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(Ticker Code: 7912)

June 1, 2018

Yoshitoshi Kitajima
President
Dai Nippon Printing Co., Ltd.
1-1, Ichigaya-Kagacho 1-chome,
Shinjuku-ku, Tokyo

CONVOCATION NOTICE OF THE 124th
ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

This is to inform you that the 124th Ordinary General Meeting of Shareholders of Dai Nippon Printing Co., Ltd. (the “Company”) will be held as set forth below and that you are cordially invited to attend it.

If you are not able to attend the meeting, you may exercise your voting rights in writing or by electronic means (via the Internet). After reviewing the following Reference Materials for the General Meeting of Shareholders (page 7 through page 22), you are kindly requested to exercise your voting rights by 6:00 p.m. on June 27, 2018 (Wednesday) (Japan time) by (i) mailing the Voting Form to the Company indicating your approval or disapproval for each of the agenda items in the Voting Form enclosed herewith, or (ii) exercising your voting rights through the designated website after reviewing the “Guidance Note on the Exercise of Voting Rights through the Internet” (page 5 and page 6).

- 1. Date and Time:** June 28, 2018 (Thursday), at 10:00 a.m. (Japan time)
- 2. Venue** Multi-purpose Auditorium on the lobby floor
DNP Ichigaya-Sanaicho Building of Dai Nippon Printing Co.,
Ltd.
31-2, Ichigaya-Sanaicho, Shinjuku-ku, Tokyo

3. Meeting Agenda

Matters to be Reported:

1. Report on the Business Report and the Consolidated Financial Statements for the 124th Fiscal Period (from April 1, 2017 to March 31, 2018) and the Results of the Audit of Consolidated Financial Statements for the 124th Fiscal Period (from April 1, 2017 to March 31, 2018) by the Accounting Auditor and the Board of Statutory Auditors
2. Report on the Financial Statements for the 124th Fiscal Period (from April 1, 2017 to March 31, 2018)

Matters to be Resolved:

- 1st Agenda:** Appropriation of Retained Earnings
- 2nd Agenda:** Election of Eleven (11) Directors

[End]

[Guidance on Disclosure on the Internet]

Pursuant to the laws and ordinances and the provisions of Article 15 of the Articles of Incorporation of the Company, out of the documents to be attached to this Notice, “the summary of resolutions related to the systems for ensuring the properness of business operations and the summary of the operating status of such systems”, “the basic policies related to the way a person is to control the decisions on the financial and business policies of the Company (basic policies related to control of the Company)”, “Notes to the Consolidated Financial Statements” and “Notes to the Financial Statement” are posted on the Company’s website (<http://www.dnp.co.jp/>) (available in Japanese), and are not included in the documents attached to this Notice.

Accordingly, the attached documents are portions of the documents audited by the Accounting Auditor in preparation of the Accounting Auditor's Report and portions of the documents audited by the Statutory Auditors and the Board of Statutory Auditors in preparation of the Audit Report.

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◎ If you attend the meeting in person, please submit the enclosed Voting Form to the receptionist at the meeting venue.

◎ In the event the Company makes any amendment to the Reference Materials for the General Meeting of Shareholders, as well as the Business Report, the Consolidated Financial Statements and the Financial Statements, such amendment will be posted on the Company's website (<http://www.dnp.co.jp/>) (available in Japanese).

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| Please note that there will be no souvenirs at the Meeting of Shareholders. We would appreciate your understanding. |
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## **Exercising your voting rights**

You are kindly requested to exercise your voting rights after reviewing the following “Reference Materials for the General Meeting of Shareholders” (page 7 through page 22).

There are three ways to exercise your voting rights as follows.

### **(i) 【Attendance】**

Please submit the enclosed Voting Form to the receptionist at the meeting venue.

Date: June 28, 2018 (Thursday), at 10:00 a.m. (start accepting: 9:00 a.m.) (Japan time)

[If you are not able to attend the meeting]

### **(ii) 【Postal Mail】**

Please indicate your approval or disapproval for each of the agenda items in the Voting Form, affix the protective sticker, and mail the Voting Form to the Company. The deadline by which the Voting Form must be received is 6:00 p.m. on June 27, 2018 (Wednesday) (Japan time).

### **(iii) 【Internet】**

Please access the website for exercise of voting rights using a PC or smartphone and enter your approval or disapproval for each of the agenda items. The deadline by which your approval or disapproval must be submitted is 6:00 p.m. on June 27, 2018 (Wednesday) (Japan time).

Please see the details on the next page.

## Guidance Note on the Exercise of Voting Rights through the Internet

It is possible to exercise your voting rights using any of the following means. Please exercise your voting rights by 6:00 p.m. on June 27, 2018 (Wednesday) (Japan time).

### 1. Exercise of Voting Rights using ID/ Password

(i) Please access the “Website for Exercise of Voting Rights” (URL below), log-in using the voting rights exercise code (ID) and password which are printed on the Voting Form enclosed herewith, and follow the instructions on the screen to enter your approval or disapproval of each of the agenda items. Further, for security purposes, you will be required to change your password the first time you log-in.

(ii) The password (including the password changed by the shareholder) is valid only for this meeting. New passwords will be issued for the next meeting.

(iii) The password is a tool to identify the person who is voting as the shareholder himself/herself. Please note that the Company will not ask shareholders for their passwords.

(iv) If you enter an incorrect password more than a certain number of times, the password will be locked and invalid. If it is locked, please follow the guidance on the screen.

|                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------|
| Website for Exercise of Voting Rights<br><a href="https://soukai.mizuho-tb.co.jp/">https://soukai.mizuho-tb.co.jp/</a> |
|------------------------------------------------------------------------------------------------------------------------|

### 2. Exercise of Voting Rights by “Smart Exercise”

(i) Please scan the QR code® which is printed on the lower right of the Voting Form enclosed herewith with your smartphone, access the “Smart Exercise” and follow the instructions on the screen to enter your approval or disapproval of each of the agenda items (it is not necessary to enter ID / password).

(ii) The exercise of voting rights by “Smart Exercise” may only be exercised once.

The recommended environment for “Smart Exercise” is as follows:

|        |
|--------|
| iPhone |
|--------|

iOS 8.1 above (Safari browser)

|         |
|---------|
| Android |
|---------|

Android 4.4 above (Chrome browser)

※ Please kindly note that even if your device meets the above conditions, the “Smart Exercise” function may not be available depending on the condition of your device.

(Please note)

(i) The deadline for voting is 6:00 p.m. on June 27, 2018 (Wednesday) (Japan time), and votes must be entered by the above time. Shareholders are kindly requested to exercise their voting rights as early as possible.

(ii) If you would like to revise the contents of the exercise of the voting rights after exercising your voting rights by “Smart Exercise”, please follow the directions as described in 1 above and make the revision.

(iii) If you exercise your voting rights both by postal mail and through the Internet, the vote through the Internet shall be accepted as the valid exercise of your voting rights and shall supersede any vote by postal mail. If you exercise your voting rights more than once through the Internet, the latest vote shall be accepted as the valid exercise of your voting rights and shall supersede any prior vote.

(iv) The cost for Internet connection is to be borne by the shareholders.

(v) Exercise of voting rights through the Internet has been confirmed for use through common devices connected to the Internet. However, there is a possibility that such exercise is not possible depending on the device you use or the conditions thereof.

### **3. Inquiries**

If you have any questions or inquiries, please contact Mizuho Trust & Banking Co., Ltd., Stock Transfer Agency Department (below) which is the Administrator of Shareholder Registry.

TEL: 0120-768-524 (Operating Hours: Japan time, 9:00 a.m. through 9:00 p.m. on weekdays)

(Note) “QR code” is a registered trademark of Denso Wave Incorporated.

## Reference Materials for the General Meeting of Shareholders

### Agenda and Reference Matters

#### 1<sup>st</sup> Agenda: Appropriation of Retained Earnings

The Company's basic policy on appropriation of profit is to pay out stable dividends to shareholders while giving consideration to the Company's performance and dividend payout ratio, etc. Further, for future business development, the Company will work on enhancement of the management foundation through improvement of financial standing by the internal reserves.

The Company requests that the year-end dividend for the current term be ¥32 per common share in the Company.

Pursuant to the resolution of the 123<sup>rd</sup> Ordinary General Meeting of Shareholders of the Company held on June 29, 2017, we consolidated two common shares of the Company into one as of October 1, 2017. The year-end dividend for the current term converted to the one based on the number of shares prior to the consolidation is equivalent to ¥16 per share. Therefore, the dividend for the current fiscal year will be ¥32 per share, including the interim dividend of ¥16 per share, which is the same amount as the preceding fiscal year on the assumption that such conversion is made.

Matters related to the year-end dividend

- (1) Type of the dividend property  
Cash
- (2) Matters regarding the assignment of the dividend property to shareholders and the total amount of it  
¥32 per common share in the Company  
Total Amount: ¥9,658,771,840
- (3) Effective date of dividend of retained earnings  
June 29, 2018

**2<sup>nd</sup> Agenda:** Election of Eleven (11) Directors

The terms of office of all twelve (12) Directors will expire as of the conclusion of this General Meeting of Shareholders. The Company requests the shareholders to elect eleven (11) Directors.

The candidates for Director are as follows:

| Candidate No. | Name                |                                  | Title and Responsibilities in the Company                                                                                                                                                           |
|---------------|---------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1             | Yoshitoshi Kitajima | <u>Reappointment</u>             | President                                                                                                                                                                                           |
| 2             | Koichi Takanami     | <u>Reappointment</u>             | Executive Vice President<br>in charge of Technology, Research, Business Development, Information System and Security (General), in charge of Lifestyle and Industrial Supplies Operations (General) |
| 3             | Masayoshi Yamada    | <u>Reappointment</u>             | Executive Vice President<br>in charge of Accountant and Finance (General)                                                                                                                           |
| 4             | Yoshinari Kitajima  | <u>Reappointment</u>             | Executive Vice President                                                                                                                                                                            |
| 5             | Masahiko Wada       | <u>Reappointment</u>             | Senior Managing Director<br>in charge of Electronics Operations (General)                                                                                                                           |
| 6             | Tetsuji Morino      | <u>Reappointment</u>             | Senior Managing Director<br>in charge of Operations Plan (General), in charge of Information Communication Operations (General)                                                                     |
| 7             | Tokuji Kanda        | <u>Reappointment</u>             | Senior Managing Director<br>in charge of Governance, Compliance and Risk Management (General)                                                                                                       |
| 8             | Satoru Inoue        | <u>Reappointment</u>             | Managing Director<br>in charge of R&D and Engineering Management Div., Research & Development Center, Technology Development Center, CSR and Environmental Affairs Dept.                            |
| 9             | Kenji Miya          | <u>New</u><br><u>Appointment</u> | Senior Corporate Officer<br>in charge of Personnel Dept., Employee Relations Dept. and Recruiting & Training Dept.                                                                                  |



|    |                  |                                                                                                                    |          |
|----|------------------|--------------------------------------------------------------------------------------------------------------------|----------|
| 10 | Tadao Tsukada    | <input type="checkbox"/> Reappointment<br><input type="checkbox"/> Outside<br><input type="checkbox"/> Independent | Director |
| 11 | Tsukasa Miyajima | <input type="checkbox"/> Reappointment<br><input type="checkbox"/> Outside<br><input type="checkbox"/> Independent | Director |

| Candidate No.             | Name (Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Brief personal history, title, responsibilities and status of important concurrent office                                                                                                                                                                                                                | No. of shares in the Company held |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 1<br><u>Reappointment</u> | Yoshitoshi Kitajima (Aug. 25, 1933)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | May. 1963    Joined the Company<br>Jul. 1967    Director of the Company<br>Jul. 1970    Managing Director of the Company<br>Jan. 1972    Senior Managing Director of the Company<br>Aug. 1975    Director, Vice President of the Company<br>Dec. 1979    President of the Company<br>(currently serving) | 1,528,500                         |
|                           | <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Yoshitoshi Kitajima as a candidate for Director is that it is expected that he will work to appropriately oversee the entire Company's group, based on his extensive knowledge as well as his considerable experience and performance regarding general management acquired in the course of having led the Company toward improvement of business performance during his term as President since 1979.</p>                                                              |                                                                                                                                                                                                                                                                                                          |                                   |
| 2<br><u>Reappointment</u> | Koichi Takanami (Dec. 19, 1940)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Apr. 1963    Joined the Company<br>Aug. 1987    Director of the Company<br>Jun. 1993    Managing Director of the Company<br>Jun. 1997    Senior Managing Director of the Company<br>Jun. 2007    Executive Vice President of the Company<br>(currently serving)                                          | 67,800                            |
|                           | <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Koichi Takanami as a candidate for Director is that it is expected that he will work to realize, among others, the strategy for technology, research and business development and business strategy for life and industry area towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience acquired over many years as a management executive in the DNP group.</p> |                                                                                                                                                                                                                                                                                                          |                                   |
| 3<br><u>Reappointment</u> | Masayoshi Yamada (Oct. 19, 1940)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Apr. 1963    Joined the Company<br>Jun. 1989    Director of the Company<br>Jun. 1996    Managing Director of the Company<br>Jun. 2001    Senior Managing Director of the Company<br>Jun. 2007    Executive Vice President of the Company<br>(currently serving)                                          | 66,900                            |
|                           | <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Masayoshi Yamada as a candidate for Director is that it is expected that he will work to realize, among others, the financial strategy towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience acquired over many years as a management executive in the DNP group.</p>                                                                                         |                                                                                                                                                                                                                                                                                                          |                                   |

| Candidate No. | Name (Date of Birth)                   | Brief personal history, title, responsibilities and status of important concurrent office                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No. of shares in the Company held |
|---------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 4             | Yoshinari Kitajima<br>(Sept. 18, 1964) | Apr. 1987    Joined The Fuji Bank Ltd.<br>Mar. 1995    Joined the Company<br>Jun. 2001    Director of the Company<br>Jun. 2003    Managing Director of the Company<br>Jun. 2005    Senior Managing Director of the Company<br>Jun. 2009    Executive Vice President of the Company<br>(currently serving)                                                                                                                                                                                                                                                                         | 151,300                           |
|               |                                        | <p>[Reasons for nomination as a candidate for Director]</p> <p><u>Reappointment</u> The reason for nominating Mr. Yoshinari Kitajima as a candidate for Director is that it is expected that he will work to realize the Company's group strategy towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience acquired over many years as a management executive in the DNP group.</p>                                                                                       |                                   |
| 5             | Masahiko Wada<br>(Jan. 14, 1947)       | Mar. 1970    Joined the Company<br>Jun. 2002    Director, General Manager of Display Components Operations of the Company<br>Jun. 2005    Managing Director of the Company<br>Jun. 2008    Senior Managing Director of the Company<br>(currently serving)                                                                                                                                                                                                                                                                                                                         | 26,400                            |
|               |                                        | <p>[Reasons for nomination as a candidate for Director]</p> <p><u>Reappointment</u> The reason for nominating Mr. Masahiko Wada as a candidate for Director is that it is expected that he will work to realize, among others, the business strategy for electronics area towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience acquired over many years as a management executive in the DNP group.</p>                                                               |                                   |
| 6             | Tetsuji Morino<br>(Feb. 23, 1948)      | Mar. 1970    Joined the Company<br>Jun. 2002    Director, General Manager of Strategic Business Planning Dept. of the Company<br>Jun. 2005    Managing Director of the Company<br>Jun. 2014    Senior Managing Director of the Company<br>(currently serving)                                                                                                                                                                                                                                                                                                                     | 38,300                            |
|               |                                        | <p>[Reasons for nomination as a candidate for Director]</p> <p><u>Reappointment</u> The reason for nominating Mr. Tetsuji Morino as a candidate for Director is that it is expected that he will work to realize, among others, the promotion of the business planning and the business strategy for information and communication area towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience acquired over many years as a management executive in the DNP group.</p> |                                   |

| Candidate No. | Name (Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Brief personal history, title, responsibilities and status of important concurrent office | No. of shares in the Company held |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------|
| 7             | Tokuji Kanda (Jun. 10, 1951)                                                                                                                                                                                                                                                                                                                                                                                                                                                | Apr. 1974<br>Jun. 2007<br><br>Jun. 2012<br>Jun. 2015                                      | 23,000                            |
|               | <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Tokuji Kanda as a candidate for Director is that it is expected that he will work to realize, among others, the enhancement of corporate governance structure towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience as a management executive in the DNP group.</p> |                                                                                           |                                   |
| 8             | Satoru Inoue (Jan. 14, 1955)                                                                                                                                                                                                                                                                                                                                                                                                                                                | Apr. 1978<br>Jun. 2013<br><br>Jun. 2015<br>Apr. 2018                                      | 9,500                             |
|               | <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Satoru Inoue as a candidate for Director is that it is expected that he will work to realize, among others, the strategy for technical development towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience as a management executive in the DNP group.</p>            |                                                                                           |                                   |

| Candidate No.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Name (Date of Birth)             | Brief personal history, title, responsibilities and status of important concurrent offices                                                                                                                                                                                                                                                                                                                                                                                                       | No. of shares in the Company held |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 9<br><u>New</u><br><u>Appointment</u>                                                                                                                                                                                                                                                                                                                                                                                                                              | Kenji Miya (Jun. 11, 1954)       | Apr. 1978 Joined the Company<br>Jul. 2003 General Manager of Personnel Dept. of the Company<br>Jun. 2010 Corporate Officer ( <i>Yakuin</i> ), General Manager of Personnel Dept. of the Company<br>Jun. 2014 Senior Corporate Officer ( <i>Joumu Yakuin</i> ), General Manager of Personnel Dept. of the Company<br>Apr. 2018 Senior Corporate Officer of the Company, in charge of Personnel Dept., Employee Relations Dept. and Recruiting & Training Dept. of the Company (currently serving) | 2,400                             |
| <p>[Reasons for nomination as a candidate for Director]</p> <p>The reason for nominating Mr. Kenji Miya as a candidate for Director is that it is expected that he will work to realize, among others, the strategy for human resources and labor towards business growth and improvement of business performance, and also appropriately oversee the entire Company's group, based on his considerable experience as a management executive in the DNP group.</p> |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |
| 10<br><u>Reappointment</u><br><u>Outside</u><br><u>Independent</u>                                                                                                                                                                                                                                                                                                                                                                                                 | Tadao Tsukada (Oct. 19, 1938)    | Nov. 1982 Professor of Tokyo Institute of Technology<br>Apr. 1999 Emeritus Professor of Tokyo Institute of Technology<br>Jun. 2002 Adviser to the Company<br>Director of the Company (currently serving)                                                                                                                                                                                                                                                                                         | 1,000                             |
| <p>[Reasons for nomination as a candidate for Outside Director]</p> <p>The reason for nominating Mr. Tadao Tsukada as a candidate for Outside Director is that his advice and supervision, based on, among others, his high level insight and extensive experience as an academic expert, over the Company's management from an objective perspective independent from the management executing the business are expected.</p>                                     |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                   |
| 11<br><u>Reappointment</u><br><u>Outside</u><br><u>Independent</u>                                                                                                                                                                                                                                                                                                                                                                                                 | Tsukasa Miyajima (Aug. 23, 1950) | Apr. 1990 Professor of Keio University, Faculty of Law<br>Apr. 2003 Registered as an attorney at law at the Daini Tokyo Bar Association<br>Jun. 2014 Director of the Company (currently serving)<br>Apr. 2016 Emeritus Professor of Keio University<br>Professor of Asahi University, Faculty of Law and Graduate School of Law (currently serving)                                                                                                                                              | 1,700                             |

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                        |  |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Status of Attendance to<br>the Board of Directors |                                                                                                                                                                                                                                                                                                                                                                                                                                | Status of important concurrent offices:<br>Outside Director of Hulic Co., Ltd.<br>Outside Statutory Auditor of Mikuni Corporation<br>Outside Director of Mitsui Sumitomo Insurance Company,<br>Limited |  |
| 11/11<br>(100%)                                   | <p>[Reasons for nomination as a candidate for Outside Director]</p> <p>The reason for nominating Mr. Tsukasa Miyajima as a candidate for Outside Director is that his advice and supervision, based on, among others, his high level insight and extensive experiences as a legal expert, over the Company's management from an objective perspective independent from the management executing the business are expected.</p> |                                                                                                                                                                                                        |  |

(Notes)

1. The “Corporate Officer (*Yakuin*)”, which was a title used in the Company, was changed to the “Corporate Officer (*Shikko Yakuin*)” in November 2015.
2. There is no special interest between any of the candidates for Director and the Company.
3.
  - Among the candidates for Director, Mr. Tadao Tsukada is a candidate for the Outside Director provided in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. As the Company judged that he satisfies the independent criteria stipulated by the Tokyo Stock Exchange, Inc. and the independent standards for independent director and/or statutory auditor stipulated by the Company (stated on pages 17 and 18), the Company submitted filing with the Tokyo Stock Exchange designating him as an Independent Director. When his reappointment is approved, he is planned to remain in office as an Independent Director.
  - Although he does not have experience of involvement in corporate management other than by way of being an Outside Director, the Company determined that he is capable of carrying out his duties adequately as an Outside Director for the reason stated in “[Reasons for nomination as a candidate for Outside Director]” above.
  - While he was an Adviser to the Company in the past, he was not involved in execution of the Company’s and its subsidiaries’ business but took the Adviser’s post for the purpose of giving opinion based on his high level insight and extensive experience as an academic expert on the Company’s management from a standpoint of various stakeholders, including shareholders and investors. He retired as an Adviser to the Company when he was appointed to be a Director of the Company.
  - He will have been in office as one of the Company’s Outside Directors for sixteen (16) years at the conclusion of this General Meeting of Shareholders.
  - The Company has entered into a Contract for Limitation of Liabilities with him with regard to the liability for damage to the Company provided in Article 423, Paragraph 1 of the Companies Act, to the effect that the liability for damage attributable to his performance of duty as an Outside Director of the Company in good faith and without gross negligence to be limited to the amount of minimum liability stipulated in Article 425, Paragraph 1 of the same Act. If his reappointment is approved, the Company plans to extend the above

mentioned Contract for Limitation of Liabilities with him.

4. · Among the candidates for Director, Mr. Tsukasa Miyajima is a candidate for Outside Director provided in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. As the Company judged that he satisfies the independent criteria stipulated by the Tokyo Stock Exchange, Inc. and the independent standards for independent director and/or statutory auditor stipulated by the Company (stated on pages 17 and 18), the Company submitted filing with the Tokyo Stock Exchange designating him as an Independent Director. When his reappointment is approved, he is planned to remain in office as an Independent Director.
  - Although he does not have experience of involvement in corporate management other than in the way of being an Outside Director or an Outside Statutory Auditor, the Company determined that he is capable of carrying out his duties adequately as an Outside Director for the reason stated in “[Reasons for nomination as a candidate for Outside Director]” above.
  - He will have been in office as one of the Company’s Outside Directors for four (4) years at the conclusion of this General Meeting of Shareholders.
  - The Company has entered into a Contract for Limitation of Liabilities with him with regard to the liability for damage to the Company provided in Article 423, Paragraph 1 of the Companies Act, to the effect that the liability for damage attributable to his performance of duty as an Outside Director of the Company in good faith and without gross negligence to be limited to the amount of minimum liability stipulated in Article 425, Paragraph 1 of the same Act. If his reappointment is approved, the Company plans to extend the above mentioned Contract for Limitation of Liabilities with him.



(Reference) **The Independent Standards for Independent Director and/or Statutory Auditor**

Independent Director and/or Statutory Auditor must not fall under any of the following standards and must be independent from management executives in the Company.

- (1) Person who is engaged (or had been engaged at any time in the past 10 years) in the business execution of the Company or the Company's affiliates (collectively, the "Group") (This includes person that had, at any time in the past 10 years, served as a non-executive Director or Statutory Auditor of the Group, and had engaged in the business execution of the Group at any time for a period of 10 years before serving as a non-executive Director or Statutory Auditor of the Group);
- (2) Party for whom the Group is a major business partner [Note: a business partner group (a corporate group to which a direct business partner belongs) that provides the Group with products or services for which the transaction value in the most recent fiscal year exceeds 2% of such business partner group's annual consolidated sales or total income] or a person engaged in the business execution of such party;
- (3) Major business partner of the Group [Note: a business partner group to which the Group provides products or services for which the transaction value in the most recent fiscal year exceeds 2% of the Group's annual consolidated sales] or a person engaged in the business execution of such business partner;
- (4) Major lender of the Group [Note: a lender from which total borrowings in the most recent fiscal year exceeds 2% of the Group's annual consolidated assets] or a person engaged in the business execution of such lender;
- (5) Consultant, accounting professional or legal professional obtaining large amounts of money or other financial benefits, other than as remuneration of Director or Statutory Auditor, from the Group [Note: a person obtaining from the Group, other than as remuneration of Director or Statutory Auditor, financial benefits in excess of the higher of 10 million yen per year or 2% of his/her annual sales or total income for the most recent fiscal year] (if such financial benefits are obtained by an organization, this item refers to a person belonging to such organization);
- (6) Major shareholder of the Company (a shareholder, directly or indirectly,

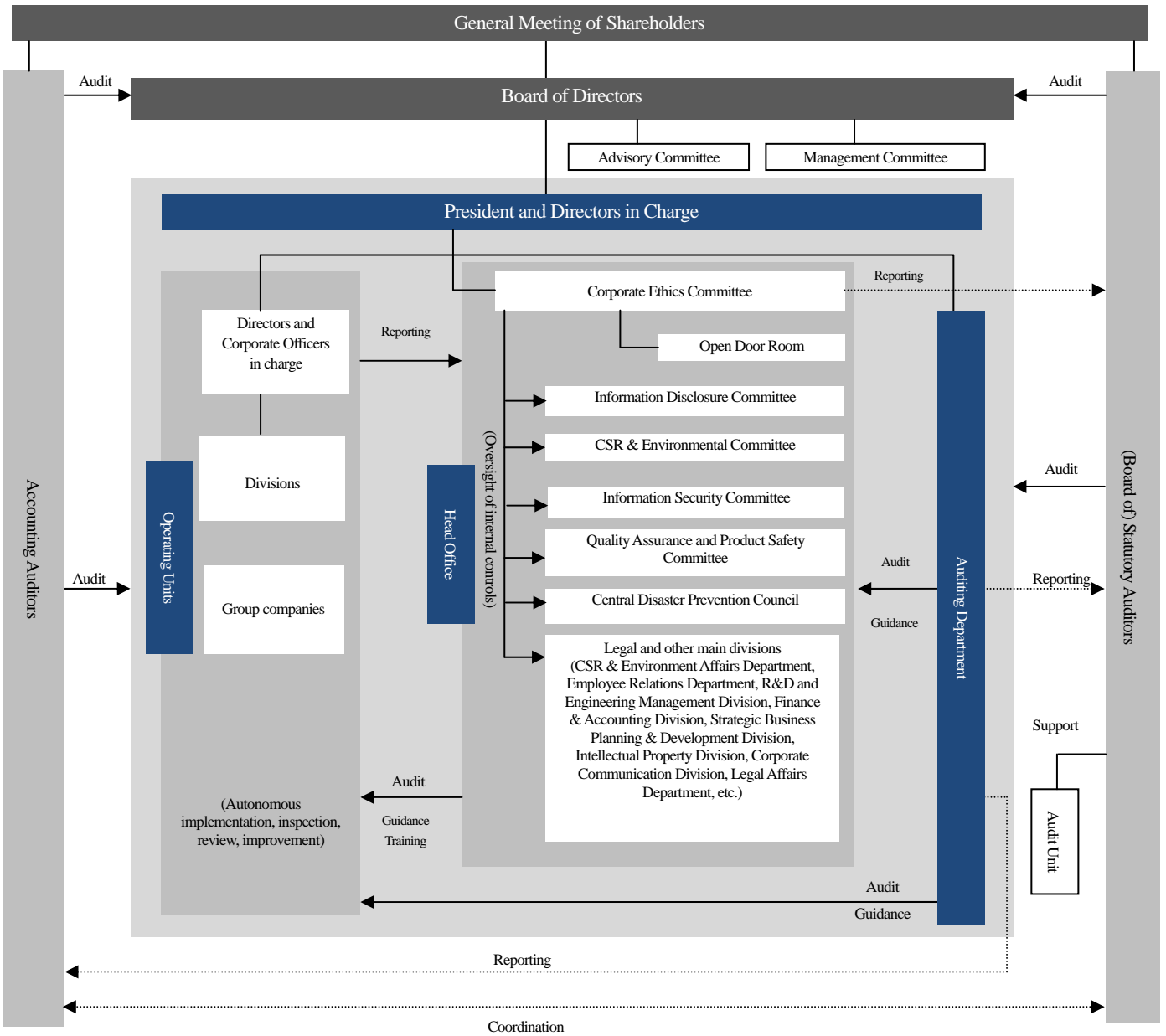
- holding 10% or more of voting rights), or a person engaged in the business execution of such shareholder;
- (7) Person engaged in the business execution of a company in which the Group is a major shareholder (a shareholder, directly or indirectly, holding 10% or more of voting rights);
  - (8) Person belonging to an auditing firm performing statutory audits of the Company;
  - (9) Person to whom any of Items (2) through (8) apply during the most recent 1 year;
  - (10) Relative (within the second degree of consanguinity) of a person to whom any of Items (1) through (5) apply (excluding a person who is not in an important position);
  - (11) Person who is engaged (or had been engaged at any time in the past 10 years) in the business execution of a company between which and the Company Outside Directors or Statutory Auditors are or were mutually appointed; and
  - (12) Party that receives (or received in the past 10 years) donations [Note: donations in excess of the higher of, on average for the most 3 recent fiscal years, 10 million yen per year or 2% of total annual income of such party] from the Company or a person engaged in the business execution of such party.

(Reference) **The Fundamental Philosophy of the Corporate Governance**

The Company seeks to improve, among others, earning power and capital efficiency in order to aim for sustained growth and increase enterprise value over the medium to long-term based on “DNP Group Vision 2015”. Therefore, the Company recognizes that it is necessary to boldly pursue various business opportunities, fulfill our corporate social responsibilities (CSR) and win the trust of our various stakeholders, such as shareholders, customers, consumers and employees in order to improve our business competitiveness in the future.

To this end, the Company regards enhancement of corporate governance, including internal control systems, as a top management priority. The Company establishes and operates systems that enable proper managerial decision-making, prompt and appropriate business execution based on these decisions and supervision and auditing of processes of the proper managerial decision-making and prompt and appropriate business execution. The Company also conducts training and education to improve each employee’s awareness of compliance issues and strives to enhance our overall corporate governance.

<Structure diagram>



#### ※Management Committee and Advisory Committee

To speed up the Company's management activities and make them more efficient, the Company holds a Management Committee consisting of directors at the senior managing director level and above. The Company also holds an Advisory Committee comprised of independent outside directors and statutory auditors to provide advice and opinions on important matters, such as nomination of directors and statutory auditor candidates and director compensation. The Board of Directors of the Company makes resolutions based on the advice and opinions by Advisory Committee. Further, in February 2018, the number of members of the Advisory Committee was increased from two (2) to three (3) in order to further enhance the objectivity and transparency of the discussion.

#### ※Consultant (*Soudanyaku*) and Adviser

In the Company, those who have experienced directors and statutory auditors may be appointed to be Adviser (part-time) after his/her retirement, during a certain period of time, in order to advise the Company based on his/her considerable experience and high-level insight upon Company's request. However, such Advisers have no authority concerning management of the Company. Further, the Company does not appoint any Consultant (*Soudanyaku*).

#### ※Evaluation of the effectiveness of the overall Board of Directors

In the Company, an independent third party shall aggregate and analyze the contents of an questionnaire survey for all the directors and statutory auditors in order to evaluate the effectiveness of the overall Board of Directors implemented from April to the following March every year. Consequently, the Board of Directors is aware of the points that need improvement in the future and will reconfirm further improvement of the effectiveness of the overall Board of Directors.

### **Basic Policy on Profit Distribution**

The Company considers the return of profits to shareholders to be an important management policy. Regarding the allocation of profits, the Company aims to provide stable dividends to our shareholders, and will implement it based on our business performance and payout ratio. In preparation for future business development, the Company strives to enhance our financial structure through retained earnings and strengthen our management foundation.

<History of Dividend per Share>

|                                        | the fiscal year<br>ending in<br>March 2014 | the fiscal year<br>ending in<br>March 2015 | the fiscal year<br>ending in<br>March 2016 | the fiscal year<br>ending in<br>March 2017 | the fiscal year<br>ending in<br>March 2018 |
|----------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| The interim<br>dividend                | ¥16                                        | ¥16                                        | ¥16                                        | ¥16                                        | ¥16                                        |
| The year-end<br>dividend               | ¥16                                        | ¥16                                        | ¥16                                        | ¥16                                        | ¥32 (Note)                                 |
| The dividend<br>for the fiscal<br>year | ¥32                                        | ¥32                                        | ¥32                                        | ¥32                                        | —                                          |

(Note)

Regarding the year-end dividend for the fiscal year ending in March 2018, the Company describes the amount as 1<sup>st</sup> Agenda at this 124<sup>th</sup> Ordinary General Meeting of Shareholders (page 7).

We consolidated two common shares of the Company into one as of October 1, 2017. The year-end dividend for the current term converted to the one based on the number of shares prior to the consolidation is equivalent to ¥16 per share. Therefore, the dividend for the current fiscal year will be ¥32 per share, including the interim dividend of ¥16 per share, which is the same amount as the year-end dividend for the fiscal year ending in March 2017 on the assumption that such conversion is made.

[End]