

Securities Code: 4613

June 7, 2018

To Shareholders with Voting Rights

33-1 Kanzaki-cho, Amagasaki, Hyogo  
(Head office: 6-14 Imabashi 2-chome,  
Chuo-ku, Osaka)

Hiroshi Ishino

Representative Director, President  
and CEO

**Kansai Paint Co., Ltd.**

NOTICE OF CONVOCATION OF THE 154TH ORDINARY GENERAL MEETING OF  
SHAREHOLDERS

You are cordially invited to attend the 154th Ordinary General Meeting of Shareholders of Kansai Paint Co., Ltd. (“the Company”). The Meeting will be held as described below.

**If you are unable to attend on the day of the Meeting, you may exercise your voting rights in writing or via the Internet. You are therefore requested to review the following Reference Documents for the General Meeting of Shareholders and cast your vote by either method so that your vote arrives by 5 p.m. on Wednesday, June 27, 2018.**

1. **Date and Time:** 10 a.m., Thursday, June 28, 2018 (reception starts at 9 a.m.)
2. **Place:** Kansai Paint Head Office  
6- 14 Imabashi 2-chome, Chuo-ku, Osaka

3. **Agenda:**

**Matters to Be Reported:**

1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 154th Fiscal Term (from April 1, 2017 to March 31, 2018)
2. Reports of Audit on the Consolidated Financial Statements for the 154th Fiscal Term by the Independent Auditor and the Audit & Supervisory Board Members

**Proposals of Resolution:**

- First Item of Proposal:** Appropriation of Surpluses of the 154th Fiscal Term  
**Second Item of Proposal:** Election of Ten (10) Board Directors  
**Third Item of Proposal:** Election of One (1) Alternate Audit & Supervisory Board Member

**We do not give souvenirs to the shareholders who attend the General Meeting of Shareholders. Thank you for your understanding.**

- ⊙ For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on your arrival at the Meeting.
- ⊙ Regarding the documents that should be attached to this notice, “Major Business,” “Major Offices and Plants,” “Situation of Employees,” “Matters related to the Company’s Stock Acquisition Rights,” “Matters related to Independent Auditors,” and “System and Policy of the Company” of the Business Report, the Statement of Changes in Net Assets (consolidated), the Notes to the Consolidated Financial Statements, the Statement of Changes in Net Assets (non-consolidated) and the Notes to the Non-Consolidated Financial Statements are published on the Company’s website (<http://www.kansai.co.jp/finance/index.html>), and are not included in the attachments to this notice. The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Independent Auditor are published on the Company’s website shown above, in addition to the documents included in the attachments to this notice.
- ⊙ Whenever it is necessary to make amendments to matters that should be stated in the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements or the Reference Documents for the General Meeting of Shareholders, such matters after the amendment will be published on the Company’s website shown above.

# Reference Documents for the General Meeting of Shareholders

## Proposals and Information

### First Item of Proposal: Appropriation of Surpluses of the 154th Fiscal Term

The Company has a basic policy of distributing profits according to business results while taking into account the need to provide consistent and stable dividends to shareholders, and to strengthen earnings power through the enhancement of the business structure. We intend to use our internal reserves to establish a long-term stable business platform, as well as to invest in research and development and the improvement of our production and distribution system both in Japan and abroad, to achieve further growth.

Based on this policy, we propose to appropriate surpluses of the 154th Fiscal Term as follows:

Payment of year-end dividends

(1) Amount of dividend:

¥13.50 per share of the Company's common stock. Total dividends: ¥3,485,935,616

(2) Effective date of appropriation of surpluses:

June 29, 2018

## Second Item of Proposal: Election of Ten (10) Board Directors

The term of office of all ten (10) Board Directors will expire upon the close of this Meeting. We therefore propose the continued election of the current nine (9) Board Directors and the election of one (1) new Board Director in order to accomplish the goals of the current Mid-term Business Plan, as well as further to strengthen global management.

The nominees for Board Directors are as follows:

No.	Name	Current position	Number of Board of Directors' meetings attended / number held, attendance rate	
1	Hiroshi Ishino	Representative Director, President and CEO <b>Reappointment</b>	18/18	100%
2	Kunishi Mori	Representative Director, Managing Executive Officer and COO <b>Reappointment</b>	18/18	100%
3	Masaru Tanaka	Director, Managing Executive Officer <b>Reappointment</b>	18/18	100%
4	Koji Kamikado	Director, Managing Executive Officer <b>Reappointment</b>	18/18	100%
5	Hidenori Furukawa	Director, Managing Executive Officer <b>Reappointment</b>	18/18	100%
6	Jun Senoo	Director, Managing Executive Officer <b>Reappointment</b>	18/18	100%
7	Shinji Asatsuma	Director, Managing Executive Officer <b>Reappointment</b>	18/18	100%
8	Harishchandra Meghraj Bharuka	Director <b>Reappointment</b>	14/14	100%
9	Yoko Miyazaki	Outside Director <b>Outside Reappointment Independent Officer</b>	18/18	100%
10	Keiji Yoshikawa	<b>Outside New appointment Independent Officer</b>	–	–

(Note: Since Mr. Harishchandra Meghraj Bharuka assumed the post of Board Director on June 29, 2017, the number of the meetings held for him is different from that for the other Board Directors.)

### <Policy of nomination>

Upon electing Internal Board Directors of Kansai Paint, candidates are nominated based on comprehensive evaluation of their balance, experience and abilities in each of their capacities, such as production, sales, technology and administration. Upon electing Outside Board Directors, candidates are nominated from among those with management experience, and lawyers, accountants, etc. with deep knowledge, a high level of expertise and abundant experience, in accordance with Kansai Paint's independence standards.

### <Procedures of election>

Kansai Paint held a meeting of the Nominating Committee, which consists of two Outside Board Directors and two Outside Audit & Supervisory Board Members, where the details that were submitted by the Representative Director were discussed and agreed upon unanimously. It was decided to submit the details of the nomination to this Meeting in a subsequent meeting of the Board of Directors.

Nominee No. 1

**Hiroshi Ishino** (Born April 10, 1951)

Number of Company

Shares Held: 66,900

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1975    Joined Mitsubishi Corporation  
March 2003    Joined Kansai Paint  
June 2006    Director, Deputy General Manager International Div.  
June 2008    Managing Director in charge of Sales Planning Administration, General Manager Sales Management of Coatings Business Div. , General Manager International Div.  
April 2010    Senior Managing Director in charge of Sales, International and Procurement  
June 2012    Representative Director, Senior Managing Executive Officer in charge of Sales, International and Procurement  
April 2013    Representative Director, President  
April 2018    Representative Director, President and CEO (current)

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**Reason for nomination**

Mr. Hiroshi Ishino has long been in charge of overseas operations since before joining the Company, and therefore has a wealth of experience and knowledge in such operations. Since assuming the post of Representative Director and President in 2013, he has carried out an aggressive global strategy, in which he has achieved significant results. In view of his knowledge and track record, Mr. Ishino was nominated as a Board Director since he is deemed most appropriate to lead the entire Company toward further global expansion with his strong leadership, as well as to improve the Group's corporate value in his continued role as Representative Director, President and CEO (Chief Executive Officer).

(Note: There are no special conflicts of interest between Mr. Hiroshi Ishino and the Company.)

Nominee No. 2

**Kunishi Mori** (Born March 28, 1958)

Number of Company

Shares Held: 10,900

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1981    Joined Kansai Paint  
June 2010    Director, Deputy General Manager Coatings Business Div.  
June 2015    Representative Director, Managing Executive Officer in charge of Sales and International, General Manager Sales Management of Automotive Refinish, Decorative and Protective Coatings Business, General Manager Automotive Refinish, Decorative and Protective Coatings Business Div.  
April 2018    Representative Director, Senior Managing Executive Officer and COO in charge of Sales, General Manager Coatings Business Div., Decorative and Protective Coatings Business Div. (current)  
(Significant position concurrently held) Representative Director, President, Kansai Paint Sales Co., Ltd.

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**Reason for nomination**

Mr. Kunishi Mori has mainly been in charge of sales-related operations since he joined the Company. He currently supervises the operation as Representative Director, Senior Managing Executive Officer and COO, and also serves as Representative Director, President of Kansai Paint Sales Co., Ltd., a Kansai Paint Group company, where he has successfully promoted sales strategies in Japan. In view of his knowledge and track record, Mr. Mori was nominated as a Board Director since he is deemed most appropriate to promote aggressive business expansion and strengthening of competitiveness and thereby improve the market share and profitability of the Company in his continued role as Representative Director, Senior Managing Executive Officer and COO (Chief Operating Officer).

(Note: There are no special conflicts of interest between Mr. Kunishi Mori and the Company.)

Nominee No. 3

**Masaru Tanaka** (Born November 29, 1956)

Number of Company

Shares Held: 18,300

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1981    Joined Kansai Paint  
June 2010    Director, General Manager Technical Management of Automotive OEM and Industrial Coatings Div.  
June 2013    Director, Managing Executive Officer, General Manager Technical Management of Automotive OEM and Industrial Coatings Business Div.  
April 2017    Director, Managing Executive Officer in charge of Production, General Manager Corporate Production Div.  
April 2018    Director, Managing Executive Officer in charge of Production (current)  
(Significant position concurrently held) Director, Kansai Nerolac Paints Ltd.

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**Reason for nomination**

Mr. Masaru Tanaka has mainly been engaged in R&D operations since he joined the Company, and has a wealth of experience and knowledge in the Company's technologies and products. He is currently in charge of overall production, and has successfully reviewed production operations based on his technical knowledge. In view of his knowledge and track record, Mr. Tanaka was nominated as a Board Director since he is deemed most appropriate to continuously improve the production capacity and efficiency of production operations.

(Note: There are no special conflicts of interest between Mr. Masaru Tanaka and the Company.)

Nominee No. 4

**Koji Kamikado** (Born July 3, 1957)

Number of Company

Shares Held: 14,000

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1980    Joined Kansai Paint  
June 2011    Director, Executive Officer, General Manager Technical Management of Basic Research, R&D Div.  
June 2013    Director, Managing Executive Officer, General Manager R&D Div.  
April 2015    Director, Managing Executive Officer in charge of Procurement  
April 2017    Director, Managing Executive Officer in charge of Technology Strategy & Administration, General Manager Global Procurement Div., General Manager Corporate Procurement Div. (current)  
April 2018    Director, Managing Executive Officer in charge of Technology Strategy & Administration, Procurement (current)

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**Reason for nomination**

Mr. Koji Kamikado has mainly been engaged in R&D operations since he joined the Company, and has a wealth of experience and knowledge in the Company's technologies and products. He is currently in charge of technical planning and overall procurement and has successfully procured materials globally and reduced total costs. In view of his knowledge and track record, Mr. Kamikado was nominated as a Board Director since he is deemed most appropriate to continuously promote the further globalization of materials Procurement and reduce total costs in order to improve the Company's business results.

(Note: There are no special conflicts of interest between Mr. Koji Kamikado and the Company.)

Nominee No. 5

**Hidenori Furukawa** (Born September 4, 1958) Number of Company Shares Held: 12,800 **Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1983    Joined Kansai Paint  
June 2011    Executive Officer, Deputy General Manager Production Div.  
June 2013    Director, Managing Executive Officer, General Manager Production Div.  
April 2017    Director, Managing Executive Officer in charge of Technology, Quality & Environment, General Manager Coatings Business Div., General Manager Product Planning Dept., General Manager Corporate Technical Div.  
April 2018    Director, Managing Executive Officer in charge of Technology, Quality & Environment, Deputy General Manager of Coatings Business Div. (current)  
(Significant position concurrently held) Director, Kansai Nerolac Paints Ltd.

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**Reason for nomination**

Mr. Hidenori Furukawa has mainly been engaged in technical and production operations since he joined the Company, and has a wealth of experience and knowledge in the Company's technologies, production operations and products. He is currently in charge of overall technology and quality & environment based on his knowledge, and has achieved results in addressing the needs of the market. In view of his knowledge and track record, Mr. Furukawa was nominated as a Board Director since he is deemed most appropriate to further strengthen the Company's competitiveness by continuously optimizing costs and quality.  
(Note: There are no special conflicts of interest between Mr. Hidenori Furukawa and the Company.)

Nominee No. 6

**Jun Senoo** (Born April 14, 1959) Number of Company Shares Held: 13,780 **Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1983    Joined Kansai Paint  
June 2011    Executive Officer, General Manager Supply Chain Management Center  
April 2013    Executive Officer, General Manager Corporate Planning Office, Deputy General Manager Administration Div.  
June 2015    Director, Managing Executive Officer, General Manager Administration Div., General Manager Corporate Planning Office  
April 2017    Director, Managing Executive Officer, General Manager Corporate Planning Div., General Manager Corporate Management & HR Div., General Manager Corporate Business Development Div.  
April 2018    Director, Managing Executive Officer, General Manager Corporate Business Development Div. (current)  
(Significant position concurrently held) Director, Kansai Helios Coatings GmbH

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**Reason for nomination**

Mr. Jun Senoo has been engaged in operations of various fields such as administration, sales and production since he joined the Company, and has a wealth of experience and knowledge in the overall operations of the Company. He currently serves as General Manager Corporate Business Div., where he has successfully responded to rapid globalization strategies. In view of his knowledge and track record, Mr. Senoo was nominated as a Board Director since he is deemed most appropriate to continue to further accelerate globalization to expand the Company's business.  
(Note: There are no special conflicts of interest between Mr. Jun Senoo and the Company.)

Nominee No. 7

**Shinji Asatsuma** (Born February 2, 1961)

Number of Company

Shares Held: 6,600

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1984    Joined Kansai Paint  
April 2012    Executive Officer, General Manager Corporate Planning Office  
April 2015    Managing Executive Officer, General Manager International Div.  
June 2016    Director, Managing Executive Officer, General Manager Administration Div.  
April 2017    Director, Managing Executive Officer, General Manager Administration Div., General Manager Corporate Administration Div.  
April 2018    Director, Managing Executive Officer in charge of Management, Corporate Planning, Human Resources Planning, General Manager Administration Div. (current)

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**Reason for nomination**

Mr. Shinji Asatsuma has mainly been engaged in administrative operations since he joined the Company, and has a wealth of experience and knowledge in finance and accounting. He has been involved in the formulation and implementation of the medium-term management plan as General Manager Corporate Planning Office, as well as in the successful promotion of the Company's globalization as General Manager International Div. He currently serves as General Manager Administration Div.. In view of his knowledge and track record, Mr. Asatsuma was nominated as a Board Director since he is deemed most appropriate to continue to further promote globalization and enhance the corporate governance of the Company.

(Note: There are no special conflicts of interest between Mr. Shinji Asatsuma and the Company.)

Nominee No. 8

**Harishchandra**

**Meghraj Bharuka** (Born June 22, 1960)

Number of Company

Shares Held: N/A

**Reappointment**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

October 1985    Joined Goodlass Nerolac Paints Ltd. (currently Kansai Nerolac Paints Ltd.)  
July 1997    Director, General Manager Procurement Div., General Manager Powder Coatings Business Div.  
April 1999    Director, Executive Vice President  
April 2001    Director, President (current)  
June 2017    Director of Kansai Paint (current)  
(Significant position concurrently held) Director, President, Kansai Nerolac Paints Ltd.

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**Reason for nomination**

Mr. Harishchandra Meghraj Bharuka is Director, President of our Indian group company Kansai Nerolac Paints Ltd. Kansai Nerolac Paints has significantly contributed to the Company's business results as our largest subsidiary, as well as establishing a solid business base in India. Mr. Bharuka has been involved in multi-faceted reviews from a global perspective upon the Group's overseas business expansion as a Global Steering Committee member and now serves as a Board Director of the Company. In view of his knowledge and track record, and from the perspective of the diversity of the Company, Mr. Bharuka was nominated as a Board Director since he is deemed most appropriate to continue to contribute to further expansion of the Company's business results as well as to the management of the entire Kansai Paint Group from a global perspective.

(Note: Kansai Nerolac Paints Ltd., of which nominee Mr. Harishchandra Meghraj Bharuka is Director and President, is engaged in similar business to the Company. The Company sells paints to Kansai Nerolac Paints on a continuous basis.)



Nominee No. 9

**Yoko Miyazaki** (Born February 11, 1955)

Number of Company  
Shares Held: N/A

**Outside; Reappointment  
Independent Officer**

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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

April 1982	Registered as a lawyer (Osaka Bar Association)
June 2005	Outside Audit & Supervisory Board Member of Kansai Paint (retired June 2015)
June 2015	Outside Director (current) (Significant position concurrently held) Lawyer

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**Reason for nomination as Outside Board Director and term of office**

Ms. Yoko Miyazaki has monitored our business from a legal perspective based on the advanced knowledge and experience she has gained as a lawyer in order to secure sound management and enhance corporate governance, as well as monitoring the Company's management from a fair and neutral position. In view of her knowledge and track record, Ms. Miyazaki was nominated as an Outside Board Director, since she is deemed most appropriate to continue to enhance the corporate governance of the Company.

Ms. Miyazaki's term of office as an Outside Board Director will be three years at the conclusion of this Meeting. Her term of office as an Outside Audit & Supervisory Board Member, her previous position, was 10 years, resulting in a total of 13 years in office.

**The reason for determining that the nominee can properly execute the duties as an Outside Board Director**

Ms. Yoko Miyazaki does not have experience dealing directly with corporate management, but it is believed that her professional knowledge and experience as a lawyer and considerable insights into guiding corporate management will enable her to fulfill the duties of an Outside Board Director.

**Independence as an Outside Board Director nominee**

There are no special conflicts of interest between the law firm to which Ms. Miyazaki belongs and the Company, nor are there any factors in particular that would affect her independence. Furthermore, Ms. Miyazaki fulfills the "Standards concerning the Independence of Outside Board Directors and Outside Audit & Supervisory Board Members" stipulated by the Company and stated on page 12.

The Company has designated Ms. Miyazaki as an independent officer pursuant to the provisions of the Tokyo Stock Exchange, and registered her as such at the Exchange.

**Limited liability agreement with the Outside Board Director nominee**

The Company has concluded a limited liability agreement with Ms. Miyazaki. The outline of the agreement is as stated in the Business Report (page 28). Furthermore, in the event that Ms. Miyazaki is elected and appointed, the Company plans to renew said agreement with Ms. Miyazaki.

(Note: Ms. Yoko Miyazaki is a nominee for Outside Board Director. There are no special conflicts of interest between her and the Company.)

<p>Nominee No. 10  <b>Keiji Yoshikawa</b> (Born July 6, 1950)</p>	<p>Number of Company          Shares Held: N/A</p>	<p><b>Outside; New          appointment          Independent Officer</b></p>
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**Brief Personal History and Position/Responsibilities in the Company (Significant Positions Concurrently Held)**

<p>April 1973          June 2004          June 2008          February 2012          April 2012          June 2015</p>	<p>Joined Nippon Sheet Glass Co., Ltd          Corporate Officer, Head of Information Electronics Company Information Communications Device SBU, Sagami-hara Plant Manager, Nippon Sheet Glass Co., Ltd          Executive Officer, Head of Functional Glass SBU, Nippon Sheet Glass Co., Ltd          Representative Executive Officer, Executive Vice President and CPMO (Chief Project Management Officer), Nippon Sheet Glass Co., Ltd          Representative Executive Officer, President and CEO, Nippon Sheet Glass Co., Ltd          Advisor, Nippon Sheet Glass Co., Ltd (retired June 2017)</p>
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**Reason for nomination as Outside Board Director**

Mr. Keiji Yoshikawa has long experience in the manufacturing industry and deep insight as a manager as well as a wealth of experience and knowledge on corporate governance in foreign countries. Mr. Yoshikawa was nominated as an Outside Board Director since he is deemed most appropriate to reflect his insight into the management and monitor the Company's management from a fair and neutral position.

Mr. Yoshikawa is a new nominee.

**Independence as Outside Board Director nominee**

Mr. Keiji Yoshikawa had served as Advisor for Nippon Sheet Glass Co., Ltd, a client of Kansai Paint, but retired in June 2017. Since the amount of business with said client during the last fiscal year was very small, at less than 0.05% of the Company's consolidated net sales and less than 0.05% of said client's consolidated net sales, there is no risk of conflict of interest with general shareholders, and his independence will not be affected. Furthermore, Mr. Yoshikawa fulfills the "Standards concerning the Independence of Outside Board Directors and Outside Audit & Supervisory Board Members" stipulated by the Company and stated on page 12.

Subject to the approval of this Proposal, the Company has designated Mr. Yoshikawa as an independent officer pursuant to the provisions of the Tokyo Stock Exchange, and registered him as such at the Exchange.

**Limited liability agreement with the Outside Board Director nominee**

In the event that Mr. Keiji Yoshikawa is elected and appointed, the Company plans to conclude a limited liability agreement with Mr. Yoshikawa that sets out his liability for failure to perform his duties in the amount prescribed by laws and ordinances, pursuant to the provisions of Article 427, Paragraph 1, of the Companies Act.

(Note: Mr. Keiji Yoshikawa is a nominee for Outside Board Director. There are no special conflicts of interest between him and the Company.)

### **Third Item of Proposal: Election of One (1) Alternate Audit & Supervisory Board Member**

The effect of the election of the Alternate Audit & Supervisory Board Member, Ms. Hiroe Nakai, who was elected at the 153rd Ordinary General Meeting of Shareholders held on June 29, 2017, will expire upon the opening of this Meeting. We therefore propose the election of one (1) Alternate Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its prior accord to this Third Item of Proposal.

The nominee for the Alternate Audit & Supervisory Board Member is as follows:

<b>Hiroe Nakai</b> (Born May 20, 1961)	Number of Company Shares Held: N/A	<b>Outsider</b>
<b>Brief Personal History and Position in the Company (Significant Positions Concurrently Held)</b>		
April 1988	Registered as a lawyer (Osaka Bar Association)	
August 2016	Outside Audit & Supervisory Board Member of Kansai Paint	
June 2017	Retired from Outside Audit & Supervisory Board Member of Kansai Paint (Significant position concurrently held) Lawyer	

#### **Reason for nomination as an Alternate Outside Audit & Supervisory Board Member and term of office**

Ms. Hiroe Nakai has monitored our business from a legal perspective based on the advanced knowledge and experience she has gained as a lawyer in order to secure sound management and enhance corporate governance, as well as monitoring the Company's management from a fair and neutral position, from August 2016 to June 2017. In view of her knowledge and track record, Ms. Nakai was nominated as an Alternate Outside Audit & Supervisory Board Member since she is deemed most appropriate to enhance the corporate governance of the Company.

Ms. Nakai's term of office as an Alternate Outside Audit & Supervisory Board Member was the above-mentioned period of 10 months.

#### **Attendance of the meetings of the Board of Directors and the Audit & Supervisory Board (when she served as an Audit & Supervisory Board Member of the Company in Fiscal 2017)**

Board of Directors' meetings: 4 out of 4 (100%); Audit & Supervisory Board's meetings: 3 out of 3 (100%)

\* Ms. Hiroe Nakai retired from Audit & Supervisory Board Member as her term of office expired at the conclusion of the 153rd Ordinary General Meeting of Shareholders held on June 29, 2017. She was elected as an Alternate Audit & Supervisory Board Member at the same meeting.

#### **The reason for determining that the nominee can properly execute her duties as an Outside Audit & Supervisory Board Member**

Ms. Hiroe Nakai does not have experience dealing directly with corporate management, but it is believed that her professional knowledge and experience as a lawyer and adequate insights into guiding corporate management will enable her to fulfill the duties of an Outside Audit & Supervisory Board Member.

#### **Independence as an Outside Audit & Supervisory Board Member nominee**

Ms. Hiroe Nakai fulfills the "Standards concerning the Independence of Outside Board Directors and Outside Audit & Supervisory Board Members" stipulated by the Company and stated on page 12. Furthermore, there are no special conflicts of interest between the law firm to which Ms. Nakai belongs and the Company. In the event that Ms. Nakai is appointed as an Outside Audit & Supervisory Board Member, we intend to designate her as an independent officer pursuant to the provisions of the Tokyo Stock Exchange, and notify the Exchange of her appointment.

#### **Limited liability agreement with the Outside Audit & Supervisory Board Member nominee**

In the event that Ms. Hiroe Nakai is appointed as an Outside Audit & Supervisory Board Member, the Company plans to conclude a limited liability agreement with Ms. Nakai that sets out her liability for failure to perform her duties in the amount prescribed by laws and ordinances, pursuant to the provisions of Article 427, Paragraph 1, of the Companies Act.

(Notes: 1. Ms. Hiroe Nakai's name on her family register is Hiroe Asami.

2. Ms. Hiroe Nakai is a nominee for an Alternate Outside Audit & Supervisory Board Member. There are no special conflicts of interest between her and the Company.)

<Reference> **Standards concerning the Independence of Outside Board Directors and Outside Audit & Supervisory Board Members**

Article 1 These regulations set out the standards concerning independence for appointing Outside Board Directors and Outside Audit & Supervisory Board Members (hereinafter collectively referred to as “Outside Officers”) at the Company.

Article 2 Outside Officers of the Company must not fall under any of the following descriptions:

- (1) A board director (excluding outside board directors of the Company or its consolidated subsidiary), executive director, audit & supervisory board member (excluding outside audit & supervisory board members of the Company or its consolidated subsidiary), executive officer, accounting advisor (in the case where said accounting advisor is a corporation, including corporate employees required to perform work for the corporation), manager or other employee of the Company or its consolidated subsidiary
- (2) An individual for whom the Company or its consolidated subsidiary is a major business partner or who serves as an executive in an entity for which the Company is a major business partner
- (3) An individual who is a major business partner of the Company or its consolidated subsidiary or who serves as an executive in an entity that is a major business partner of the Company
- (4) A major shareholder of the Company (in the case where said major shareholder is a corporation, an individual who serves as an executive in said corporation)
- (5) An individual who receives a large amount of donations from the Company or its consolidated subsidiary (in the case where said individual who receives a large amount of donations is a corporation, an individual who serves as an executive in said corporation)
- (6) A consultant, accounting expert or law expert who receives a large amount of cash or other assets from the Company or its consolidated subsidiary in addition to the officer’s remuneration (in the case where the individual who receives said assets is an entity such as a corporation or a union, an individual who belongs to said entity)
- (7) An individual to whom any of the items numbered (1) to (5) above has applied in the past
- (8) An individual to whom item (6) above has applied within the last three years
- (9) A relative within the second degree of kinship or spouse of an individual described in any of the items numbered (1) to (8) above (applies only to important individuals)

Article 3 Outside Officers of the Company shall not be subject to any circumstances in addition to those stipulated in the previous Article that might potentially cause a substantial conflict of interest with general shareholders of the Company.

Article 4 Outside Officers of the Company shall endeavor to maintain their independence as prescribed in these regulations. Outside Officers shall notify the Company immediately if these regulations have been violated and there is a risk that they no longer qualify as independent.

Notes:

Article 1 The contents of these standards are pursuant to the Companies Act and the Enforcement Rules for Securities Listing Regulations of the Tokyo Stock Exchange.

Article 2

- (2) “Individual for whom the Company or its consolidated subsidiary is a major business partner” denotes a business partner whose sales as a consolidated group to the Company’s consolidated group account for more than 2% of the consolidated net sales of the business partner for the most recent fiscal year.
- (3) “Major business partner” denotes a business partner for whom the sales of the Company’s consolidated group to the consolidated group account for more than 2% of the Company’s consolidated net sales for the most recent fiscal year.
- (4) “Major shareholder” denotes an individual who directly or indirectly owns 10% or more of the total voting rights.
- (5) “Large amount” denotes the receiving of assets that exceed the larger of ¥10 million or 2% of sales of the individual in the most recent fiscal year.
- (6) “Large amount” denotes the receiving of assets that exceed the larger of ¥10 million or more or 2% of sales of the individual in the most recent fiscal year.
- (9) “Important” denotes the officer class or equivalent of each business partner.