April 2018: Representative Director, Senior Executive Vice President and CTMO of the Company (current position)</p>	21,400
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Arata Sahara, after having served as Deputy Division Director of International Project Division 1, etc., was appointed as Director of the Company in June 2015, and Representative Director, Senior Executive Vice President in June 2017. He has provided centripetal force in leading projects in the field of Downstream &amp; Non Hydrocarbon Project Operations, one of the Company's core operations. We have determined that by leveraging his global work experience and knowledge as a Director, he is qualified to contribute to improving the corporate value of the Company and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Hirotsugu Hayashi (December 6, 1955)	<p>April 1980: Joined The Mitsubishi Bank, Ltd.</p> <p>July 2006: Branch Manager of Chicago Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2009: Full-Time Corporate Auditor of Mitsubishi Plastics, Inc.</p> <p>April 2017: Senior Executive Vice President of the Company</p> <p>June 2017: Representative Director, Senior Executive Vice President, CFO and Risk Management of the Company</p> <p>October 2017: Representative Director, Senior Executive Vice President, CFO, Risk Management and Deputy General Manager, Structural Reform Promotion Office of the Company</p> <p>April 2018: Representative Director, Senior Executive Vice President, CFO, CCO and Deputy General Manager, Structural Reform Promotion Office of the Company (current position)</p>	8,300
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Hirotsugu Hayashi, after serving as Branch Manager of Chicago Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Full-Time Corporate Auditor of Mitsubishi Plastics, Inc., was appointed as Representative Director, Senior Executive Vice President and CFO of the Company in June 2017. We have determined that by leveraging his global work experience and extensive knowledge in finance and risk management, he is qualified to contribute to the growth of the Company and improving its corporate value, and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Masahiko Kojima (May 23, 1955)	<p>April 1978: Joined Mitsubishi Corporation</p> <p>January 1997: Manager of Machinery Dept. of Mitsubishi Corporation Manila Branch</p> <p>May 2003: Manager of Machinery Dept. of Mitsubishi Corporation (UK) Plc</p> <p>April 2006: Manager of Energy &amp; Chemical Projects Unit of Mitsubishi Corporation</p> <p>July 2009: Executive Officer, General Manager of Corporate Plan Implementation Office of the Company</p> <p>July 2010: Managing Executive Officer, General Manager of Corporate Planning Division of the Company</p> <p>June 2013: Director, Senior Vice President and Division Director of Corporate Planning &amp; Management Division of the Company</p> <p>April 2015: Director, Executive Vice President and Division Director of Corporate Planning &amp; Management Division of the Company</p> <p>April 2017: Director, Executive Vice President and Corporate Planning &amp; Management and Operations Director of Offshore &amp; Upstream Project Operations of the Company</p> <p>October 2017: Director, Executive Vice President and Corporate Planning &amp; Management and Division Director, Growth Strategy Division of the Company</p>	34,800

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
		April 2018: Director, Executive Vice President, Assistant to President (Growth Strategy) and Deputy General Manager, Structural Reform Promotion Office of the Company (current position)	
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Masahiko Kojima has abundant experience and knowledge regarding the businesses of the Company from having been appointed as Director of the Company in June 2013, after having worked for Mitsubishi Corporation, and serving as Division Director of Corporate Planning &amp; Management Division, Operations Director of Offshore &amp; Upstream Project Operations and Division Director of Growth Strategy Division, and being appointed as Assistant to President (Growth Strategy) in April 2018. We have determined that by leveraging his global work experience and knowledge as a director, he is qualified to contribute to improving the corporate value of the Company, and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	Ryosuke Shimizu (January 27, 1955)	<p>April 1979: Joined the Company</p> <p>June 2001: Project Manager of International Project Planning Division of the Company</p> <p>June 2009: Executive Officer, Deputy Head of Corporate Planning Unit and General Manager of Corporate Planning Division of the Company</p> <p>April 2011: Executive Officer, General Manager of Global Operation Division of the Company</p> <p>April 2012: Senior Vice President, Division Director of Global Project Management Division of the Company</p> <p>June 2012: Director, Senior Vice President and Division Director of Global Project Management Division of the Company</p> <p>April 2013: Director, Senior Vice President and Division Director of Technology &amp; Engineering Division of the Company</p> <p>April 2015: Director, Senior Vice President and Operations Director of Technology Development, Investment and Project Operations of the Company</p> <p>April 2018: Director, Executive Vice President, CSO and Division Director, Corporate Planning Division of the Company (current position)</p>	33,700
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Ryosuke Shimizu has abundant experience and knowledge regarding the businesses of the Company. He was appointed as Director of the Company in June 2012 and General Manager of Corporate Planning Division in April 2018 after serving as Division Director of Global Project Management Division and Technology &amp; Engineering Division as well as Operations Director of Technology Development, Investment and Project Operations. We have determined that by leveraging his global work experience and knowledge as a director, he is qualified to contribute to improving the corporate value of the Company, and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	Nobuyuki Uchida (September 28, 1956)	<p>April 1977: Joined the Company</p> <p>July 2009: Division Director of Piping and Civil Engineering Division of the Company</p> <p>April 2011: Executive Officer and Deputy Manager of Technology &amp; Engineering Division of the Company</p> <p>April 2012: Vice President and Deputy Division Director of Technology &amp; Engineering Division of the Company</p> <p>April 2014: Senior Vice President and Deputy Operations Director of Gas &amp; LNG Project Operations No. 2 of the Company</p> <p>June 2017: Director, Senior Vice President and Project Operations - U.S. Projects, Gas &amp; LNG Project Operations No.2 of the Company</p> <p>April 2018: Director, Senior Vice President and Deputy Operations Director of Energy Project Operations Division of the Company (current position)</p>	12,000
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Nobuyuki Uchida, after serving as Division Director of Piping and Civil Engineering Division, etc. was appointed as Senior Vice President of the Company in April 2014 and Director of the Company in June 2017. He has overseen projects in North America in the field of Gas &amp; LNG Project Operations, one of the Company's core operations. We have determined that by leveraging his global work experience and knowledge as a director, he is qualified to contribute to the growth of the Company and improving its corporate value, and have renominated him as a candidate for Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	Nobuo Tanaka (March 3, 1950)	<p>April 1973: Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>October 1991: Director of Directorate for Science, Technology and Engineering of Organisation for Economic Co-operation and Development (OECD)</p> <p>June 1995: Director, Industrial Finance Division of Industrial Policy Bureau of Ministry of International Trade and Industry</p> <p>June 1998: Minister of Embassy of Japan in the United States of America, Ministry of Foreign Affairs of Japan</p> <p>June 2000: Vice President of Research Institute of Economy, Trade and Industry</p> <p>January 2002: Director-General, Multilateral Trade System Department of Trade Policy Bureau of Ministry of Economy, Trade and Industry</p> <p>July 2004: Director of Directorate for Science, Technology and Industry of OECD</p> <p>September 2007: Executive Director of International Energy Agency</p> <p>June 2012: Outside Audit &amp; Supervisory Board Member of TEIJIN LIMITED (current position)</p> <p>June 2013: Outside Audit &amp; Supervisory Board Member of INNOTECH CORPORATION (current position)</p> <p>April 2015: President of The Sasakawa Peace Foundation</p> <p>June 2015: Director of the Company (current position)</p> <p>December 2016: Chairman of The Sasakawa Peace Foundation (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Although Mr. Nobuo Tanaka does not have direct experience in corporate management, he has appropriately carried out his duties as Outside Director by drawing on his abundant knowledge and experience in the energy field nurtured through his assignment as Executive Director of the International Energy Agency, and we therefore have renominated him as a candidate for Outside Director.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	Hiroshi Sakuma (June 2, 1956)	<p>April 1980: Joined Mitsubishi Corporation</p> <p>May 2004: President of Diamond Generating Corporation</p> <p>April 2007: General Manager of Power Generation &amp; Marketing, International Unit, Power &amp; Electrical Systems Division of Mitsubishi Corporation</p> <p>April 2010: Deputy Division COO of New Energy &amp; Power Generation Division (Concurrently) General Manager of Power Generation &amp; Marketing, International Unit of Mitsubishi Corporation</p> <p>April 2011: Senior Vice President, Deputy Division COO of New Energy &amp; Power Generation Division (Concurrently) General Manager of Power Generation &amp; Marketing, International Unit of Mitsubishi Corporation</p> <p>April 2012: Senior Vice President, Division COO of New Energy &amp; Power Generation Division of Mitsubishi Corporation</p> <p>April 2014: Executive Vice President, Group CEO of Global Environmental &amp; Infrastructure Business Group of Mitsubishi Corporation (current position)</p> <p>June 2017: Director of the Company (current position)</p>	3,100
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Hiroshi Sakuma, after joining Mitsubishi Corporation, has served as President of Diamond Generating Corporation and Division COO of New Energy &amp; Power Generation Division of Mitsubishi Corporation. Now as Executive Vice President, Group CEO of Global Environmental &amp; Infrastructure Business Group of Mitsubishi Corporation, he oversees and is well versed in the wide range of business fields such as infrastructure including petroleum/gas, electric power and new energy. He also has been deeply involved in the management of investee companies and business groups in Japan and overseas. By leveraging his global work experience and knowledge, he has been appropriately carrying out his duties as Outside Director, and we have renominated him as a candidate for Director.</p>			

(Notes) 1. No conflict of interest exists between the Company and the above candidates.  
Moving forward, we will carefully handle instances individual transactions, when such conflicts may be.



2. Mr. Nobuo Tanaka and Mr. Hiroshi Sakuma are nominees for Outside Director. The Company has registered Mr. Tanaka with the Tokyo Stock Exchange as an independent officer, and intends to continue his designation as an independent officer when his re-election is approved. Mr. Tanaka meets the Independence Standards for Outside Directors (refer to page 41) set forth by the Company.
3. Mr. Nobuo Tanaka currently serves as an Outside Director of the Company, and his term of office as Outside Director will be three years at the closing of this Ordinary General Meeting of Shareholders.
4. Mr. Hiroshi Sakuma currently serves as an Outside Director of the Company, and his term of office as Outside Director will be one year at the closing of this Ordinary General Meeting of Shareholders.
5. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with Mr. Nobuo Tanaka and Mr. Hiroshi Sakuma for limitation of liability stipulated in Article 423, Paragraph 1 of the Law. The limitation of liability amount under such contract shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law, and when the re-election of Mr. Tanaka and Mr. Sakuma is approved, the Company intends to continue this contract with them.
6. CTMO    Chief Talent Management Officer  
CFO      Chief Financial Officer  
CCO      Chief Compliance Officer  
CSO      Chief Sustainability Officer

**Proposal 4: Appointment of five Directors who are Audit and Supervisory Committee Members**

Terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the closing of this General Meeting of Shareholders.

The Company, subject to the approval of Proposal 2 “Partial Amendment to the Articles of Incorporation (Increase in the Number of Audit and Supervisory Committee Members)” as drafted, proposes to increase the number of Directors who are Audit and Supervisory Committee Members by two and to elect five Directors who are Audit and Supervisory Committee Members, in order to further reinforce the corporate governance system for the purpose of enhancing the soundness and the transparency of the management base.

The Audit and Supervisory Committee has agreed to the submission of this proposal.

The table below lists the nominees for the position.

[List of nominees]

Nomination No.	Name		Positions and responsibilities within the Company	Number of years in office as Director, Audit and Supervisory Committee (at the closing of this General Meeting of Shareholders)
1	Mikio Kobayashi	Reelection Outside Director Independent Officer	Full-time Audit and Supervisory Committee Member	2 years
2	Takahiro Kitamoto	New nominee	Senior Advisor	—
3	Hiroshi Yamaguchi	New nominee Outside Director Independent Officer		—
4	Tetsuya Aiba	New nominee		—
5	Mika Narahashi	New nominee Outside Director Independent Officer		—

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Mikio Kobayashi (August 16, 1954)	<p>April 1977: Joined The Mitsubishi Trust and Banking Corporation</p> <p>April 2000: General Manager of Singapore Branch of The Mitsubishi Trust and Banking Corporation</p> <p>March 2004: General Manager of Business Division I of The Mitsubishi Trust and Banking Corporation</p> <p>June 2005: Executive Officer, General Manager of Business Division I of The Mitsubishi Trust and Banking Corporation</p> <p>October 2005: Executive Officer, General Manager of Business Division I of Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2007: Representative Director, President of Ryoshin Credit Service Co., Ltd.</p> <p>June 2008: Representative Director, Deputy President of Japan Property Solutions Co., Ltd.</p> <p>June 2014: Audit &amp; Supervisory Board Member of the Company</p> <p>June 2016: Director, Full-Time Audit and Supervisory Committee Member of the Company (current position)</p>	4,200
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Mikio Kobayashi, after serving as Executive Officer of the Mitsubishi UFJ Trust and Banking Corporation, Representative Director, President of Ryoshin Credit Service Co., Ltd. as well as Representative Director, Deputy President of Japan Property Solutions Co., Ltd., currently offers appropriate opinions from a neutral and objective point of view as the Outside Audit and Supervisory Committee Member of the Company. Based on these achievements, we have determined that his experience can be used for auditing of management, and have renominated him as a candidate for Outside Director, Audit and Supervisory Committee.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
2*	Takahiro Kitamoto (January 3, 1959)	April 1982	Joined Mitsubishi Corporation	0
		April 2000	Risk management Dept. of Mitsubishi Corporation	
		January 2008	CFO of Mitsubishi Corporation China Co., Ltd. and CFO of Mitsubishi Corporation (Shanghai) Ltd.	
		April 2011	General Manager of Administration Dept., Industrial Finance, Logistics & Development Group of Mitsubishi Corporation	
		October 2013	Planning Manager of Business Development and Promotion Division of JAPAN POST Co., Ltd.	
		December 2014	Assistant Manager of Corporate Staff Section of Mitsubishi Corporation	
		March 2015	Deputy General Manager of Mitsubishi Corporation (Taiwan) Ltd.	
		May 2018	Senior Advisor of the Company (current position)	
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Takahiro Kitamoto has extensive knowledge and insight of finance and accounting and has experience in risk management at Mitsubishi Corporation after serving as the CFO at the overseas subsidiaries of Mitsubishi Corporation. We have determined that he will contribute to enhancing the soundness of the management base of the Company through audits from a professional and management perspective, and have nominated him as candidate for Director who is an Audit and Supervisory Committee Member.</p>				

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3*	Hiroshi Yamaguchi (February 15,1951)	<p>April 1975    Joined Tokyo Electric Power Company</p> <p>June 2005    Executive Officer, General Manager of Engineering Department, Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2006    Executive Officer, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2007    Managing Director, Deputy General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2012    Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company</p> <p>June 2013    Director, Representative Executive Vice President of Tokyo Electric Power Company</p> <p>June 2014    Representative Executive Vice President and Chief Engineer of Tokyo Electric Power Company</p> <p>April 2016    Representative Executive Vice President and Chief Engineer, Safety Management of Tokyo Electric Power Company Holdings, Inc.</p> <p>June 2017    Chairman of the Board of KANTO ELECTRICAL SAFETY INSPECTION ASSOCIATION (current position)</p> <p>May 2018    President of The Institute of Electrical Engineers of Japan (IEEJ) (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Hiroshi Yamaguchi has abundant knowledge of the energy industry and experience after having served as Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company. We have determined that he will leverage his knowledge and experience in the audits of management and contribute to ensuring the soundness of management of the Company through audits from a neutral and objective perspective, and have nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4*	Tetsuya Aiba (May 15, 1960)	<p>April 1983    Joined Mitsubishi Corporation</p> <p>April 2009    General Manager of Accounting Department, Kansai Branch of Mitsubishi Corporation</p> <p>April 2011    Director and CFO of Mitsubishi Corporation International (Europe) Plc. and Manager of Europe-CIS, Middle East &amp; Africa Section (Corporate Staff Section) (London)</p> <p>April 2013    Senior Assistant to Corporate Functional Officer (in charge of personnel affairs in the Section) of Mitsubishi Corporation</p> <p>April 2015    General Manager, Global Environmental &amp; Infrastructure Business Group, Administration Dept. of Mitsubishi Corporation</p> <p>April 2016    Senior Vice President, General Manager, Global Environmental &amp; Infrastructure Business Group Administration Dept. of Mitsubishi Corporation (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Tetsuya Aiba has extensive knowledge and insight of finance and accounting after having served as General Manager of Accounting Department, Kansai Branch of Mitsubishi Corporation and Director and CFO of Mitsubishi Corporation International (Europe) Plc. He also served as General Manager, Global Environmental &amp; Infrastructure Business Group, Administration Dept. of Mitsubishi Corporation. We have determined that he has a deep understanding of the businesses of the Company, and have nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>			

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5*	Mika Narahashi (June 3,1972)	<p>October 2000 Registered as a lawyer (Tokyo Bar Association)</p> <p>August 2003 Joined Anderson Mori &amp; Tomotsune</p> <p>January 2007 Joined Investment Banking Division of Deutsche Securities Inc.</p> <p>August 2009 Joined American Life Insurance Company (currently MetLife, Inc.) Senior Manager of Legal Affairs Department of American Life Insurance Company</p> <p>January 2015 Joined AIG American Home Assurance Company, Ltd. Head of Legal Affairs Office of AIG American Home Assurance Company, Ltd.</p> <p>April 2017 Senior Partner of TH Law Office (current position)</p>	0
<p>&lt;Reason for the nomination&gt;</p> <p>Although Ms. Mika Narahashi has not been directly involved in corporate management, she has expert knowledge and experience as a lawyer in addition to experience in corporate law. We have determined that she will contribute to the audits of management from the perspective of law, compliance and governance management, and have nominated her as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p>			

- (Notes) 1. Asterisks (\*) indicate new nominees for the position of Director.
2. No conflict of interest exists between the Company and the above candidates. Moving forward, we will carefully handle instances of conflict in individual transactions, if such conflicts occur.
3. Mr. Mikio Kobayashi, Mr. Hiroshi Yamaguchi and Ms. Mika Narahashi are nominees for Outside Directors who are Audit and Supervisory Committee Members.
4. The Company will register Mr. Mikio Kobayashi, Mr. Hiroshi Yamaguchi and Ms. Mika Narahashi with the Tokyo Stock Exchange as independent officers. They meet the Independence Standards for Outside Directors (refer to page 41) set forth by the Company.
5. Mr. Mikio Kobayashi currently serves as an Outside Director of the Company, and his term of office as Outside Director will be two years at the closing of this Ordinary General Meeting of Shareholders.
6. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with Mr. Mikio Kobayashi for limitation of liability stipulated in Article 423, Paragraph 1 of the Law. The limitation of liability amount under such contract shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law, and in the event that the re-election of Mr. Kobayashi is approved, the Company intends to continue this contract with him.

7. When Mr. Takahiro Kitamoto, Mr. Hiroshi Yamaguchi, Mr. Tetsuya Aiba and Ms. Mika Narahashi are elected, the Company intends to conclude a contract with them in accordance with Article 427, Paragraph 1 of the Companies Act that would limit the liability for damages stipulated in Article 423, Paragraph 1 of the Law, to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law.

**Proposal 5: Appointment of one Substitute for Director who is an Audit and Supervisory Committee Member**

Should there be a vacancy in the statutory number of Director who is an Audit and Supervisory Committee Member, the Company proposes the election of one Substitute for Director who is an Audit and Supervisory Committee Member. The Audit and Supervisory Committee has agreed to the submission of this proposal.

The table below lists the nominee for the position.

Name (date of birth)	Brief career history, positions and significant concurrent positions	Number of shares of the Company held
Masaki Okada (January 9, 1959)	April 1988: Registered as a lawyer (Daini Tokyo Bar Association) Joined Ishii Law Office April 1997: Partner of Ishii Law Office (current position)	0
<p>&lt;Reason for the nomination&gt;</p> <p>Although Mr. Masaki Okada has not been directly involved in corporate management, we have determined he will leverage his expert knowledge and experience as a lawyer in corporate law and properly execute the duties of Outside Director who is an Audit and Supervisory Committee Member, and have renominated him as a candidate for Outside Substitute for Director who is an Audit and Supervisory Committee Member.</p>		

- (Notes) 1. No conflict of interest exists between the Company and the above candidate.
2. Mr. Masaki Okada is a nominee for a Substitute Director, Outside Audit and Supervisory Committee.
3. Mr. Masaki Okada meets the Independence Standards for Outside Directors (refer to page 41) set forth by the Company.
4. In the event that Mr. Masaki Okada is elected and appointed Outside Director, Audit and Supervisory Committee, the Company intends to conclude a contract with him in accordance with Article 427, Paragraph 1 of the Companies Act, that would limit the liability for damages stipulated in Article 423, Paragraph 1 of the Law, to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Law.



## [Reference] Independence Standards

To achieve appropriate decision making and management oversight by the Board of Directors from a variety of perspectives, the Company appoints Outside Directors from among highly insightful persons who possess an objective and professional perspective (persons who fulfill the requirements set forth in Article 2, Item 15 of the Companies Act). The Company bases the independence of Outside Directors on the factors determining independence set forth by Tokyo Stock Exchange, Inc. and deems an Outside Director to be independent if none of the following items are applicable.

### 1. Major Client or Supplier

- (1) A party for whom the Company is a major client or supplier (Note 1) or an executive thereof
- (2) A party that is the Company's major client or supplier (Note 2) or an executive thereof

### 2. Experts

Consultants, accountants, lawyers and persons affiliated with such organizations who receive annual compensation of 10 million yen or more in cash or other assets from the Company, other than remuneration for directors and audit & supervisory board members

### 3. Major Shareholders

Major shareholders of the Company (a party holding 10% or more direct or indirect voting rights) or an executive thereof

### 4. Donation Recipients

Recipients to whom the Company donates in excess of an annual 10 million yen or an executive thereof

### 5. Historical Requirements

A party to whom any of 1. to 4, above applies in the past 10 years

### 6. Close Relatives

Spouse or relative within second degree of kinship of the following persons

- (1) A party to whom any of 1. to 5, above applies
- (2) A Director, Executive Officer or other core employee of the Company or its subsidiary (Note 3)

- 7. Any party other than the above in special circumstances that do not allow said party to fulfill duties as an independent Director, including the existence of conflict of interest with the Company

The Company's Board of Directors shall make efforts to nominate as candidates for the position of Independent Director persons who can be expected to contribute to frank, lively and constructive deliberations at the Board of Directors in accordance with these standards.

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(Notes) 1. "A party for whom the Company is a major client or supplier" refers to a party who received payment equivalent to 2% of said party's annual consolidated net sales

or payment of 100 million yen or more, whichever is the higher of the two, in the most recent fiscal year.

2. "A party that is the Company's major client or supplier" refers to a party whose transactions with the Company were equivalent to 2% or more of the Company's annual consolidated net sales in the most recent fiscal year, or a party who provided loans to the Company equivalent to 2% or more of the Company's consolidated total assets in the most recent fiscal year.
3. "Core employee" refers to Division Director or superior.