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(Securities code: 4028)

June 7, 2019

To Those Shareholders with Voting Rights

Kenichi Tanaka  
Executive Director, President  
ISHIHARA SANGYO KAISHA, LTD.  
3-15, Edobori 1-chome, Nishi-ku, Osaka

## **NOTICE OF THE 96th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Firstly, we would like to extend our sincere thanks for your ongoing support.

You are cordially invited to attend the 96th Ordinary General Meeting of Shareholders to be held as follows.

**If you are unable to attend the meeting, please exercise your voting rights in writing or via the Internet, etc., by 5:30 p.m. on Wednesday, June 26, 2019, after reading the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS.**

- 1. Date and Time:** 10:00 a.m., Thursday, June 27, 2019 (Reception opens: 9:00 a.m.)
- 2. Venue:** Hall on the 5th floor of Shin-Ishihara Building, Head Office at 3-15, Edobori 1-chome, Nishi-ku, Osaka  
(Shin Ishihara Building: Please use Exit 5-B of Higobashi Station, Osaka Metro Yotsubashi Line.)

### **3. Objectives of the Meeting**

#### **Reports:**

1. The Business Report, the Consolidated Financial Statements for the 96th Fiscal Term (from April 1, 2018 to March 31, 2019), and the Audit Reports thereof prepared by the accounting auditors and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 96th Fiscal Term (from April 1, 2018 to March 31, 2019)

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#### **Matters to Be Resolved**

**Proposal No. 1:** Appropriation of Surplus

**Proposal No. 2:** Election of Five (5) Directors

**Proposal No. 3:** Election of Four (4) Audit & Supervisory Board Members

**Proposal No. 4:** Election of One (1) Substitute Audit & Supervisory Board Member

## REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and References

#### Proposal No. 1

### Appropriation of Surplus

One of the most important management policies of the Company is to return profits to our shareholders by improving its corporate value. Our basic principle for dividend distribution is to implement stable dividend distribution according to our business performance, taking into comprehensive consideration the business trends, financial condition, and the need for enhancing internal reserve to reinforce our management foundation and business expansion in the future. Unfortunately, however, the Company has suspended payment of dividends since the fiscal year ended March 2005. We sincerely apologize for the inconvenience that this suspension has caused you, our shareholders.

As a result of company-wide efforts to recover our business performance, upon comprehensive examination of the above policy, business results for the fiscal year ended March 2019, and the financial forecasts for the future, we have decided to resume payment of dividends from this fiscal year as follows:

1. Type of dividend property  
Cash
2. Matters concerning the allocation of dividend property to shareholders and the total amount thereof  
12 yen per share of common stock of the Company  
Total: 479,585,880 yen
3. Date on which the dividend of surplus takes effect  
June 28, 2019

## Election of Five (5) Directors

The terms of office of four (4) directors, Teruaki Matsue, Norihiro Kato, Noriyuki Yonemura, and Hiroshi Katsumata, will expire at the conclusion of this general meeting of shareholders. Michiyoshi Arata will leave the office due to resignation.

We therefore propose that five (5) new directors be elected.

The candidates for directors are as follows:

Candidate No.	Full name	Posts and responsibilities held at the Company	Attendance at Board of Directors meetings
1	Teruaki Matsue Reappointment	Director, Managing Executive Officer Director of Corporate Administration & Planning Headquarters	100% (18 times / 18 meetings)
2	Yasunobu Kawazoe New	Managing Executive Officer Director of Finance & Accounting Headquarters	–% (– times / – meetings)
3	Hideo Takahashi New	Managing Executive Officer Director of R&D Strategy Headquarters	–% (– times / – meetings)
4	Hiroshi Katsumata Reappointment	Director (Outside Director)	100% (18 times / 18 meetings)
5	Tatsuo Hanazawa New	–	–% (– times / – meetings)

**Reappointment**

Candidate for reappointment

**New**

Candidate for new Director

(Notes)

- The posts and responsibilities held at the Company of the above candidates for directors are as of before this General Meeting of Shareholders.
- Nomination of the candidates for Directors is decided at the Board of Directors after consulting the Personnel Committee, consisting of independent Outside Directors and Outside Audit & Supervisory Board Members. The Board of Directors nominate the persons who are deemed appropriate as candidates for directors after comprehensive examination of their personalities, knowledge, abilities, etc. based on the perspective of prompt and proper decision making.

Candidate No.

**1**      **Teruaki Matsue**      (Born on December 26, 1955)      **Reappointment**

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 8,500 shares	April 1979	Joined the Company
<b>Term of office as Director</b> 2 years (at the conclusion of this General Meeting of Shareholders)	September 2012	Executive Officer, and Acting Director of Battery Materials Business Development Headquarters
<b>Attendance at Board of Directors meetings</b> 18 times / 18 meetings (100%)	June 2015	Executive Officer, and Director of Battery Materials Business Development Headquarters
	October 2015	Executive Officer, and Director of Legal & IP Headquarters
	June 2016	Managing Executive Officer, and Director of Legal & IP Headquarters
	June 2017	Director, Managing Executive Officer, and Director of Legal & IP Headquarters
	June 2018	Director, Managing Executive Officer, and Director of Corporate Administration & Planning Headquarters (to date)

◆ Reason for nomination as a candidate for Director

Mr. Teruaki Matsue has been engaged in the sales, administration and legal departments, and has properly made decisions and conducted supervision on important business performance and management based on his abundant experience and achievements. We expect that Mr. Matsue will contribute to improving the corporate value of the Group by utilizing his experience and knowledge for the Board of Directors in planning and examining, or supervising the execution of, management strategies. This resulted in our decision to re-appoint him as a candidate for our Director.

(Note) No special-interest relationships exist between the Company and Mr. Teruaki Matsue.

Candidate No.

**2**

**Yasunobu Kawazoe** (Born on August 5, 1958)

New

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 4,600 shares	April 1982	Joined Long-Term Credit Bank of Japan, Limited (currently Shinsei Bank, Limited)
<b>Term of office as Director</b> -	April 2012	Executive Officer, General Manager of Institutional Credit Management Division, Shinsei Bank, Limited
<b>Attendance at Board of Directors meetings</b> - times / - meetings (-%)	April 2015	Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group, Shinsei Bank, Limited
	April 2016	Managing Executive Officer, Head of Credit Risk Management, Shinsei Bank, Limited
	December 2016	Retired from Shinsei Bank, Limited
	January 2017	Advisor to Ishihara Sangyo Kaisha, Ltd.
	June 2017	Managing Executive Officer, and Director of Finance & Accounting Headquarters (to date)

◆ Reason for nomination as a candidate for Director

Mr. Yasunobu Kawazoe has properly performed his duties by making effective use of his abundant experience and expertise related to finance and accounting that he had cultivated at a financial institution. This resulted in our decision to appoint him as an appropriate candidate for our new Director.

(Note) No special-interest relationships exist between the Company and Mr. Yasunobu Kawazoe.

Candidate No.

**3**

**Hideo Takahashi**

(Born on December 4, 1956)

New

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 6,600 shares	April 1980	Joined the Company
<b>Term of office as Director</b> -	June 2013	Executive Office, and Deputy Director of R&D Strategy Headquarters
<b>Attendance at Board of Directors meetings</b> - times / - meetings (-%)	June 2014	Executive Office, and Acting Director of R&D Strategy Headquarters
	June 2015	Executive Officer, and Director of R&D Strategy Headquarters
	October 2015	Executive Officer, Director of R&D Strategy Headquarters and Battery & Power Generation Materials Development Promotion Headquarters
	June 2018	Managing Executive Officer, and Director of R&D Strategy Headquarters (to date)

◆ Reason for nomination as a candidate for Director

Mr. Hideo Takahashi has been engaged in research, product development, sales, etc. mainly in the inorganic chemicals department, and has properly performed his duties based on his extensive knowledge and experience of business. This resulted in our decisions to appoint him as an appropriate candidate for our new Director.

(Note) No special-interest relationships exist between the Company and Mr. Hideo Takahashi.

Candidate No.

**4**

**Hiroshi Katsumata**

(Born on April 1, 1952)

**Reappointment**

Candidate for Outside Director

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 1,300 shares	April 1977	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
<b>Term of office as Outside Director</b> 2 years (at the conclusion of this General Meeting of Shareholders)	February 1995	General Manager of Natural Resources Department, Chubu Bureau of Trade and Industry
<b>Attendance at Board of Directors meetings</b> 18 times / 18 meetings (100%)	June 1997	Deputy Director-General of Planning Department, New Energy and Industrial Technology Development Organization
	July 1999	Manager of Environmental Research and Technology Division, Planning and Coordination Bureau, Environment Agency (currently Ministry of the Environment)
	December 2000	Manager of Vienna Center, Japan External Trade Organization
	June 2003	Managing Director, Plastic Waste Management Institute
	June 2006	Executive Officer, and Deputy General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2009	Senior Executive Officer, and Deputy General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2011	Senior Executive Officer, and General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2012	Managing Director, and General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2014	Senior Managing Director, and General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2015	Director Senior Managing Executive Officer, and General Manager of Technological Affairs Division, Taiyo Nippon Sanso Corporation
	June 2017	Director, TM Air Co., Ltd.
	June 2017	Outside Director of the Company (to date)
	June 2018	Advisor to TM Air Co., Ltd. (to date)

**Major other offices concurrently held**

Advisor to TM Air Co., Ltd.

◆ Reason for nomination as a candidate for Outside Director

Mr. Hiroshi Katsumata, currently serving as Outside Director of the Company, has diverse experience in public administration, as well as extensive experience and insight as a company manager of an industrial gas business operator. The expectation that his external perspective from an objective and neutral standpoint would be utilized to serve in the management of the Company resulted in our decision to re-appoint him as a candidate for our Outside Director.

(Note) 1. No special-interest relationships exist between the Company and Mr. Hiroshi Katsumata.

2. Mr. Hiroshi Katsumata is a candidate for Outside Director.

3. Pursuant to Article 427 (1) of the Companies Act, the articles of incorporation stipulate that the Company may enter into an agreement with an Outside Director that sets a limit on the liability for damages under Article 423 (1) of the Companies Act. The Company has entered into an agreement with limitation of liability (the larger of an amount determined in advance or an amount ordered by decree, either of which shall be equal to or more than 10 million yen) with Mr. Hiroshi Katsumata, and will conclude a similar agreement upon his re-election at this General Meeting of Shareholders.

4. Mr. Hiroshi Katsumata has been notified of as an Independent Officer as required by the Tokyo Stock Exchange. If elected at this General Meeting of Shareholders, he will continue to serve as an Independent Officer.

Candidate No.

**5**

**Tatsuo Hanazawa**

(Born on April 30, 1951)

New

Candidate for Outside Director

A brief summary of his career, posts and responsibilities held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 0 shares	April 1975	Joined Ministry of Agriculture and Forestry (currently Ministry of Agriculture, Forestry and Fisheries)
<b>Term of office as Director</b> -	August 1990	Research Administrator of Administration Division, Food and Marketing Bureau
<b>Attendance at Board of Directors meetings</b> - times / - meetings (-%)	May 1992	Counselor, Embassy of Japan in People's Republic of China
	July 1995	Councilor, Cabinet Councilors' Office in Internal Affairs, Cabinet Secretariat
	July 1997	Manager of Mountainous and Snowy Regions Development Division, National Land Agency
	July 1999	Manager of Upland Crop Division, Agricultural Production Bureau
	April 2000	Deputy Director-General of Hokuriku Regional Agricultural Administration Office
	July 2001	Director-General of Kinki Chugoku Regional Forest Office
	July 2002	Assistant Vice-Minister, Minister's Secretariat and Land and Water Bureau, Ministry of Land, Infrastructure, Transport and Tourism
	January 2004	Director of Selection and Evaluation Committee, Bio-Oriented Technology Research Advancement Institution, National Agriculture and Food Research Organization
	October 2005	Executive Director of Japan Food Industry Center (currently Japan Food Industry Association)
	April 2006	Executive Director of Japan Food Industry Center and Japan Food Safety Management System Assessment & Registration Senior Manager
	April 2013	Executive Director of Japan Food Industry Association

◆ Reason for nomination as a candidate for Outside Director

Mr. Tatsuo Hanazawa has diverse experience and knowledge of public administration, especially of agricultural policies both inside and outside Japan. The expectation that his external perspective from an objective and neutral standpoint would be utilized to serve in the management of the Company resulted in our decision to appoint him as a candidate for our Outside Director.

(Note) 1. No special-interest relationships exist between the Company and Mr. Tatsuo Hanazawa.

2. Mr. Tatsuo Hanazawa is a candidate for Outside Director.

3. Pursuant to Article 427 (1) of the Companies Act, the articles of incorporation stipulate that the Company may enter into an agreement with an Outside Director that sets a limit on the liability for damages under Article 423 (1) of the Companies Act. The Company will enter into an agreement with limitation of liability (the larger of an amount determined in advance or an amount ordered by decree, either of which shall be equal to or more than 10 million yen) with Mr. Tatsuo Hanazawa upon his election at this General Meeting of Shareholders.

4. Upon the election of Mr. Tatsuo Hanazawa at this General Meeting of Shareholders, the Company will appoint him as an Independent Officer as required by the Tokyo Stock Exchange and notify the TSE of his election.



## Election of Four (4) Audit & Supervisory Board Members

The terms of office of all of the three (3) Audit & Supervisory Board Members will expire at the conclusion of this general meeting of shareholders.

We propose that the number of Audit & Supervisory Board Members be increased by one to enhance and improve our audit structure, and therefore four (4) new Audit & Supervisory Board Members be elected.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidates for Audit & Supervisory Board Members are as follows:

Candidate No.	Full name	Posts and responsibilities held at the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
1	Taizo Kato Reappointment	Audit & Supervisory Board Member	100% (18 times / 18 meetings)	100% (15 times / 15 meetings)
2	Michiyoshi Arata New	Director, Senior Managing Executive Officer Director of Corporate Administration & Planning and Legal & IP	100% (18 times / 18 meetings)	–
3	Yoshitaka Akikuni Reappointment	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	100% (18 times / 18 meetings)	100% (15 times / 15 meetings)
4	Masaaki Harima Reappointment	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	100% (18 times / 18 meetings)	100% (15 times / 15 meetings)

**Reappointment** Candidate for reappointment

**New** Candidate for new Audit & Supervisory Board Member

(Notes) 1. The posts and responsibilities held at the Company of the above candidates for Audit & Supervisory Board Members are as of before this General Meeting of Shareholders.

2. Nomination of the candidates for Audit & Supervisory Board Members is decided at the Board of Directors after consulting the Personnel Committee, consisting of Independent Outside Directors and Outside Audit & Supervisory Board Members.

The Board of Directors nominate the persons who are deemed appropriate as candidates for Audit & Supervisory Board Members after comprehensive examination of their personalities, knowledge, abilities, etc. based on the perspective of prompt and proper decision making.

Candidate No.

**1 Taizo Kato** (Born on May 24, 1955)

**Reappointment**

A brief summary of his career and posts held, and other major offices concurrently held

**Number of the Company's shares held**  
7,600 shares

**Term of office as Audit & Supervisory Board Member**

3 years (at the conclusion of this General Meeting of Shareholders)

**Attendance at Board of Directors meetings**

18 times / 18 meetings (100%)

**Attendance at Audit & Supervisory Board meetings**  
15 times / 15 meetings (100%)

April 1979      Joined the Company  
February 2009      Seconded to ISK Engineering Corporation (as Executive Officer)  
June 2011      Auditor of Office of Internal Audit  
February 2013      General Manager of Office of Internal Audit  
April 2016      Auditor of Office of Internal Audit  
June 2016      Audit & Supervisory Board Member of the Company (to date)

**Major other offices concurrently held**

Audit & Supervisory Board Member, Ishihara Techno Corporation  
Audit & Supervisory Board Member, ISK Biosciences K.K.  
Audit & Supervisory Board Member, Fuji Titanium Industry Co., Ltd.

◆ Reason for nomination as a candidate for Audit and Supervisory Board Member

Mr. Taizo Kato, currently serving as Audit & Supervisory Board Member of the Company, has a great deal of experience in internal auditing at the Company, which endorses our expectation that he has the ability to properly supervise and audit the management of the Company from an objective standpoint. We therefore decided to re-appoint him as a candidate for our Audit & Supervisory Board Member.

(Note) No special-interest relationships exist between the Company and Mr. Taizo Kato.

Candidate No.

**2**

**Michiyoshi Arata**

(Born on August 15, 1951)

New

A brief summary of his career and posts held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 15,700 shares	April 1975	Joined the Company
<b>Term of office as Audit &amp; Supervisory Board Member</b> -	June 2006	Executive Officer
<b>Attendance at Board of Directors meetings</b> 18 times / 18 meetings (100%)	June 2007	Managing Executive Officer, and Deputy Director of Corporate Administration & Planning Headquarters
<b>Attendance at Audit &amp; Supervisory Board meetings</b> - times / - meetings (-%)	September 2007	Managing Executive Officer, and Director of Corporate Administration & Planning Headquarters
	June 2008	Director, Managing Executive Officer, and Director of Corporate Administration & Planning Headquarters
	June 2012	Director, Managing Executive Officer, and Director of Corporate Administration & Planning Headquarters and Director of Legal & IP Headquarters
	June 2013	Director, Managing Executive Officer, and Director of Corporate Administration & Planning Headquarters
	June 2016	Director, Senior Managing Executive Officer, Inorganic Chemicals Business, and Director of Corporate Administration & Planning Headquarters
	June 2018	Director, Senior Managing Executive Officer, Corporate Administration & Planning and Legal & IP (to date)

◆ Reason for nomination as a candidate for Audit and Supervisory Board Member

Mr. Michiyoshi Arata has been involved in management as Director in the Corporate Administration and Planning department for many years, and has made decisions on and conducted supervision of important business performance and management based on his experience and achievements. Although he will retire as Director upon the conclusion of this General Meeting of Shareholders, we decided to nominate Mr. Arata as Audit & Supervisory Board Member based on the expectation that his experience and knowledge would be effectively utilized for auditing of the Company.

(Note) No special-interest relationships exist between the Company and Mr. Michiyoshi Arata.

Candidate No.

**3**

**Yoshitaka Akikuni** (September 21, 1953)

**Reappointment**

Candidate for Outside Audit & Supervisory Board Member

A brief summary of his career and posts held, and other major offices concurrently held

<b>Number of the Company's shares held</b> 3,200 shares	April 1976	Joined the Daiwa Bank, Limited (currently Resona Bank, Limited)
<b>Term of office as Outside Audit &amp; Supervisory Board Member</b> 4 years (at the conclusion of this General Meeting of Shareholders)	July 2001	General Manager of Pension Trust Management Dept., Trust Assets Management Dept., Daiwa Bank
<b>Attendance at Board of Directors meetings</b> 18 times / 18 meetings (100%)	June 2006	Executive Officer of Resona Trust & Banking Co., Ltd.
<b>Attendance at Audit &amp; Supervisory Board meetings</b> 15 times / 15 meetings (100%)	April 2008	Executive Officer of Resona Bank, Limited
	June 2009	Director of J and S Insurance Service Co., Ltd.
	April 2011	Auditor of Osaka Electro-Communication University
	June 2011	Outside Audit & Supervisory Board Member of Japan Trustee Services Bank, Ltd.
	June 2012	Outside Audit & Supervisory Board Member of Fuso Chemical Co., Ltd.
	June 2014	Outside Audit & Supervisory Board Member of Kokusai Aeromarine Co., Ltd.
	June 2015	Outside Audit & Supervisory Board Member of the Company (to date)

**Major other offices concurrently held**

Audit & Supervisory Board Member, Ishihara Techno Corporation

Audit & Supervisory Board Member, ISK Biosciences K.K.  
Audit & Supervisory Board Member, Fuji Titanium Industry Co., Ltd.

Audit & Supervisory Board Member, Ishihara Engineering Partners Corporation

◆ Reason for nomination as a candidate for Outside Audit and Supervisory Board Member

Mr. Yoshitaka Akikuni, currently serving as Outside Audit & Supervisory Board Member, has wide-ranging knowledge and insights cultivated during his service at financial institutions, and a wealth of experience as a corporate auditor at a chemical business company, etc. The expectation that his external perspective from an objective and neutral standpoint would be utilized to serve in the auditing of the Company resulted in our decision to re-appoint him as a candidate for our Outside Audit & Supervisory Board Member.

- (Notes)
1. No special-interest relationships exist between the Company and Mr. Yoshitaka Akikuni.
  2. Mr. Yoshitaka Akikuni is a nominee for Outside Audit & Supervisory Board Member.
  3. Pursuant to Article 427 (1) of the Companies Act, the articles of incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423 (1) of the Companies Act. The Company has entered into an agreement with limitation of liability (the larger of an amount determined in advance or an amount ordered by decree, either of which shall be equal to or more than 10 million yen) with Mr. Yoshitaka Akikuni, and will conclude a similar agreement upon his re-election at this General Meeting of Shareholders.

Candidate No.

**4**

**Masaaki Harima** (Born on December 9, 1950) **Reappointment**

Candidate for Outside Audit & Supervisory Board Member

A brief summary of his career and posts held, and other major offices concurrently held

**Number of the Company's shares held**  
3,800 shares

**Term of office as Outside Audit & Supervisory Board Member**  
8 years (at the conclusion of this General Meeting of Shareholders)

**Attendance at Board of Directors meetings**  
18 times / 18 meetings (100%)

**Attendance at Audit & Supervisory Board meetings**  
15 times / 15 meetings (100%)

April 1977	Assistant Judge of the Osaka District Court
April 1980	Assistant Judge of the Fukushima District/Family Courts, Judge of the Fukushima Summary Court
May 1981	Admitted to the bar (Osaka Bar Association)
September 1987	Opened Harima Law Office
April 2000	Opened Fushimicho Law Office
April 2010	Chairman of the Osaka City Commission for Fair Duty Examination
June 2011	Outside Audit & Supervisory Board Member of the Company (to date)
March 2012	Public Member of the Osaka Labor Commission
March 2014	Chairman of the Osaka Labor Commission
June 2014	Member of the Independent Committee, Toyobo Co., Ltd. (to date)
November 2018	Member of Osaka Prefectural Pollution Review Board (to date)

**Major other offices concurrently held**

Attorney-at-law  
Audit & Supervisory Board Member, Ishihara Engineering Partners Corporation  
Member of the Independent Committee, Toyobo Co., Ltd.  
Member of Osaka Prefectural Pollution Review Board

◆ Reason for nomination as a candidate for Outside Audit and Supervisory Board Member

Mr. Masaaki Harima, currently serving as Outside Audit & Supervisory Board Member of the Company, has professional knowledge cultivated as an attorney-at-law and abundant experience related to corporate legal affairs. The expectation that his external perspective from an objective and neutral standpoint would be utilized to serve in the auditing of the Company resulted in our decision to re-appoint him as a candidate for our Outside Audit & Supervisory Board Member.

- (Notes) 1. No special-interest relationships exist between the Company and Mr. Masaaki Harima.  
2. Mr. Masaaki Harima is a nominee for Outside Audit & Supervisory Board Member.  
3. Pursuant to Article 427 (1) of the Companies Act, the articles of incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423 (1) of the Companies Act. The Company has entered into an agreement with limitation of liability (the larger of an amount determined in advance or an amount ordered by decree, either of which shall be equal to or more than 10 million yen) with Mr. Masaaki Harima, and will conclude a similar agreement upon his re-election at this General Meeting of Shareholders.

## Election of One (1) Substitute Audit & Supervisory Board Member

At the 95th Ordinary General Meeting of Shareholders held on June 28, 2018, Mr. Yasuhiro Koike was elected as a substitute Audit & Supervisory Board Member. His term of office will terminate at the time of the start of the forthcoming General Meeting of Shareholders. Therefore, one (1) substitute Audit & Supervisory Board Member shall be appointed anew in the case that a vacancy occurs in the statutory number of auditors.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidate for substitute Audit & Supervisory Board Member is as follows:

### Yasuhiro Koike

(Born on July 31, 1962)

Reappointment

Candidate for substitute Outside Audit & Supervisory Board

A brief summary of his career and posts held, and other major offices concurrently held

Number of the Company's shares held  
0 shares

April 1991	Admitted to the bar (Osaka Bar Association)
April 1998	Opened Koike Law Office
April 2004	Opened Ohara & Koike Law Office
April 2012	Vice-president of Osaka Bar Association
April 2019	Executive Governor of Japan Federation of Bar Associations (to date)

#### Major other offices concurrently held

Attorney-at-law  
Executive Governor of Japan Federation of Bar Associations

#### ◆ Reason for nomination as candidate for substitute Outside Audit & Supervisory Board Member

Mr. Yasuhiro Koike has professional knowledge and experience of legal practice and sufficient insight in corporate management, which endorses the view that he has the ability to carry out his professional duties as a substitute Outside Audit & Supervisory Board Member from an independent and unbiased perspective.

- (Notes)
1. No special-interest relationships exist between the Company and Mr. Yasuhiro Koike.
  2. Mr. Yasuhiro Koike is a nominee for a substitute Outside Audit & Supervisory Board Member.
  3. Pursuant to Article 427 (1) of the Companies Act, the articles of incorporation stipulate that the Company may enter into an agreement with an Outside Audit & Supervisory Board Member that sets a limit on the liability for damages under Article 423 (1) of the Companies Act. The Company will enter into an agreement with limitation of liability (the larger of an amount determined in advance or an amount ordered by decree, either of which shall be equal to or more than 10 million yen) with Mr. Yasuhiro Koike if he is appointed as an Audit & Supervisory Board Member.

(Reference)

Criteria for the Independence of Outside Officers at the Company

An Outside Director or Outside Audit & Supervisory Board Member shall be deemed independent if he/she falls under none of the following criteria:

1. A person who is or was within the past 10 years an executive of business<sup>\*1</sup> of the corporate group composed of the Company and its subsidiaries (hereinafter, “the Group”)
2. A person who is or was within the past five years a major shareholder (holding 10% or more of total voting rights) of the Company or an executive of business thereof
3. A person who is a client of the Group and whose transactions with the Group exceeded 2% of the consolidated annual sales of the Group in one of the recent three business years, or the executive of business thereof
4. A person for whom the Group is a client and whose transactions with the Group exceeded 2% of its consolidated annual sales in one of its recent three business years, or the executive of business thereof
5. An accounting professional, legal professional, or other consultant or a member of a group thereof who receives from the Group a large amount of money or other financial benefit<sup>\*2</sup> besides the officer’s remuneration
6. A person who receives or has received within the past three years a large amount of donation or other assistance<sup>\*3</sup> from the Group, or the executive of business thereof
7. A spouse or a relative within the second degree of kinship of any person who falls under any of the criteria 1 through 6 above, or a relative who lives with such a person.

(Notes) 1: The “executive of business” refers to the person defined in Article 2, paragraph 3 (6) of the Ordinance for Enforcement of the Companies Act.

2: “A large amount of money or other financial benefit” refers to over 10 million yen of regular annual compensation on average over the past three years.

3: “A large amount of donation or other assistance” refers to over 10 million yen of an annual total amount of donation or assistance.