March 9, 2018

Internet Disclosure Accompanying the Notice of Convocation The 118th Ordinary General Meeting of Shareholders (Voluntary Disclosure)

Voluntary Disclosure Relating to "3. Matters Concerning Shares Held by the Company" on the Business Report of the Company

The 30 Largest Stock-Holdings of Publicly Listed Companies in the Amount on the Balance Sheet, Which the Company Holds for Purposes Other Than Realizing Direct Investment Gains ····· 1

Voluntary Disclosure Relating to "5. Matters Concerning Status of Corporate Governance and Directors, Audit & Supervisory Board Members and Corporate Officers of the Company" of the Business Report of the Company

Criteria for Independence of "External Directors and Audit & Supervisory Board Members" ····· 2
Criteria for "Important Concurrent Position" Assumed by Company's Directors and Audit & Supervisory Board Members ····· 6
Criteria for Stating the Relationship between the Company and the Organizations in Which the Company's Directors and Audit & Supervisory Board Members Hold "Important Concurrent Positions" ····· 7
Remuneration, etc. to Directors and Audit & Supervisory Board Members ····· 8
(Directors, Audit & Supervisory Board Members and Corporate Officers Remuneration Policy by Fiscal 2017)

SHISEIDO

The 30 Largest Stock-Holdings of Publicly Listed Companies in the Amount on the Balance Sheet, Which the Company Holds for Purposes Other Than Realizing Direct Investment Gains (As of December 31, 2017)

	Name of Company	Number of Shares	Amount on Balance Sheet	Details of Transaction	Purpose for Holding Shares
1	PALTAC CORPORATION	(thousand shares) 600	(million yen) 3,084	Product sales	To further facilitate operations
2	Mizuho Financial Group, Inc.	12,229	2,502	Financial transactions with the subsidiaries of the issuer	
3	Mitsubishi UFJ Financial Group, Inc.	2,496	2,063	Financial transactions with the subsidiaries of the issuer	
4	TOPPAN PRINTING CO., LTD.	1,628	1,659	Purchase of product packaging and sales promotion materials	
5	ONO PHARMACEUTICAL CO., LTD.	585	1,536	Product sales	
6	Tokio Marine Holdings, Inc.	240	1,233	Insurance transactions with the subsidiaries of the issuer	
7	Dai Nippon Printing Co., Ltd.	435	1,095	Purchase of product packaging and sales promotion materials	
8	WACOAL HOLDINGS CORP.	219	781	Commissioned production transactions from the subsidiaries of the issuer	
9	NIPPON FINE CHEMICAL CO., LTD.	670	764	Purchase of raw materials	
10	Sompo Holdings, Inc.	154	676	Insurance transactions with the subsidiaries of the issuer	
11	PLANET, INC.	300	609	Outsourcing development of product distribution systems	
12	MS&AD Insurance Group Holdings, Inc.	149	570	Insurance transactions with the subsidiaries of the issuer	
13	Sumitomo Mitsui Trust Holdings, Inc.	119	534	Outsourcing administration business of share register and financial transactions with the subsidiaries of the issuer	
14	Seven & i Holdings Co., Ltd.	110	516	Product sales to the subsidiaries of the issuer	
15	AEON CO., LTD.	203	386	Product sales to the subsidiaries of the issuer	
16	Zeria Pharmaceutical Co., Ltd.	126	272	Contract manufacturing of products	
17	TAKASAGO INTERNATIONAL CORPORATION	70	257	Purchase of raw materials	
18	J. FRONT RETAILING Co., Ltd.	117	249	Product sales to the subsidiaries of the issuer	
19	Nippon Pigment Company Limited	49	198	Purchase of raw materials	
20	The Hyakujushi Bank, Ltd.	429	160	Financial transactions with the issuer	
21	ARATA CORPORATION	22	135	Product sales	
22	Kintetsu Department Store, Co., Ltd.	30	123	Product sales	

	Name of Company	Number of Shares	Amount on Balance Sheet	Details of Transaction	Purpose for Holding Shares
23	Starts Publishing Corporation	48	93	Cooperation for the Web-based business with the issuer	To strengthen the relationship based on strategic partnership
24	H_2O RETAILING CORPORATION	31	73	Product sales to the subsidiaries of the issuer	To further facilitate operations
25	HEIWADO CO., LTD	25	58	Product sales	
26	MARUI GROUP CO., LTD.	20	41	Product sales to the subsidiaries of the issuer	
27	HARIMA-KYOWA CO., LTD.	13	35	Product sales	
28	AOI TYO Holdings Inc.	19	25	Transactions related to sales promotions	
29	Matsuya Co., Ltd.	15	23	Product sales	
30	TOKYU CORPORATION	12	22	Product sales to the subsidiaries of the issuer	

Notes:
1. The Company does not hold shares for the purpose of realizing direct investment gains.
2. In terms of the top ten companies listed above, the amounts reported in the balance sheet exceed one percent of the amount of the common stock of the Company.

Criteria for Independence of "External Directors and Audit & Supervisory Board Members"

The Company establishes its own rules of "Criteria for Independence of the External Directors and Audit & Supervisory Board Members" (the "Criteria") with reference to foreign laws and regulations and listing rules, etc. for the purpose of making objective assessment on the independence of the External Directors and Audit & Supervisory Board Members.

In connection with selecting candidates for the External Directors and Audit & Supervisory Board Members, the Company places emphasis on a high degree of the independence of the candidate from the viewpoint of strengthening corporate governance and accordingly, the Company makes judgment on whether or not the candidate has a high degree of the independence in accordance with the Criteria.

The Criteria are as follows:

Criteria for Independence of "External Directors and Audit & Supervisory Board Members"

Shiseido Company, Limited (the "Company") deems an external director and an audit & supervisory board member (external) (collectively the "External Director and Audit & Supervisory Board Member") or a candidate for the External Director and Audit & Supervisory Board Member to have sufficient independence against the Company in the event that all the following requirements are fulfilled upon the Company's research to the practically possible and reasonable extent.

1. He/She is not and has not been an executive person[i] of the Company or an affiliated company[ii] (collectively the "Shiseido Group").

In the case of an audit & supervisory board member (external), in addition to the above, he/she has not been a non-executive director or accounting advisor (in the case of accounting advisor being an

artificial person, a staff member in charge of the duty) of the Shiseido Group.

2. He/She does not fall under any of the following items for the current fiscal year and the last nine (9) fiscal years (all these fiscal years being referred to as the "Relevant Fiscal Years"):
   1) A counterparty which has transactions principally with the Shiseido Group[iii], or its executive person (including a person having once been an executive officer for the Relevant Fiscal Years. The same is applicable to Items 2) to 4) of this Clause below);
   2) A principal counterparty of the Shiseido Group[iv], or its executive person;
   3) A large shareholder who holds or has held directly or indirectly 10% or more of the voting rights of the Company in the Relevant Fiscal Years or its executive person;
   4) An executive person of a company of which the Shiseido Group holds or has held directly or indirectly 10% or more of the total voting rights in the Relevant Fiscal Years;
   5) A consultant, accounting professional or legal professional who has been paid a large amount of money or other assets[v] in addition to the External Director and Audit & Supervisory Board Member's remunerations in the Relevant Fiscal Years. In addition, in the event that the consultant, accounting professional or legal professional is an organization such as artificial person or association, a person who belongs to such organization (including a person who has once belonged to such organization in the Relevant Fiscal Years. The same is applicable to Items 6) and 7) below of this Clause) is included;
   6) A person/organization who received donation of a large amount of money or other assets[v] from the Shiseido Group in the Relevant Fiscal Years. In addition, in the event that those who received donation from the Shiseido Group are an organization such as artificial person or association, a person who belongs to such organization is included;
   7) An accounting auditor of the Company. In addition, in the event that the accounting auditor is an organization such as artificial person or association, a person who belongs to such organization is included.

3. He/She is not a spouse of the following person, relative in second or less degree, relative living in the same place or a person with whom living costs are shared, provided, however that Item 2) is applicable only to make judgment on the independence of an audit & supervisory board member (external):
   1) An important person[vi] among executive persons of the Shiseido Group;
   2) Non-executive director of a company in the Shiseido Group;
   3) A person falling under any of Items 1) to 4) of Clause 2; provided, however, that with respect to these executive persons, applicable only to the important person[vi];
   4) A person falling under any of Items 5) to 7) of Clause 2; provided, however, that with respect to a person belonging to the organization, applicable only to the important persons[vii].

4. Any of the following situations that could be deemed as "Cross-Assumption of Offices of Directors, etc." is not applicable:
   1) In the event that the External Director and Audit & Supervisory Board Member of the Company or a candidate for the External Director and Audit & Supervisory Board Member of the Company currently assumes the office of an executive person, external director, audit & supervisory board member or the office equivalent thereto[viii] of a company other than the Company, in Japan or overseas (the "Subject Company"), an executive person, external

director, audit & supervisory board member (excluding the aforesaid External Director and Audit & Supervisory Board Member or candidate for the External Director and Audit & Supervisory Board Member) or person in the office equivalent thereto of the Shiseido Group assumes the office of a director (including an external director), executive officer, audit & supervisory board member (including audit & supervisory board member (external)), executive officer or person in the position equivalent thereto[viii] of the Subject Company.

2) In the event that the External Director and Audit & Supervisory Board Member of the Company or a candidate for the External Director and Audit & Supervisory Board Member of the Company currently assumes the office of an executive person, director, officer or the office equivalent to director or officer of an artificial person or other organization (other than a company) (the "Subject Organization"), an executive person, external director, audit & supervisory board member (excluding aforesaid External Director and Audit & Supervisory Board Member or candidate for External Director and Audit & Supervisory Board Member) or person in the office equivalent thereto of the Shiseido Group assumes the office of a director, officer or person in the position equivalent thereto[ix] of the Subject Organization.

5. In addition to Clauses 1 to 4, there exist no circumstances in which duties imposed on an independent External Director and Audit & Supervisory Board Member are reasonably deemed not to be achieved.

6. It is presently expected that any event or matter stated in Clauses 1 to 5 would not occur or exist hereafter.

Notes:

i. An "executive person" means an executive director, executive officer, corporate officer, staff executing business of a company divided into interest (mochibun kaisha) (in the event of the staff being an artificial person, a person to discharge duties stated in Article 598, Paragraph 1 of the Companies Act), a person executing business of artificial person or organization other than a company and an employed person (an employee, etc.) of an artificial person or organization including a company.

ii. An "affiliated company" means the affiliated company stated in Article 2, Paragraph 3, Item 22 of the Ordinance on Company Accounting.

iii. A "counterparty which has transactions principally with the Shiseido Group" means a person/organization falling under any of the following items:

1) The counterparty or the counterparty group (a consolidated group to which the company that has direct transactions with the Shiseido Group belongs to) (collectively the "counterparty") which provides or provided products or services to the Shiseido Group and the aggregate amount of transactions between the counterparty and the Shiseido Group is at least ¥10 million per fiscal year, and exceeds 2% of consolidated net sales of the counterparty (or if the counterparty does not prepare consolidated financial statements, non-consolidated net sales of the counterparty) for the Relevant Fiscal Years.

2) The counterparty group to which the Shiseido Group is or was indebted and the aggregate amount of indebtedness of the Shiseido Group is at least ¥10 million as at the end of each fiscal year, and exceeds 2% of consolidated total assets (or if the counterparty does not prepare consolidated financial statements, nonconsolidated total assets of the counterparty) of the counterparty for the Relevant Fiscal Years.

iv. A "principal counterparty of the Shiseido Group" means a person/organization falling under any of the following items:

1) The counterparty to which the Shiseido Group provides or provided products or services and the aggregate amount of transactions between the counterparty and the Shiseido Group is at least ¥10 million per fiscal year, and exceeds 2% of consolidated net sales of the Shiseido Group for the Relevant Fiscal Years.

2) The counterparty to which the Company Group has account-receivable, advance and account due (collectively "account-receivable") and the aggregate amount of the account-receivable of the Shiseido Group is at least ¥10 million as at the end of each fiscal year, and exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.

3) A financial institution group (to which the direct lender belongs) from which the Shiseido Group borrows or borrowed and the aggregate amount of the borrowing exceeds 2% of consolidated total assets of the Shiseido Group as at the end of the Relevant Fiscal Years.

v. A "large amount of money or other assets" means an amount of at least ¥10 million per fiscal year.

vi. An "important person" from among executive persons means a director (excluding external director), an executive officer, corporate officer, and employed person in the office of senior management not lower than general manager.

vii. An "important person" from among persons "belonging to the organization" stated in 5) and 7) in Clause 2 above means an officer such as certified public accountants belonging to audit corporation or accounting firm, lawyer (including so as to call associates) belonging to law firm, director and supervisor belonging to a judicial foundation, incorporated association, incorporated school and other artificial persons (collectively "Various Artificial Person"). In the event that an organization to which a person belongs is not any of audit corporation, accounting firm, law firm and Various Artificial Person, a person who is deemed objectively and reasonably important equivalent to the persons stated above in this note by the organization.

viii. An "office of an executive person, external director, audit & supervisory board member or the position equivalent thereto" includes the positions such as "Counselor," "Advisor," etc. assumed by retired director, retired audit & supervisory board member, retired executive officer or retired corporate officer enabling them to give advice to the Company, in addition to an executive person defined in Note ii above, non-executive director (including external director), and audit & supervisory board member (including audit & supervisory board member (external)).

ix. The "office of director or person in the position equivalent thereto" includes the positions such as "Counselor," "Advisor," etc. assumed by retired director, retired councilor or retired supervisor enabling them to give advice to the subject organization, in addition to director, councilor or supervisor.

Criteria for "Important Concurrent Position" Assumed by Company's Directors and Audit & Supervisory Board Members

In order to clarify the status of competitive dealings by the Company's directors and audit & supervisory board members, and to enhance the independence of its external directors and audit & supervisory board members (external) (collectively the "External Director"), the Company has set forth the following criteria regarding "important concurrent positions" assumed by its directors and audit & supervisory board members, as defined in Articles 121 and 124 of the Ordinance for Enforcement of the Companies Act; and describes the status of the concurrent positions assumed by its directors and audit & supervisory board members in the business report based thereon.

Criteria for Important Concurrent Positions

If a director or audit & supervisory board member meets any of the following criteria, the position assumed by such director or audit & supervisory board member shall be described in the business report accompanying the Notice of Convocation as an "important concurrent position."

1. If the company in which the Company's director or audit & supervisory board member concurrently serves is a listed company or a company of similar scale, stature or social significance, and said directors and audit & supervisory board members serves as the executive of that company.
2. If the company in which the Company's director or audit & supervisory board member concurrently serves is a corporation other than a stock company or an unlisted company that does not correspond to item 1 above, and said directors and audit & supervisory board members is the representative of that company (in principle).
3. If transactions involving ¥10 million or more, or donations of ¥5 million or more exist between the Shiseido Group and the non-Group company in which the Company's director or audit & supervisory board member concurrently serves (in principle).
4. If as a result of the hours and the tight schedule involved in the concurrent position (major occupation), it is likely that the execution of duties as an External Director of the Company will be impacted (including cases where the concurrent position is held in organizations that are not corporations).

Criteria for Stating the Relationship between the Company and the Organizations in Which the Company's Directors and Audit & Supervisory Board Members Hold "Important Concurrent Positions"

In order to clarify the independence of its External Director, the Company has set forth the following criteria for stating the relationship between the Company and the organization in which the Company's External Director holds "Important Concurrent Positions," as defined in Article 124 of the Ordinance for Enforcement of the Companies Act; and describes in the Business Report the relationships between its External Director and the organizations in which they held concurrent positions based thereon.

Criteria for stating the relationship between the Company and the organizations in which the Company's External Director holds "Important Concurrent Positions"

In order to confirm the independence of its External Director, the Company describes in detail the relationship between the Company and the organization in which its External Director hold "Important Concurrent Position" (Paragraph 1 of Article 124 of the Ordinance for Enforcement of the Companies Act) as per the following.

1. If any relationship including transactions, alliances, joint research, etc., exists between the Company and said organization; and the Shiseido Group pays cash as consideration, remuneration or donation to the organization or the Shiseido Group receives such cash from the organization;

   In addition to the nature of the relationship, the Company will state the actual amount of the consideration, remuneration or donation, and the relevant ratios of said amount (In terms of payments from the Company to the organization, the percentage of said amount to "cost of sales; and selling, general and administrative expenses" will be stated; while in terms of payments from the organization to the Company, the percentage of said amount to "net sales" will be stated).
2. If item 1 above applies but transactions are limited to the use of services relating to social infrastructure (electricity, water, postal services, public transportation, etc.);

   The Company shall state it has "no special relationship of interest" with said organization.
3. If any relationship including transactions, alliances, joint research, etc., exists between the Company and the organization but there is no payment or receipt of cash as consideration, remuneration or donation between the Shiseido Group and the organization;

   The Company shall only state the nature of the relationship (e.g. Joint research is being conducted).
4. If no relationship including transactions, alliances, joint research, etc., exists between the Shiseido Group and the organization;

   The Company shall state it has "no special relationship of interest" with said organization.
5. If relationship of mutual assumption regarding office of External Director during the past nine fiscal years and the current fiscal year exists;

   The Company shall state as follows: 1. whether both persons are incumbent, one is incumbent and the other is retired, or both are retired, 2. in case of a retiree, his/her tenure of office, 3. special relationship regarding mutual assumption between the Company and the organization, and so on.

Remuneration, etc. to Directors and Audit & Supervisory Board Members
(Directors, Audit & Supervisory Board Members and Corporate Officers Remuneration Policy by Fiscal 2017)

Overview

The Company positioned the three years from fiscal 2015 through fiscal 2017 as the period for rebuilding its business foundation to enable accelerated growth in the three years from fiscal 2018 through fiscal 2020. Accordingly, the directors, audit & supervisory board members and corporate officers remuneration policy for the three years from fiscal 2015 to fiscal 2017 was designed to motivate directors, audit & supervisory board members and corporate officers to implement drastic reformation as leaders of the transformation.

The Company assumed that some time would be required before the result of rebuilding the business foundation for the three years from fiscal 2015 through fiscal 2017 became reflected in business performance data such as consolidated business performance and the relevant business performance under their supervision. In addition, some challenges that were to be resolved could require actions that may cause negative impact to the business performance data on a short-term, optimization of market inventory level, for example. To achieve long-term growth, however, this process is unavoidable as those issues need to be resolved. Accordingly, to provide incentive for directors, audit & supervisory board members and corporate officers to strategically resolve those challenges from a long-term growth perspective, the Company had adopted the mechanism of individual performance evaluation for both basic remuneration and performance-linked remuneration (evaluation on the level of achievement against the strategic target).

Proportion of remunerations by remuneration type for each rank of directors in fiscal 2017

Rank as corporate officer	Composition of remuneration for directors and corporate officers			
	Basic remuneration	Performance-linked remuneration		Total
		Annual bonus	Long-term incentive remuneration	
President and CEO	50%	25%	25%	100%
Executive Vice President	54%–56%	22%–23%	22%–23%	
Corporate Senior Executive Officer	54%–58%	21%–23%	21%–23%	
Corporate Executive Officer	54%–60%	20%–23%	20%–23%	
Corporate Officer	56%–64%	18%–22%	18%–22%	

Notes:

1. In this model, the basic remuneration amount is the median in the applicable role grade, and the achievement rate related to performance-linked remuneration is 100%.
2. There is no difference in the proportion of remunerations by remuneration type applied to directors based on whether a director has a representation right or otherwise.
3. Because different remuneration tables will be applied depending on the role grade of respective directors and corporate officers, proportions of remunerations by remuneration type will vary even within a same rank.
4. Directors who serve as the chairman of the Board shall be provided with a fixed amount of remuneration separately, which is not, however, included in the table.

Basic remuneration

The Company designed to set basic remunerations in accordance with the role grades, which was set based on size and level of responsibility that respective officers were in charge, as well as the impact on business management of the group. In addition, within a same grade, an increase of the amount was allowed within a certain range in accordance with the performance of respective directors or corporate officers in the previous fiscal year (numerical business performance and personal performance evaluation). These allowed the Company to ensure well-modulated basic remuneration as well, commensurate with their achievements of respective directors, audit & supervisory board members and corporate officers.

For external directors and audit & supervisory board members, the Company did not pay the basic remuneration that had a certain allowance for increase, but paid the fixed remuneration only which was determined in accordance with their respective roles.

Performance-linked remuneration

The performance-linked remuneration consisted of an “annual bonus” provided based on annual business performance, and “stock options as long-term incentive-type remuneration,” designed to motivate the directors and corporate officers to manage business operation while being more conscious about the Company’s performance and share price from the perspectives of not only a single-year but also a medium to long term. In addition, the Company ensured that the both remunerations were designed to further motivate them to resolve strategic challenges from a long-term perspective by adding the part of evaluation based on evaluation of personal performance.

Annual bonus

The Company had set evaluation items for the annual bonus linked to performance in accordance with the scope respective directors and corporate officers were in charge of as described in the table below, in addition to the achievement rate of target consolidated net sales and consolidated operating income as common performance indicators across directors and corporate officers. We set the individual performance evaluation of all directors and corporate officers in order to add the level of achievement against the strategic goals that cannot be measured by the financial performance figures alone, such as efforts for restructuring of the business platform to realize sustainable growth, to evaluation criteria.

Evaluation weights of annual bonus for directors in fiscal 2017

Evaluation item	Performance indicators	Evaluation weight									
		President and CEO		Corporate officers in charge of businesses				Corporate officers other than those in charge of businesses			
				Regional headquarters President		Other		CFO		Other	
Whole group performance	Consolidated net sales	20%	70%	5%	20%	10%	20%	20%	70%	20%	70%
	Consolidated operating income	30%		10%		10%		30%		50%	
	Net income attributable to owners of parent	20%		5%		—		20%		—	
Performance of business unit in charge	Business performance evaluation	—		50%		50%		—		—	
Personal evaluation	Level of achievement of strategic goals set individually	30%									

Note: There is no difference in the performance indicators and the weight of performance indicators applied to directors based on whether a director has a representation right or otherwise.

Long-term incentive-type remuneration

Of the performance-linked remuneration, the Company imposed terms and conditions regarding performance on stock compensation-type stock options as long-term incentive-type remuneration on two occasions when the stock acquisition rights were allotted and the exercise period of the stock acquisition rights allotted starts.

When actually allotting the stock acquisition rights after obtaining an approval for the maximum number of stock acquisition rights to be allotted at the general meeting of shareholders, the Company increases or decreases the number of stock acquisition rights to be granted ranging from 0 to the maximum number by using the evaluation indicators for annual bonus for the immediately preceding fiscal year. In addition, we introduced a mechanism that when the stock acquisition right exercise period starts, the exercisable number of stock acquisition rights may be determined according to the consolidated performance and other track records up to the immediately preceding fiscal year in the range of 30% to 100% of the allotted number, and thereby strengthened stock acquisition rights to function as an incentive for improving medium- to long-term business performance and for achieving the targets.

Terms and conditions regarding performance on long-term incentive-type remuneration in fiscal 2017

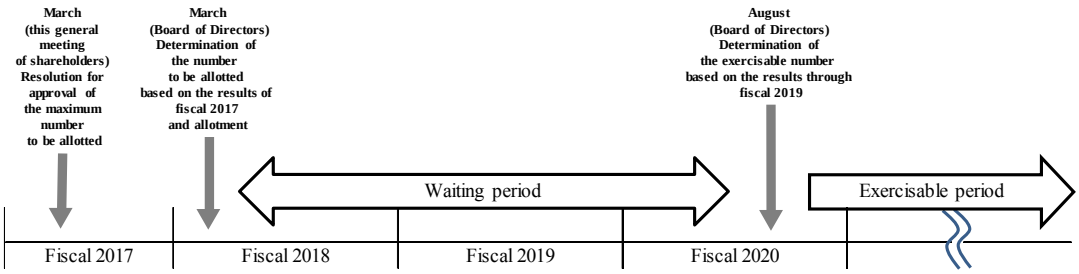
When stock acquisition rights are allotted

- Use the same indicators as used in calculating annual bonus to each officer. The items used for indicators consist of consolidated business performance (consolidated net sales, consolidated operating income and net income attributable to shareholders of the Company), evaluation of performance of business of which respective officers are in charge, and personal evaluation.
- Determine the number of stock acquisition rights to be allotted through deliberation by the evaluation working group.

When the exercise period of the stock acquisition rights allotted starts

- Calculate the growth rate of operating income by comparing the operating income for the fiscal years preceding and following the fiscal year in which the stock acquisition rights allotment date is included.
- Calculate the growth rates of operating income for the same fiscal years as above of companies such as Kao Corporation (Japan), L'Oreal S.A. (France) and Estee Lauder Companies Inc. (USA), which are the leading cosmetic companies in Japan and overseas and have been designated in advance as companies to be compared with.
- Based on the comparison of the growth rates of operating income between the Company and the companies for comparison, decide the number of stock acquisition rights allotted to each director or corporate officer that are exercisable.

Schedule of allotment and exercise of long-term incentive-type remuneration in fiscal 2017



Framework to ensure objectivity, fairness and transparency of evaluation that serves as a basis of calculation for remuneration

By fiscal 2017 directors, audit & supervisory board members and corporate officers remuneration policy, personal evaluation of each director and corporate officer would have a significant impact on determination of the amount of all remunerations including basic remuneration, annual bonus and the long-term incentive-type remuneration. Unlike evaluations based on performance indicators such as consolidated net sales, personal evaluation is not a quantitative evaluation. It therefore required a framework to ensure its objectivity, fairness and transparency.

To this end, the Company held meetings of evaluation working group, which was established as a common deliberation body shared by Nomination Advisory Committee and Remuneration Advisory Committee to conduct overall business evaluation including the performance evaluation for President and CEO, and confirm appropriateness of the remuneration level. The evaluation working group also deliberated and reviewed reappointment or replacement of President and CEO, playing an

extensive role concerning appropriate appointment of President and CEO and determining incentive. The evaluation working group was comprised of external directors and external audit & supervisory board members as importance was put to the independence from President and CEO as well as business execution structure led by President and CEO.

Personal evaluation on corporate officers other than President and CEO (including those concurrently serve as directors) is performed by President and CEO, together with evaluation based on the performance indicators. Objectivity, fairness and transparency of this personal evaluation were ensured by Remuneration Advisory Committee monitoring its evaluation process and the evaluation approach.

-End-