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May 31, 2019

To our shareholders:

Masahiro Kubota  
President and Representative Director  
**MAEZAWA KASEI INDUSTRIES CO., LTD.**  
2-7-1, Nihonbashi Honcho, Chuo-ku, Tokyo

## **NOTICE OF THE 65TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 65th Ordinary General Meeting of Shareholders of MAEZAWA KASEI INDUSTRIES CO., LTD. (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by postal mail or via the Internet, etc. Please exercise your voting rights, after reviewing the attached Reference Documents for the General Meeting of Shareholders, by no later than 5:15 p.m., Monday, June 24, 2019 (Japan Standard Time).

**1. Date and Time:** Tuesday, June 25, 2019 at 10:00 a.m. (Reception desk opens at 9:00 a.m.) (Japan Standard Time)

**2. Venue:** TKP Garden City PREMIUM Kyobashi  
22F, Kyobashi Edogrand, 2-2-1, Kyobashi, Chuo-ku, Tokyo  
\* Please note that the venue has changed since last year’s meeting.

### **3. Purposes:**

#### **Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 65th Term (from April 1, 2018 to March 31, 2019), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 65th Term (from April 1, 2018 to March 31, 2019)

#### **Items to be resolved:**

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|--------------------|---|
| <b>Proposal 1:</b> | Appropriation of Surplus  |
| <b>Proposal 2:</b> | Election of seven (7) Directors                                 |
| <b>Proposal 3:</b> | Election of one (1) Audit & Supervisory Board Member            |
| <b>Proposal 4:</b> | Election of one (1) Substitute Audit & Supervisory Board Member |

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

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

The Company proposes the appropriation of surplus as follows:

#### **Matters related to year-end dividend**

The Company has adopted a basic policy of proactive returning profits to shareholders, while securing the capital needed for the investments that will ensure sustainable growth and gains in medium- and long-term corporate value. The Company pays dividends based on comprehensive consideration of financial results, further business development, and other factors.

The Company proposes a year-end ordinary dividend for this term of 15 yen per share, with an additional dividend of 3 yen per share to commemorate the 65th anniversary of the Company's founding, to a total of 18 yen per share; when combined with the interim dividends of 15 yen, this brings a total dividend of 33 yen per share for the year.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

18 yen per common share of the Company (of which 3 yen is a commemorative dividend)

Total amount of dividends: 271,278,918 yen

(3) Effective date of distribution of dividends of surplus

June 26, 2019

**Proposal 2:** Election of seven (7) Directors

The term will expire for all seven Directors at the conclusion of this Ordinary General Meeting of Shareholders, and thus the Company proposes that seven (7) Directors be elected.

The candidates for Director are as follows:

No.	Name	Current position, responsibilities, etc. in the Company	Attendance at the Board of Directors meetings during this fiscal year (Attendance Rate)
1	Masahiro Kubota [Reelection]	President and Representative Director Chairman of the Board	19/19 (100%)
2	Junichi Kubo [Reelection]	Director responsible for Aquatic Environment Managing Executive Officer, Chief of Marketing Headquarters	19/19 (100%)
3	Masahiro Ito [Reelection]	Director responsible for Internal Control and Investor Relations Senior Executive Officer, Chief of Administration Headquarters	19/19 (100%)
4	Tatsuhiro Mogi [Reelection]	Director responsible for Development Design Senior Executive Officer, General Manager of Central Laboratory	19/19 (100%)
5	Kazuhisa Aoki [Reelection]	Director responsible for Quality Assurance Senior Executive Officer, Chief of Manufacturing Headquarters and General Manager of Office Management Department	19/19 (100%)
6	Takashi Oya [Reelection] [Outside Director] [Independent officer]	Outside Director (Independent Director) Chairman of the Management Advisory Committee	19/19 (100%)
7	Mami Kato [Reelection] [Outside Director] [Independent officer]	Outside Director (Independent Director) Member of the Management Advisory Committee	17/19 (89%)

[Reelection]: Candidate for reelection as Director

[Outside Director]: Candidate for Outside Director

[Independent officer]: Candidate for Independent officer

- Notes:
1. "Number of the Company's shares owned" on the pages of candidates is the number of shares owned as of March 31, 2019.
  2. With regard to age on the pages of candidates, their age as of the conclusion of this Ordinary General Meeting of Shareholders has been stated.
  3. Takashi Oya and Mami Kato meet the Company's own independence requirements for an independent officer based on the independence requirements prescribed by the Tokyo Stock Exchange, and if their reelection is approved and adopted, the Company plans to continue to register them as independent officers as prescribed by the Tokyo Stock Exchange.
  4. The Company entered into an agreement with Takashi Oya and Mami Kato limiting their liabilities under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of that Act and Article 32 of the Articles of Incorporation. The maximum amount of liability pursuant to that agreement is the minimum amount specified in Article 425, Paragraph 1 of the Companies Act, and if their reelection is approved and adopted, the Company will maintain the agreement.
  5. The Company has set forth the Corporate Counselor/Advisor system, which is prescribed in Article 28 of the Articles of Incorporation, however at present there are no persons who fall applicable under the system.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
1	<p>Masahiro Kubota (Date of birth: July 29, 1957, 61 years old)</p> <p>[Reelection]</p> <p>[Term of office] 7 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Mar. 1983      Joined the Company.</p> <p>July 2007      Osaka Branch General Manager of Marketing Headquarters of the Company</p> <p>July 2008      Executive Officer, Kansai Branch General Manager of Marketing Headquarters of the Company</p> <p>June 2011      Executive Officer, General Manager of Development Design Department of the Company</p> <p>Apr. 2012      Executive Officer, General Manager of Development Design Department and General Manager of Central Laboratory of the Company</p> <p>June 2012      Director and Executive Officer, General Manager of Development Design Department and General Manager of Central Laboratory of the Company</p> <p>June 2013      Managing Director and Senior Executive Officer, General Manager of Development Design Department and General Manager of Central Laboratory of the Company</p> <p>Oct. 2014      Director of Zhejiang Maezawa Glory Drainage Material Co., Ltd.</p> <p>June 2015      President and Representative Director of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> There is no significant concurrent position outside the Company.</p>	13,900
<p><b>Reasons for nomination as candidate for Director</b> Masahiro Kubota has extensive experience, particularly in the fields of marketing and sales, as well as in charge of research and development, and the promotion of overseas business, and has developed products and fostered brands with a new perspective. In regard to the first year of the "TakeAction2020" medium-term management plan, although the consolidated sales target has not been met, consolidated operating profit, profit attributable to owners of parent, and ROE were all in excess of their respective targets. The Board of Directors has nominated him as candidate for Director again in the expectation that, towards the achievement of the final targets for "TakeAction2020," he will provide strong leadership for management through his insight backed by experience.</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
2	<p>Junichi Kubo (Date of birth: September 26, 1958, 60 years old)</p> <p>[Reelection]</p> <p>[Term of office] 6 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Sept. 1991      Joined the Company.</p> <p>Apr. 2009      Tokyo Branch General Manager and Deputy General Manager of Marketing Planning Department, Marketing Headquarters of the Company</p> <p>Apr. 2010      Tokyo Branch General Manager and General Manager of Wide-area Special Sales and Marketing Department, Marketing Headquarters of the Company</p> <p>June 2012      Executive Officer, Deputy Chief of Marketing Headquarters, Tokyo Branch General Manager, and General Manager of Wide-area Special Sales and Marketing Department of the Company</p> <p>Apr. 2013      Executive Officer, Deputy Chief of Marketing Headquarters of the Company</p> <p>June 2013      Director and Executive Officer, Chief of Marketing Headquarters of the Company</p> <p>Apr. 2014      Director and Executive Officer, Chief of Marketing Headquarters and General Manager of Marketing Administration Department of the Company</p> <p>June 2016      Director and Managing Executive Officer, Chief of Marketing Headquarters and General Manager of Marketing Administration Department of the Company</p> <p>June 2017      Director responsible for management of NIIGATA MOLDING CO., LTD. (present position)</p> <p>Apr. 2018      Director and Managing Executive Officer, Chief of Marketing Headquarters of the Company</p> <p>May 2019      Director responsible for Aquatic Environment and Managing Executive Officer, Chief of Marketing Headquarters of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> Director responsible for management of NIIGATA MOLDING CO., LTD.</p>	10,800
<p><b>Reasons for nomination as candidate for Director</b> Junichi Kubo has extensive experience in charge of the marketing and sales fields, and has worked to strengthen marketing capacity. He has also contributed to the reinforcement of the profit structure through the consolidation of operations and the streamlining of distribution. In regard to the first year of the “TakeAction2020” medium-term management plan, although the consolidated sales target has not been met, he contributed to the achievement of the profit target through the strengthening of the profit structure. The Board of Directors has nominated him as candidate for Director again in the expectation that he will continue to lead the strengthening in the fields of marketing and sales, and to contribute to the enhancement of sales capacity, in order to achieve sustainable growth and to improve corporate value.</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
3	<p>Masahiro Ito (Date of birth: May 30, 1961, 58 years old)</p> <p>[Reelection]</p> <p>[Term of office] 5 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Apr. 1984      Joined the Company.</p> <p>Apr. 2010      Deputy General Manager of General Affairs Department, Administration Headquarters of the Company</p> <p>Apr. 2012      General Manager of General Affairs Department, Administration Headquarters of the Company</p> <p>June 2013      Executive Officer, General Manager of General Affairs Department, Administration Headquarters of the Company</p> <p>June 2014      Director and Executive Officer, Chief of Administration Headquarters responsible for Internal Control and General Manager of General Affairs Department of the Company</p> <p>June 2015      Director and Executive Officer, Chief of Administration Headquarters responsible for Internal Control and Investor Relations, and General Manager of General Affairs Department of the Company</p> <p>Apr. 2016      Director and Executive Officer, Chief of Administration Headquarters responsible for Internal Control and Investor Relations of the Company</p> <p>June 2016      Director responsible for Internal Control and Investor Relations and Executive Officer, Chief of Administration Headquarters and General Manager of Information System Department of the Company</p> <p>Apr. 2017      Director responsible for Internal Control and Investor Relations and Senior Executive Officer, Chief of Administration Headquarters of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> There is no significant concurrent position outside the Company.</p>	8,400
<p><b>Reasons for nomination as candidate for Director</b> Masahiro Ito has extensive experience in charge of the general affairs and human resources fields and led the development of a human resource strategy and reform in internal educational structures. In 2017, he realized introduction of a performance-based compensation plan for Directors, and has focused on system reforms. In regard to the first year of the “TakeAction2020” medium-term management plan, he contributed to the achievement of the profit target through the use of his experience in the general affairs and human resources fields to promote the preparations for the introduction of an employment system as a part of the construction of systems that are not reliant on the business environment associated with the promotion of automation and standardization, and at the same time, to lead the reduction in labor costs. The Board of Directors has nominated him as candidate for Director in the expectation that he will continue to demonstrate his abilities in the strengthening of the management foundation.</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
4	<p>Tatsuhiro Mogi (Date of birth: January 19, 1962, 57 years old)</p> <p>[Reelection]</p> <p>[Term of office] 3 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Apr. 1992      Joined the Company.</p> <p>Apr. 2009      Deputy General Manager of Materials Department, Manufacturing Headquarters of the Company</p> <p>June 2013      Executive Officer, General Manager of Materials Department, Manufacturing Headquarters and General Manager of Aquatic Environment Engineering Department, Aquatic Environment Division of the Company</p> <p>June 2015      Executive Officer, General Manager of Development Design Department, General Manager of Central Laboratory, General Manager of Materials Department, Manufacturing Headquarters, and General Manager of Aquatic Environment Engineering Department, Aquatic Environment Division of the Company</p> <p>Apr. 2016      Executive Officer, General Manager of Development Design Department, General Manager of Central Laboratory, General Manager of Materials Department, Manufacturing Headquarters, and General Manager of Aquatic Environment Department Aquatic Environment Division of the Company</p> <p>June 2016      Director and Executive Officer, Chief of Aquatic Environment Division, General Manager of Development Design Department and General Manager of Central Laboratory of the Company</p> <p>Apr. 2017      Director and Senior Executive Officer, Chief of Aquatic Environment Division, General Manager of Development Design Department and General Manager of Central Laboratory of the Company</p> <p>May 2019      Director responsible for Development Design and Senior Executive Officer, General Manager of Central Laboratory of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> There is no significant concurrent position outside the Company.</p>	5,600
<p><b>Reasons for nomination as candidate for Director</b> Tatsuhiro Mogi has extensive experience in the procurement sector, has been responsible for the sales, research, and construction departments in the water treatment sector, has actively engaged in initiatives for the development of urban-type products, which is a new business sector, and disaster response products, etc. in the Research and Development Department, and has realized the advancement into the building equipment field, which has been positioned as a core business for the future. In regard to the first year of the “TakeAction2020” medium-term management plan, he contributed to the achievement of the profit target through the segment he is responsible for. The Board of Directors has nominated him as candidate for Director again in the expectation that he will continue to focus on the development of new products, for the further cultivation of new business as described in “TakeAction2020.”</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
5	<p>Kazuhisa Aoki (Date of birth: January 23, 1959, 60 years old)</p> <p>[Reelection]</p> <p>[Term of office] 2 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p>	<p>Mar. 1982      Joined the Company.</p> <p>Apr. 2013      Deputy General Manager of Production Planning Department, Kumagaya Factory, Manufacturing Headquarters of the Company</p> <p>Apr. 2014      Kumagaya Factory Manager and General Manager of Production Planning Department, Manufacturing Headquarters of the Company</p> <p>June 2014      Executive Officer, Kumagaya Factory Manager and General Manager of Production Planning Department, Manufacturing Headquarters of the Company</p> <p>Apr. 2015      Executive Officer, Kumagaya Factory Manager of Manufacturing Headquarters of the Company</p> <p>July 2016      Executive Officer, Chief of Manufacturing Headquarters and Kumagaya Factory Manager of the Company</p> <p>Apr. 2017      Executive Officer, Chief of Manufacturing Headquarters and General Manager of Office Management Department of the Company</p> <p>June 2017      Director responsible for Quality Assurance and Senior Executive Officer, Chief of Manufacturing Headquarters and General Manager of Office Management Department of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> There is no significant concurrent position outside the Company.</p>	4,300
<p><b>Reasons for nomination as candidate for Director</b> Kazuhisa Aoki has extensive experience in the manufacturing sector, has been Kumagaya Factory Manager, which is the manufacturing base, has overseen the manufacturing department in general, and has actively engaged in initiatives for the improvement of productivity since his appointment as executive officer in June 2014. Furthermore, he has enhanced products that contribute to the improvement of home quality, and has maintained the trusted "Maezawa" brand as Director responsible for quality assurance. As a result of his focus on securing profitability through cost reduction, he contributed to the achievement of target profit for the first year of the "TakeAction2020" medium-term management plan. The Board of Directors has nominated him as candidate for Director again in the expectation that he will further reduce costs through automation and standardization as stated in "TakeAction2020," and that he will promote further strengthening of the profit structure.</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			



No.	Name (Date of birth)	Career summary, position and responsibilities in the Company	Number of the Company's shares owned
6	<p>Takashi Oya (Date of birth: November 1, 1946, 72 years old)</p> <p>[Reelection]</p> <p>[Outside Director]</p> <p>[Independent officer]</p> <p>[Term of office] 5 years</p> <p>[Attendance at the Board of Directors meetings] 19/19 (100%)</p> <p>[Attendance at the Management Advisory Committee meetings] 6/6 (100%)</p>	<p>Nov. 1971      Joined Auditing Firm Chuo Accounting Office.</p> <p>Mar. 1975      Registered as Certified Public Accountant</p> <p>May 1983      Representative Partner of Chuo Shinko Auditing Firm</p> <p>July 2006      President of Takashi Oya Certified Public Accountant Office (present position)</p> <p>Nov. 2006      Advisor of Clifix Certified Public Tax Accountants' Corporation (present position)</p> <p>June 2011      Auditor of the Okawa Foundation for Information and Telecommunications (present position)</p> <p>July 2013      Councilor of Maritime Disaster Prevention Center (present position)</p> <p>June 2014      Outside Director of the Company (present position)</p> <p><b>Significant concurrent positions outside the Company</b> President of Takashi Oya Certified Public Accountant Office (Certified Public Accountant) Auditor of the Okawa Foundation for Information and Telecommunications</p>	0
<p><b>Reasons for nomination as candidate for Outside Director</b> Takashi Oya has extensive experience as a certified public accountant. He attended all meetings of the Company's Board of Directors and actively participated in Board deliberations from the perspective of an accounting practitioner. He has performed an appropriate role in overseeing decisions on material management matters and the status of business execution and has contributed to fair and reasonable decision-making by the Company, and ensuring transparent and sound management. He has served as Chairman of the Management Advisory Committee, launched in August 2015, and works to ensure the transparency and equitability of the Company's management. While he does not have experience with corporate management in any capacity other than as Outside Director, as noted above, the Board of Directors believes that he can appropriately fulfill his responsibilities as Outside Director and accordingly continues to nominate him as a candidate for Outside Director.</p>			
<p><b>Special interests between the candidate and the Company</b> There is no special interest.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company		Number of the Company's shares owned
7	Mami Kato (Date of birth: May 7, 1963, 56 years old)	Apr. 1986	Joined IBM Japan, Ltd.	0
		Apr. 1997	Admitted to the bar	
	[Reelection]	Jan. 1998	Joined Sakuragaoka Law Office (present position).	
	[Outside Director]	Apr. 2012	Vice President of Daini Tokyo Bar Association	
	[Independent officer]	Apr. 2013	Gender Equality Promotion Headquarters Vice Chairman of Daini Tokyo Bar Association (present position)	
	[Term of office] 3 years	June 2016	Outside Director of the Company (present position)	
	[Attendance at the Board of Directors meetings] 17/19 (89%)	July 2018	Outside Director and Audit & Supervisory Board Member of VISIONARYHOLDINGS CO.,LTD. (present position)	
	[Attendance at the Management Advisory Committee meetings] 6/6 (100%)	<b>Significant concurrent positions outside the Company</b> Sakuragaoka Law Office (Attorney at law) Outside Director and Audit & Supervisory Board Member of VISIONARYHOLDINGS CO.,LTD. (securities code: 9263)		
<b>Reasons for nomination as candidate for Outside Director</b> Mami Kato has extensive experience as an attorney and experience working for companies, which give her both the perspective of an expert in legal affairs and the approach of a corporate employee. We believe that she will play a substantial role in overseeing the execution of operations and deciding important management issues. In addition, she is Gender Equity Promotion Headquarters Vice Chairman of Daini Tokyo Bar Association, which enables her to give suitable advice as the Company pursues diversity as targeted in its basic policy on corporate governance. While she does not have experience with corporate management in any capacity other than as an outside officer, as noted above, the Board of Directors believes that she can appropriately fulfill her responsibilities as Outside Director and accordingly continues to nominate her as a candidate for Outside Director.				
<b>Special interests between the candidate and the Company</b> There is no special interest.				

**Proposal 3:** Election of one (1) Audit & Supervisory Board Member

The term will expire for Audit & Supervisory Board Member Junichi Kondo at the conclusion of this Ordinary General Meeting of Shareholders, and thus the Company proposes that one (1) Audit & Supervisory Board Member be elected.

The candidate for Audit & Supervisory Board Member is as follows. The consent of the Audit & Supervisory Board has been obtained for this proposal.

Name (Date of birth)	Career summary and position in the Company		Number of the Company's shares owned
Junichi Kondo (Date of birth: September 6, 1950, 68 years old)  [Reelection] [Outside Audit & Supervisory Board Member]  [Independent officer]  [Term of office] 8 years  [Attendance at the Board of Directors meetings] 19/19 (100%)  [Attendance at the Audit & Supervisory Board meetings] 16/16 (100%)  [Attendance at the Management Advisory Committee meetings] 6/6 (100%)	Apr. 1973  Oct. 2005  Oct. 2007  Jan. 2008  June 2011  Feb. 2012  Jan. 2015  Feb. 2015  June 2016	Joined the Export-Import Bank of Japan (currently Japan Bank for International Cooperation)  Member of the Board of Japan Bank for International Cooperation  Advisor of Japan Bank for International Cooperation  Advisor to Tokyo Electric Power Company Holdings, Inc.  Outside Audit & Supervisory Board Member of the Company (present position)  Advisor to ITOCHU Corporation  President (Chief Executive Officer) of the Japan Institute for Overseas Investment  Auditor of Engineering Advancement Association of Japan  Outside Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd. (present position)	0
<b>Significant concurrent positions outside the Company</b> Outside Audit & Supervisory Board Member of Sumitomo Metal Mining Co., Ltd. (securities code: 5713)			
<b>Reasons for nomination as candidate for Outside Audit &amp; Supervisory Board Member</b> Junichi Kondo has attended all meetings of the Board of Directors of the Company and has made positive contributions through the use of his extensive knowledge and wealth of experience gained as a member of the management team of Japan Bank for International Cooperation. The Board of Directors has determined that he contributes to the fair and reasonable decision-making of the Company, management transparency, and the securing of soundness through his auditing work, and accordingly continues to nominate him as a candidate for Outside Audit & Supervisory Board Member, for the strengthening of the corporate governance system of the Company.			
<b>Special interests between the candidate and the Company</b> There is no special interest.			

- Notes:
1. "Number of the Company's shares owned" is the number of shares owned as of March 31, 2019.
  2. The age as of the conclusion of this Ordinary General Meeting of Shareholders has been stated.
  3. Junichi Kondo meets the Company's own independence requirements for an independent officer based on the independence requirements prescribed by the Tokyo Stock Exchange, and if his reelection is approved and adopted, the Company plans to continue to register him as an independent officer as prescribed by the Tokyo Stock Exchange.
  4. The Company entered into an agreement with Junichi Kondo limiting his liability under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of that Act and Article 42 of the Articles of Incorporation. The maximum amount of liability pursuant to that agreement is the minimum amount specified in Article 425, Paragraph 1 of the Companies Act, and if their reelection is approved and adopted, the Company will maintain the agreement.

**Proposal 4:** Election of one (1) Substitute Audit & Supervisory Board Member

The Company prior requests approval for the election of one (1) substitute Audit & Supervisory Board Member to be ready to fill a vacant position should the number of Audit & Supervisory Board Members fall below the number required by laws and regulations.

The candidate for substitute Audit & Supervisory Board Member is as follows. The consent of the Audit & Supervisory Board has been obtained for this proposal.

Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
Masami Shinozaki (Date of birth: September 29, 1953, 65 years old) [Outside Audit & Supervisory Board Member]  [Independent officer]	<div>Apr. 1987    Admitted to the bar</div> <div>Apr. 1987    Joined Hirai Law Office.</div> <div>Jan. 2004    President of SHINOZAKI &amp; PARTNERS (present position)</div> <div>Apr. 2008    Vice-president of Daiichi Tokyo BAR Association</div> <div>June 2009    Outside Audit &amp; Supervisory Board Member of INAGEYA CORPORATION (present position)</div> <div>Mar. 2018    Outside Audit &amp; Supervisory Board Member of MarkLines Co., Ltd. (present position)</div> <div><b>Significant concurrent positions outside the Company</b> President of SHINOZAKI &amp; PARTNERS (Attorney at law) Outside Audit &amp; Supervisory Board Member of INAGEYA CORPORATION (securities code: 8182) Outside Audit &amp; Supervisory Board Member of MarkLines Co., Ltd. (securities code: 3901)</div>	0
<b>Reasons for nomination as candidate for substitute Outside Audit &amp; Supervisory Board Member</b> Masami Shinozaki has extensive experience as an attorney. It has been determined that he will be able to contribute to the fair and reasonable decision-making of the Company, management transparency, and the securing of soundness through his perspective as legal expert in the performance of the auditing work of the Company. While he does not have experience with corporate management in any capacity other than as an outside officer, as noted above, the Board of Directors believes that he can appropriately fulfill his responsibilities as Outside Audit & Supervisory Board Member and accordingly nominates him as a candidate for substitute Outside Audit & Supervisory Board Member.		
<b>Special interests between the candidate and the Company</b> There is no special interest.		

- Notes:
1. "Number of the Company's shares owned" is the number of shares owned as of March 31, 2019.
  2. The age as of the conclusion of this Ordinary General Meeting of Shareholders has been stated.
  3. Masami Shinozaki meets the Company's own independence requirements for an independent officer based on the independence requirements prescribed by the Tokyo Stock Exchange, and if he is elected as Outside Audit & Supervisory Board Member, the Company plans to register him as an independent officer with the Tokyo Stock Exchange.
  4. The Company may enter into an agreement with each of Outside Audit & Supervisory Board Members limiting their liabilities under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of that Act and Article 42 of the Articles of Incorporation. The maximum amount of liability pursuant to that agreement is the minimum amount specified in Article 425, Paragraph 1 of the Companies Act, and if Masami Shinozaki assumes the office of Outside Audit & Supervisory Board Member, the Company plans to enter into the agreement with him.

**<Reference> Criteria for determining the independence of Outside Officers**

The Company has established the original criteria for independence based on the independence requirements stipulated by the Tokyo Stock Exchange. All candidates for Outside Officers must meet all of these criteria to ensure solid corporate governance.

The criteria are laid out below.

**[Independence Criteria for Outside Officers]**

- (1) The candidate is not a major shareholder of the Company (someone who holds 10% or more of the voting rights in the Company Group directly or indirectly) or its business executor (\*1).
- (2) The Company Group does not hold 10% or more of the voting rights for the candidate directly or indirectly, or its business executor.
- (3) The candidate is not a business executor at another company that has a relationship with the Company through an Outside Officer (\*2).
- (4) The candidate is not a business executor of an organization that has received a large contribution (\*3) from the Group.
- (5) None of (1) to (4) above apply to the three-year period prior to the appointment.
- (6) The candidate has never been a business executor of the Company Group in the past.

\*1. “Business executor” refers to an executive director or an employee.

\*2. This refers to a relationship in which a business executor of the Company Group is an Outside Officer of another company and a business executor of the said another company is an Outside Officer of the Company.

\*3. A “large contribution” would amount to 10 million yen a year or an amount exceeding 2% of annual total revenue of the particular organization on average over the past three business years.

**<Reference> Officer Election Policy and Procedures**

The Company receives the opinions of the Management Advisory Committee, which is composed of only outside officers, to ensure that the election and dismissal of officers is performed through a transparent and fair system based on objective evaluations.

The officer election policy (summary) is provided below.

- (1) Has the business sense, ability to perform, and judgment skills as an officer that can contribute to the sustainable growth of the Company Group and improve corporate value
- (2) Has the required intent and ability to perform duties as an officer, and can fulfill the social responsibilities to stakeholders
- (3) Has personality and insight, and is able to perform duties faithfully as an officer
- (4) Meets the legal requirements for an officer