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Securities Code: 6366

June 4, 2020

### **Notice of the 92nd Ordinary General Meeting of Shareholders**

Dear Shareholders,

The Company would hereby like to inform you that the 92nd Ordinary General Meeting of Shareholders of the Company will be held as follows.

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 in Writing (by Mail)**

Please use the enclosed voting ballot to indicate your approval or disapproval of the proposals and return it to us by Wednesday, June 24, 2020.

#### **Voting via the Internet**

Please refer to “Exercising Your Voting Rights via the Internet or by Electronic Proxy” on page 3, and exercise your voting rights by 4:36 p.m. in Japan time, Wednesday, June 24, 2020.

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,

Kazushi Okawa, Representative Director, Chairman of  
the Board & CEO  
Chiyoda Corporation  
6-2, Minato Mirai 4-chome, Nishi-ku,  
Yokohama City, Kanagawa Pref.

- |                          |  |
|--------------------------|--|
| <b>1. Date and Time:</b> | 10:00 a.m. on Thursday, June 25, 2020<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 since the year before last, gifts are not handed to shareholders attending the meeting. We appreciate 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 92nd (from April 1, 2019 to March 31, 2020)
  2. Non-consolidated financial statements for the 92nd (from April 1, 2019 to March 31, 2020)

**Matters to be resolved:**

- Proposal 1:** Reduction of capital and capital reserve and appropriation of surplus
- Proposal 2:** Appointment of seven Directors who are not Audit and Supervisory Committee Members
- Proposal 3:** Appointment of three Directors who are Audit and Supervisory Committee Members
- Proposal 4:** 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.
  - \* The Company will post any modifications to the reference and attached materials for the meeting on the Company's 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, 2019 to March 31, 2020

### 1. Share data (As of March 31, 2020)

#### (1) Authorized number of shares

common shares: 1,000,000,000 shares  
Class A Preferred Shares: 175,000,000 shares

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

common shares: 260,324,529 shares (unit of shares: 100 shares)  
Class A Preferred Shares: 175,000,000 shares (unit of shares: 1 share)

#### (3) Number of shareholders

common shares: 34,744 persons  
(increased 5,182 persons from the previous fiscal year-end)  
Class A Preferred Shares: 1 person

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

##### 1) common shares

	Number of shares held (thousands)	Investment ratio (%)
Mitsubishi Corporation	86,931	33.57
MUFG Bank, Ltd.	9,033	3.49
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	7,326	2.83
Mitsubishi UFJ Trust and Banking Corporation	4,274	1.65
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,906	1.51
Shareholding Association of Chiyoda Corporation	3,217	1.24
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	2,579	1.00
STATE STREET BANK AND TRUST COMPANY 505001	2,275	0.88
Meiji Yasuda Life Insurance Company	2,265	0.87
JP MORGAN CHASE BANK 385151	2,071	0.80

(Notes)

1. Investment ratio is calculated excluding treasury stock (1,357,497 shares).

##### 2) Class A Preferred Shares

	Number of shares held (thousands)	Investment ratio (%)
Mitsubishi Corporation	175,000	100.00

**(5) Other important matters concerning shares**

The Company partially amended the Articles of Incorporation at the Ordinary General Meeting of Shareholders held on June 25, 2019, and Class A Share was added as a new class of shares. On July 1, the Company issued 175,000,000 Class A Preferred Shares having no voting rights were issued through a third-party allotment on July 1, 2019.

## 2. Directors

### (1) List of Directors (As of March 31, 2020)

Name	Position and responsibilities	Representative positions in other companies (Including key concurrent posts, etc.)
Kazushi Okawa	Representative Director, Chairman of the Board & CEO	
Masaji Santo	Representative Director, President & COO, CSO, Division Director, Frontier Business Division	
Koji Tarutani	Representative Director, Executive Vice President & CFO, Division Director, Finance & Accounting Division	
Tsunenori Kazama	Director	
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 Yamaguchi	Director	Chairman of the Board of KANTO ELECTRICAL SAFETY INSPECTION ASSOCIATION
Aiichiro Matsunaga	Director	Executive Vice President of Mitsubishi Corporation
Takahiro Kitamoto	Director, Full-Time Audit and Supervisory Committee Member	
Mikio Kobayashi	Director, Audit and Supervisory Committee Member	
Mika Narahashi	Director, Audit and Supervisory Committee Member	Lawyer

- (Notes) 1. Katsuo Nagasaka, Arata Sahara, Hirotugu Hayashi, Masahiko Kojima, Ryosuke Shimizu, Nobuyuki Uchida and Hiroshi Sakuma retired as Directors at the closing of the 91st Ordinary General Meeting of Shareholders held on June 25, 2019, due to the expiration of their terms of office.
2. Hiroshi Yamaguchi resigned as Director who is an Audit and Supervisory Committee Member and was newly appointed as Director on June 25, 2019.
3. Tetsuya Aiba resigned as Director who is an Audit and Supervisory Committee Member on June 25, 2019.
4. Nobuo Tanaka, Hiroshi Yamaguchi and Aiichiro Matsunaga are Outside Directors. Mikio Kobayashi and Mika Narahashi are Outside Directors who are Audit and Supervisory Committee Members.
5. Takahiro Kitamoto is appointed as a full-time Audit and Supervisory Committee Member 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.
6. In accordance with the guideline of the Tokyo Stock Exchange, Inc., the Company

registered Nobuo Tanaka, Hiroshi Yamaguchi, Mikio Kobayashi and Mika Narahashi as independent officers.

7. Director who is an Audit and Supervisory Committee Member, Takahiro Kitamoto has served as the CFO of overseas subsidiaries of Mitsubishi Corporation and has considerable knowledge of finance and accounting.
8. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with Tsunenori Kazama, Nobuo Tanaka, Hiroshi Yamaguchi, Aiichiro Matsunaga, Takahiro Kitamoto, Mikio Kobayashi and Mika Narahashi 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.
9. CEO, COO, CSO, and CFO are acronyms for the following titles:  
CEO ... Chief Executive Officer  
COO ... Chief Operating Officer  
CSO ... Chief Sustainability Officer  
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	12	115	13	28
Directors who are Audit and Supervisory Committee Members	4	56	(N/A)	(N/A)

- (Notes)
1. Total remuneration for Directors who are not Audit and Supervisory Committee Members is 156 million yen, and for Directors who are Audit and Supervisory Committee Members is 56 million yen. Total remuneration for Outside Directors and Outside Audit and Supervisory Committee Members (two Outside Directors, three Outside Audit and Supervisory Committee Members) is 51 million yen.
  2. The above numbers 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 seven Directors (including Directors who are Audit and Supervisory Committee Members) who retired as of the conclusion of the 91<sup>st</sup> Ordinary General Meeting of Shareholders held on June 25, 2019.
  3. One of the Directors is receiving remuneration, etc. 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 net profit for the year 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 net profit for the year attributable to owners of parent.
	Remuneration for Purchase of Treasury Stock	Linked to long-term achievements improvement	90 million yen or less per year. Directors other than Directors, Audit and Supervisory Committee Members (excluding Outside Directors) acquire treasury stocks 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 Members, 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 Aiichiro Matsunaga 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 (17 meetings) held during the term under review. He expressed necessary opinions for the overall management of the Company utilizing his experience, knowledge, etc. in the energy field.
Director	Hiroshi Yamaguchi	Mr. Yamaguchi attended all meetings of the Board of Directors (17 meetings) and the Audit and Supervisory Committee (3 meetings) held during the term under review while he was an Audit and Supervisory Committee Member. He expressed necessary opinions utilizing his wealth of knowledge of the energy industry.
Director	Aiichiro Matsunaga	Mr. Matsunaga attended 10 out of 11 meetings of the Board of Directors held during the term under review after assignment as Director on June 25, 2019. He expressed necessary opinions for the overall management of the Company utilizing his experience, knowledge, etc. as a corporate manager.
Director who is Audit and Supervisory Committee Member	Takahiro Kitamoto	Mr. Kitamoto attended all meetings of the Board of Directors (17 meetings) and the Audit and Supervisory Committee (14 meetings) held during the term under review. He also attended major internal meetings within the Company including meetings of the Executive Committee as a full-time Audit and Supervisory Committee Member, and expressed opinions if needed. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who is Audit and Supervisory Committee Member	Mikio Kobayashi	Mr. Kobayashi attended all meetings of the Board of Directors (17 meetings) and the Audit and Supervisory Committee (14 meetings) held during the term under review. He also attended the major internal meetings of the Company including meetings of the Executive Committee as an Audit and Supervisory Committee Member and expressed opinions if needed. He reported the result of regular auditing of the Company at meetings of the Audit and Supervisory Committee.
Director who is Audit and Supervisory Committee Member	Mika Narahashi	Ms. Narahashi attended all meetings of the Board of Directors (17 meetings) and 13 out of 14 meetings of the Audit and Supervisory Committee held during the term under review. She expressed necessary opinions chiefly from a legal viewpoint with explanations of the purposes of laws and regulations as lawyer.

### **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:

151 million yen

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

174 million yen

(Notes) 1. The auditing agreement entered into between the Company and the Accounting Auditor 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, 50 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, Paragraphs 1 and 3 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 audit corporation who is 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 called 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 25, 2019.

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

Outline of framework created aiming at ensuring Directors' duties executed in compliance with laws and regulations and the Articles of Incorporation, other frameworks aiming at ensure the proper execution of operations and management status of such frameworks

<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 25, 2020)

[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, etc. on internal controls to the Representative Director, President. The Representative Director, President then reviews and approves the proposals from the Internal Control Committee through the Executive Committee, and the Board of Directors makes the necessary decisions on the internal control system.

[Overview of the Development of the Internal Control System]

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

- (1) The Company focuses on the business execution in compliance with domestic and international laws and regulations and corporate ethics as the top priority, and conducts business activities based on corporate philosophy and the principles provided in the Code of Conduct of the Chiyoda Group. In addition, for the purpose of contributing to sustainable growth and medium- to long-term corporate value, the Company has established a Corporate Governance Policy that sets forth the Company's basic ideas and policies on corporate governance, which the Company works to put in practice as the basis of its corporate activities. 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 Chief Compliance Officer (CCO) and the Compliance Committee. 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 Regarding Management of the Risks of Loss

- (1) With regard to company-wide risk management, the Chief Risk Management Officer (CRO) establishes a management system according to the type of risk, in cooperation with the chief officers and the general managers in charge, based on the basic policy, internal rules, and various manuals.
- (2) As part of strategy regarding accepting project awards and executing projects, which is the core of the Company's business, the Company establishes a permanent department that manages project risks from initial stage to the completion of the project. Under the project awarding strategy that takes into account the Company's financial scale and availability of staff. That risk management department deliberates risk from the stage before take-up, and examine estimation policies and proposals at each stage. In terms of project execution, that department assists management and supports projects with both execution support and internal checks, through sorting out report lines, strengthening autonomous risk management ability of operations divisions, strengthening cooperation with related divisions, and introducing mechanisms to frequently visualize profit/loss and risk status.
- (3) The Company establishes a permanent department to oversee crisis management, and manage activities in an integrated fashion conducted by risk managers assigned to each department. This risk oversight department carries out constant preventive and management activities by providing relevant information and issuing warnings, and also offers a secretariat function and responding to emergencies in the event of a crisis.

## 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 Representative Director, President 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 supervising division for each particular group company. The Company will also establish a division to constantly engage in the planning, design, 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 managed an internal control system based on the Basic Policy on the Internal Control System resolved at the meeting of the Board of Directors as stated above.

The Company confirmed the management status in each division and shared information at the meeting of the Internal Control Committee, which was held twice in FY2019. The Internal Control Committee is planned to meet every quarter in FY2020. The Internal Control Committee, chaired by the CRO, will narrow the number of committee members to a few executives with close ties to the internal control system to speed up decision-making and promptly issue instructions to relevant departments, thereby accelerating further improvements to the internal control system. The major management initiatives in the FY2019 are as follows.

[1] Initiatives relating to compliance with laws and regulations

- The Company has disclosed Corporate Governance Policy which has been revised in line with the Company's actual situation.
- The Company has started regular reporting by the Chief Compliance Officer (CCO) to the Board of Directors on the specific status of important compliance issues, such as those that may lead to reputational risks for Chiyoda Group and those that may have an impact on the Company's management. The contents of the reports, as well as instructions and requests from the Board of Directors regarding the reports, are shared with the compliance officers of each organization at the Compliance Committee, which leads to the implementation of effective measures to prevent the occurrence of incidents.
- The Company 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.
- Based on the trend of work style reform, the Company has appointed the Chief Wellness Officer and a Business Process Innovation Officer and began studies to promote "Health and Productivity Management" while maintaining the Company's competitive edge as an engineering company.
- The Company has established the "Basic Human Resources Development Policy," which sets forth the image of human resources that the Company requires, the goals of human resources development, and the employees' career paths. This policy is positioned as an important element of the management policy in order to develop an enhanced organization and employees for the achievement of the Revitalization Plan, and it will be instilled among all employees as guidelines for the revision and newly establishment of

personnel policies and systems.

- The internal audit division conducted audits on compliance programs, compliance frameworks, compliance related documents and others of the Company.

[2] Initiatives relating to risk of loss management

- In terms of risk management associated with awarding contracts for projects, the division in charge of the risk management conducted a cold-eye review and provided its opinion to the Management Advisory Committee to strictly assess risks and determine whether to accept the project awarding.
- During the project execution stage, in addition to sort out a multiple reporting system, reinforcing disciplined risk management by each project operations division itself and strengthening cooperation with related departments, the Company introduced a system to monitor profit/loss and risk status of the projects more frequently and obviously, and applied it to medium-scale projects and projects with deteriorating profits, including those of subsidiaries.
- In FY2019, the Company established a task force to swiftly implement initial responses to crisis events (including geopolitical risks and infectious disease risks) that could have an impact on the Company's business performance in Japan and overseas.

[3] Initiatives relating to ensuring efficiency

- In order to make decisions on the important business execution, the Company's Board of Directors, in a timely and appropriate manner, submit issues to be discussed, and delegates a portion of its authority to the Representative Director, President within the scope of laws and regulations to ensure the efficiency of the execution of duties.
- In FY2019, the Company established the Executive Committee as an advisory body to the Representative Director, President in order to contribute to the decision-making by the Representative Director, President. It is composed of executives in the position of Representative Director or Executive Vice President or above who currently serve as Executive Officer, and a majority being present is required for a quorum. The Executive Committee deliberates on matters related to business execution determined by a resolution of the Board of Directors, including prior deliberations on matters to be submitted to the Board of Directors, and reports to the Representative Director, President, who is the business execution supervisor.
- Directors are provided with quarterly business status reports, circulating reports on the status of each division's operations at regular Board of Directors meetings, and occasional reports on major developments in important matters in order to enhance the provision of information to directors and facilitate decision-making.

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

- The Company and its group companies conduct their business in close cooperation with each other by clarifying the values to be shared by all officers and employees of the Chiyoda Group through revisiting basic principles of work-styles and systems for revitalization to achieve the Revitalization Plan, as well as the corporate philosophy and the Code of Conduct of the Chiyoda Group.
- In FY2019, we conducted a fundamental revision of in-house regulations for the purpose of the development and management of group companies.
- As part of the Chiyoda Group's efforts to ensure compliance with laws and regulations, compliance related departments visited major domestic and overseas group companies and made efforts to raise awareness of compliance among group companies in Japan and overseas in order to provide thorough guidance from the CCO to group companies.



In addition, highly effective and specific countermeasures based on case studies were implemented in group companies through means such as Group Liaison Meeting on Compliance.

- For domestic group companies the Company has started holding seminars for each level based on the circumstances of each company in order to spread awareness of compliance in the workplace.

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

- The Audit and Supervisory Committee frequently performed interviews to Representative Directors frequently to ensure the effectiveness of audits.
- Audit and Supervisory Committee members 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 organized two meetings with Audit & Supervisory Board Members of major group companies, exchanged opinions and shared information regarding internal control systems of the Company and its subsidiaries.
- To enhance the auditing activities of the Audit and Supervisory Committee, Company prescribes that a staff is to be assigned who specializes in assisting the Audit and Supervisory Committee to execute its duties. In the FY2019, such specialized staff was assigned, and evaluations of his performance was 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 critical issues 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. From the perspective of further enhancement of internal control, the Audit and Supervisory Committee recognized several key issues and demanded that executives make further improvements of countermeasures, which have already launched. This includes enhancing profit/loss management of not only on large-scale projects but also on medium-scale domestic projects including those of group companies, as well as the implementation of highly effective compliance measures, for the purpose of further enhancing internal control. Furthermore, this includes the establishment of a system for Health and Productivity Management and work style reform taking into consideration the nature of business of engineering companies, for the purpose of increasing corporate value by improving labor productivity. The Audit and Supervisory Committee will continue to monitor the appropriate operation and effectiveness of the internal control. The occurrence of a case where the Audit and Supervisory Committee uses external experts in auditing its Audit and Supervisory Committee Members was not recognized.

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

## **Proposal 1: Reduction of capital and capital reserve and appropriation of surplus**

The Company recorded a loss of 135,494,220,412 yen in retained surplus carried forward as of March 31, 2020.

The Company proposes the reduction of its capital and capital reserve as well as the appropriation of its surplus for the purpose of offsetting the loss in retained surplus carried forward and improving its financial condition.

Specifically, in accordance with Article 447, Paragraph 1 of the Companies Act and Article 448, Paragraph 1 of the Companies Act, the Company will reduce its capital and capital reserve, and transfer them to other capital surplus. Furthermore, in accordance with Article 452 of the Companies Act, the Company will transfer the increased other capital surplus to retained earnings carried forward and apply to offset the loss.

This proposal will not affect the number of shares held by shareholders, as it will only reduce the amounts of capital and capital reserve without changing the total number of issued shares.

The decrease in the amounts of capital and capital reserve is related to the transfer of account items in the net assets section of the balance sheet. Since there will be no change in the net assets of the Company and the total number of issued shares, there will be no change in the net assets per share.

### **1.Amount of capital to be reduced**

The capital amount of 78,396,406,450 yen as of March 31, 2020 is to be reduced by 63,381,574,412 to 15,014,832,038 yen, and transfer the total amount of the reduced capital to other capital surplus.

### **2.Amount of capital reserve to be reduced**

The amount of capital reserve of 72,112,646,000 yen as of March 31, 2020 is to be reduced by 72,112,646,000 yen to 0 yen, and transfer the total amount of the reduced capital reserve to other capital surplus.

### **3. Appropriation of surplus**

Based on Article 452 of the Companies Act, on the condition that the reduction of the amount of capital and capital reserve in 1.and 2. above takes effect, the Company will make up for deficits by transferring to retained earnings carried forward a total of 135,494,220,412 yen, the full amount of other capital surplus increased due to the aforementioned capital reduction. As a result, the amount of retained earnings carried forward after transfer will be 0 yen.

#### **(1) Items and amount of reduced surplus**

Other capital surplus 135,494,220,412 yen

#### **(2) Items and the amount of increased surplus**

Retained earnings carried forward of 135,494,220,412 yen

### **4. Date when the reduction of capital and capital reserve and the disposal of surplus take effect** August 7, 2020

**Proposal 2: Appointment of seven Directors who are not Audit and Supervisory Committee Members**

The term of all seven Directors who are not Audit and Supervisory Committee Members will expire at the close of this General Meeting of Shareholders.

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

This Proposal was deliberated in the Audit and Supervisory Committee, and obtained the opinion that all of 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	Kazushi Okawa	Reelection	Representative Director, Chairman of the Board, CEO & CWO	1 year
2	Masaji Santo	Reelection	Representative Director, President, COO & CSO	3 years
3	Koji Tarutani	Reelection	Representative Director, Executive Vice President, CFO and Division Director of Finance & Accounting Division	1 year
4	Tsunenori Kazama	Reelection	Director	1 year
5	Aiichiro Matsunaga	Reelection (Note 1)	Director	1 year
6	Nobuo Tanaka	Reelection Outside Director Independent Officer	Director	5 years
7	Hiroshi Yamaguchi	Reelection Outside Director Independent Officer	Director	2 years (Note 2)

- (Notes)
1. Mr. Aiichiro Matsunaga meets the requirements for an Outside Director under the Companies Act, but he has been nominated as an inside director in light of the Company's new externality judgment standards, which will be applied from this General Meeting of Shareholders.
  2. The terms (of office) of Mr. Hiroshi Yamaguchi will be respectively one year as Director who is Audit and Supervisory Committee Member and one year as Outside Director at the closing of this General Meeting of Shareholders.

No.	Name (date of birth)	Brief career history, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Kazushi Okawa (May 12, 1956)	<p>April 1980: Joined Mitsubishi Corporation</p> <p>September 2007: Assistant Manager to Plant and Industrial Machinery Division of Mitsubishi Corporation</p> <p>June 2008: Assistant to Corporate Plan Implementation Office of the Company</p> <p>April 2010: Senior Vice President, Division COO of Infrastructure Project Division of Mitsubishi Corporation</p> <p>June 2010: Director of the Company (retired in June 2013)</p> <p>April 2012: Senior Vice President, Division COO of Plant Engineering Division of Mitsubishi Corporation</p> <p>April 2014: Executive Vice President, Group COO of Machinery Group of Mitsubishi Corporation</p> <p>April 2016: Executive Vice President, Group CEO of Machinery Group of Mitsubishi Corporation</p> <p>April 2019: Corporate Advisor of Mitsubishi Corporation</p> <p>June 2019: Representative Director, Chairman of the Board &amp; CEO of the Company</p> <p>April 2020: Representative Director, Chairman of the Board, CEO, &amp; CWO of the Company (current position)</p>	common shares: 35,844
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Kazushi Okawa is versed in the businesses of the Company and its group companies from having served as Director of the Company for 3 years from June 2010, after having served as Senior Vice President, Division COO of Plant Engineering Division, Executive Vice President, Group COO and CEO of Machinery Group of Mitsubishi Corporation. The Company has determined that he is qualified to contribute to improving the corporate value of the Company by leveraging his abundant knowledge and extensive track record in management, 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>June 2019: Representative Director, President, COO &amp; CSO of the Company (current position)</p>	common shares: 71,401
<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. He was appointed as Representative Director, President &amp; CEO of the Company in June 2017. Leveraging his global work experience and knowledge, he formulated and executed the Company's Revitalization Plan in May 2019. The Company has determined him to be suitable as a leader to continue carrying out this plan and as a person who contributes to improving the 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
3	Koji Tarutani (May 13, 1962)	<p>April 1986: Joined The Mitsubishi Bank, Ltd.</p> <p>December 2012: General Manager of Corporate Business Risk Management Division and General Manager (Special Assignment) of Global Compliance Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2014: General Manager of Credit Examination Office of Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>April 2016: General Manager (Special Assignment) of Internal Audit Division of Mitsubishi UFJ Financial Group and General Manager of Credit Examination Office of Internal Audit Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>September 2016: General Manager of Legal Division of Mitsubishi UFJ Financial Group and General Manager of Legal Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2019: Senior Advisor of the Company</p> <p>June 2019: Representative Director, Executive Vice President &amp; CFO of the Company</p> <p>July 2019: Representative Director, Executive Vice President, CFO and Division Director of Finance &amp; Accounting Division of the Company (current position)</p>	common shares: 14,475
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Koji Tarutani has served as General Manager (Special Assignment) of Internal Audit Division and General Manager of Legal Division of Mitsubishi UFJ Financial Group, after serving as General Manager of Credit Examination Office of Internal Audit Division and General Manager of Legal Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Company has determined that by leveraging his extensive knowledge in finance and risk management 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
4	Tsunenori Kazama (February 28, 1951)	<p>April 1976: Joined the Company</p> <p>September 2005: Project Manager for RGX6 Team of the Company</p> <p>March 2014: Project Sponsor for Jangkrick FPU Project of the Company</p> <p>September 2016: Project Sponsor for Yamal LNG Project of the Company</p> <p>May 2018: Project Director for Tangguh LNG Project of the Company</p> <p>January 2019: Strategic Project Development Department, Energy Project Operations Division of the Company</p> <p>June 2019: Director of the Company (current position)</p>	common shares: 7,061
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Tsunenori Kazama has overseen various projects of the Company as a leader while having served as Project Sponsor for Jangkrick FPU Project and Yamal LNG Project, and Project Director for Tangguh LNG Project. The Company has determined that by leveraging his abundant track record in management and execution of projects and his global professional 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
5	Aiichiro Matsunaga (March 14, 1963)	<p>April 1986: Joined Mitsubishi Corporation</p> <p>May 2013: General Manager of Power Systems International Dept., New Energy &amp; Power Generation Division of Mitsubishi Corporation</p> <p>April 2014: President of Mitsubishi Corporation do Brasil S.A., Sao Paulo (Concurrently) Deputy Regional CEO of Latin America and the Caribbean of Mitsubishi Corporation</p> <p>April 2017: Senior Vice President of Mitsubishi Corporation, Regional CEO of Latin America and the Caribbean, Sao Paulo (Concurrently) President of Mitsubishi Corporation do Brasil S.A.</p> <p>April 2018: Senior Vice President, Regional CEO of Latin America and the Caribbean of Mitsubishi Corporation (Concurrently) President of Mitsubishi Corporation do Brasil S.A.</p> <p>April 2019: Executive Vice President, Group CEO of Industrial Infrastructure Group of Mitsubishi Corporation (current position)</p> <p>June 2019: Director of the Company (current position)</p>	common shares: 0
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Aiichiro Matsunaga has, after joining Mitsubishi Corporation, served as General Manager of Power Systems International Dept., New Energy &amp; Power Generation Division of Mitsubishi Corporation, and President of Mitsubishi Corporation do Brasil S.A., thus he is versed in a range of business areas including infrastructure, power generation and new energy. Currently, he also serves as Executive Vice President, Group CEO of Industrial Infrastructure Group of Mitsubishi Corporation. The Company has determined that by leveraging his experience and knowledge in global management in general, 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
6	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>	common shares: 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 in the energy field nurtured through his assignment as Executive Director of the International Energy Agency, and his knowledge in global scale, and the Company therefore has 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
7	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 Kanto Electrical Safety Services Foundation (current position)</p> <p>May 2018: President of The Institute of Electrical Engineers of Japan (IEEEJ)</p> <p>June 2018: Director, Audit and Supervisory Committee Member of the Company</p> <p>June 2019: Director of the Company (current position)</p>	common shares: 16,364
<p>&lt;Reason for the nomination&gt;</p> <p>Mr. Hiroshi Yamaguchi has a wealth of knowledge in the energy industry and experience of having served as Director, Representative Executive Vice President and General Manager of Electric Power Distribution Division of Tokyo Electric Power Company, and a track record as an Outside Audit and Supervisory Committee Member of the Company. He has utilized his extensive knowledge and experience to appropriately perform his duties as an Outside Director, so the Company has renominated him as a candidate for Outside Director.</p>			

- (Notes)
1. No conflict of interest exists between the Company and the above candidates. Moving forward, the Company will carefully handle instances individual transactions, when such conflicts may be.
  2. Number of shares of the Company held by each candidate includes ownership interest held through the Directors Holding Association (less than one share being rounded down).
  - 3 The company has registered Mr. Nobuo Tanaka as an independent officer based on the provisions stipulated by the Tokyo Stock Exchange and the Independence Standards for Outside Directors set forth by the Company (refer to page 34). The company intends to continue his designation as an independent officer when his election is approved. There is no business relationship between the Company and TEIJIN LIMITED or INNOTECH CORPORATION, where he serves as an outside audit & supervisory board member, nor with the Sasakawa Peace Foundation, where he serves as chairman.
  - 4 The company has registered Mr. Hiroshi Yamaguchi as an independent officer based on the provisions stipulated by the Tokyo Stock Exchange and the Independence Standards for Outside Directors set forth by the Company (refer to page 34). The company intends to continue his designation as an independent officer when his election is approved. There is no business relationship between the Company and Kanto Electrical Safety Services Foundation, where he serves as Chairman.
  5. Mr. Nobuo Tanaka currently serves as an Outside Director of the Company, and his term of office as Outside Director will be five years at the closing of this Ordinary General Meeting of Shareholders.
  6. Mr. Hiroshi Yamaguchi 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. Mr. Hiroshi Yamaguchi served as a Director who is an Audit and Supervisory Committee Member of the Company from June 2018 to June 2019.
  7. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded a contract with Mr. Tsunenori Kazama, Mr. Aiichiro Matsunaga, Mr. Nobuo Tanaka and Mr. Hiroshi Yamaguchi 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 their re-election is approved, the Company intends to continue this contract with them.
  8. CEO: Chief Executive Officer  
CWO: Chief Wellness Officer  
COO: Chief Operating Officer  
CSO: Chief Sustainability Officer  
CFO: Chief Financial Officer

**Proposal 3: Appointment of three 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.  
Therefore the Company proposes to elect three Directors who are Audit and Supervisory Committee Members.  
The Audit and Supervisory Committee has agreed to the submission of this proposal.  
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 who are Audit and Supervisory Committee Member (at the closing of this General Meeting of Shareholders)
1	Takahiro Kitamoto	Reelection	Full-Time Audit and Supervisory Committee Member	2 years
2	Mika Narahashi	Reelection Outside Director Independent Officer	Audit and Supervisory Committee Member	2 years
3	Hisashi Ito	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	Takahiro Kitamoto (January 3, 1959)	<p>April 1982: Joined Mitsubishi Corporation</p> <p>April 2000: Risk management Dept. of Mitsubishi Corporation</p> <p>January 2008: CFO of Mitsubishi Corporation China Co., Ltd. and CFO of Mitsubishi Corporation (Shanghai) Ltd.</p> <p>April 2011: General Manager of Administration Dept., Industrial Finance, Logistics &amp; Development Group of Mitsubishi Corporation</p> <p>October 2013: Planning Manager of Business Development and Promotion Division of JAPAN POST Co., Ltd.</p> <p>December 2014: Assistant Manager of Corporate Staff Section of Mitsubishi Corporation</p> <p>March 2015: Deputy General Manager of Mitsubishi Corporation (Taiwan) Ltd.</p> <p>May 2018: Senior Advisor of the Company</p> <p>June 2018: Director of the Company (Full-Time Audit and Supervisory Committee Member) (current position)</p>	common shares: 2,616
<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. The Company has 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 renominated 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
2	Mika Narahashi (June 3, 1972)	October 2000:	Registered as a lawyer (Tokyo Bar Association)	common shares: 0
		August 2003:	Joined Anderson Mori & Tomotsune	
		January 2007:	Joined Investment Banking Division of Deutsche Securities Inc.	
		August 2009:	Joined American Life Insurance Company (currently MetLife, Inc.) Senior Manager of Legal Affairs Department of American Life Insurance Company	
		January 2015:	Joined AIG American Home Assurance Company, Ltd. Head of Legal Affairs Office of AIG American Home Assurance Company, Ltd.	
		April 2017:	Senior Partner of TH Law Office (current position)	
		June 2018:	Director of the Company (Audit and Supervisory Committee Member) (current position)	
	<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. The Company has determined that she will contribute to the audits of management from the perspective of law, compliance and governance management, and have renominated her 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
3*	Hisashi Ito (April 8, 1959)	<p>April 1983: Joined The Mitsubishi Trust and Banking Corporation</p> <p>August 2005: General Manager, Money Market Activities Division, Mitsubishi Trust and Banking Corporation</p> <p>May 2010: General Manager, London Branch, Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2010: Executive Officer, General Manager, London Branch, Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2012: Managing Executive Officer, Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2013: Managing Director, Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2015: Senior Managing Director and CIO, Mitsubishi UFJ Trust and Banking Corporation</p> <p>June 2016: Director, Senior Managing Executive Officer and CIO</p> <p>June 2017: Representative Director, President, The Master Trust Bank of Japan, Ltd.</p> <p>April 2019: Representative Director and Chairman, Mitsubishi UFJ Trust Systems Co., Ltd. (current position)</p>	common shares: 0
<p>&lt;Reason for the nomination&gt;</p> <p>After serving as Director and Senior Managing Executive Officer of Mitsubishi UFJ Trust and Banking Corporation, Mr. Hisashi Ito has served President and Representative Director of The Master Trust Bank of Japan, Ltd., as well as Representative Director and Chairman of Mitsubishi UFJ Trust System Co., Ltd. Accordingly, the Company has determined that his experience can be used for auditing of management, and have nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee.</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, the Company will carefully handle instances of conflict in individual transactions, if such conflicts occur.
  3. Ms. Mika Narahashi and Mr. Hisashi Ito are nominees for Outside Directors who are Audit and Supervisory Committee Members.
  - 4 The company has registered Ms. Mika Narahashi as an independent officer based on the provisions stipulated by the Tokyo Stock Exchange and the Independence Standards for Outside Directors set forth by the Company (refer to page 34). The company intends to continue her designation as an independent officer when her election is approved. There is no business relationship between the Company and TH Law, where she serves as a Partner Attorney.
  - 5 The Company will register Mr. Hisashi Ito as an independent officer based on the provisions stipulated by the Tokyo Stock Exchange and the Independence Standards for Outside Directors set forth by the Company (refer to page 34). There is no business relationship between the Company and Mitsubishi UFJ Trust Systems Co., Ltd., where he serves as the Representative Director and Chairman.
  - 6 Ms. Mika Narahashi currently serves as an Outside Director of the Company, and her term of office as Outside Director will be two years at the closing of this Ordinary General Meeting of Shareholders.
  7. The Company, pursuant to Article 427, Paragraph 1 of the Companies Act, has concluded contracts with Mr. Takahiro Kitamoto and Ms. Mika Narahashi 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 their re-election is approved, the Company intends to continue this contract with them.
  8. When Mr. Hisashi Ito is elected, 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.
  9. CIO: Chief Information Officer



**Proposal 4: 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	Class and number of shares of the Company held
Jun Takeuchi (October 13, 1961)	<p>April 1989: Registered as a lawyer (Daini Tokyo Bar Association) Joined Ishii Law Office</p> <p>April 1999: Partner Attorney, Ishii Law Office (current position)</p> <p>June 2009: Auditor, HONDA TSUSHIN KOGYO CO., LTD. (current position)</p>	common shares 0
<p>&lt;Reason for the nomination&gt;</p> <p>Although Mr. Jun Takeuchi 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. Jun Takeuchi is a nominee for a Substitute Director, Outside Audit and Supervisory Committee.
  3. Mr. Jun Takeuchi meets the Independence Standards for Outside Directors (refer to page 34) set forth by the Company. There is no business relationship between the Company and Ishii Law Office, where he serves as Partner Attorney.
  4. In the event that Mr. Jun Takeuchi 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.

- (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.