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(Stock Exchange Code 4619)  
June 2, 2021

**To Shareholders with Voting Rights:**

Jun Taya  
President, COO & CFO  
NIHON TOKUSHU TORYO CO., LTD.  
3-23-2, Oji, Kita-ku, Tokyo

**NOTICE OF  
THE 115th ORDINARY GENERAL SHAREHOLDERS MEETING**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to announce that the 115th Ordinary General Shareholders Meeting of NIHON TOKUSHU TORYO CO., LTD. (the “Company” or “Nittoku”) will be held for the purposes as described below.

In lieu of attending the meeting, you can exercise your voting rights in writing or via an electronic method (the Internet, etc.). Please review Reference Documents for the General Shareholders Meeting below, and exercise your voting rights by following the Instructions for the Exercise of Voting Rights on pages 3 and 4 of the Japanese version of this document, no later than 5:20 p.m. on Wednesday, June 23, 2021, Japan time.

**1. Date and Time:** June 24 (Thursday), 2021 at 10:00 a.m. Japan time

**2. Place:** Conference room of Corporate Headquarters located at  
3-23-2, Oji, Kita-ku, Tokyo

\* Please refer to the map to the venue for the meeting provided at the end of the Japanese version of this document. Note that venue has changed from last year.

**3. Meeting Agenda:**

- Matters to be reported:**
1. The business report, consolidated financial statements for the Company’s 115th fiscal term (the fiscal year from April 1, 2020 to March 31, 2021) and results of audits by the Accounting Auditor and the Board of Auditors of the consolidated financial statements
  2. Non-consolidated financial statements for the Company’s 115th fiscal term (the fiscal year from April 1, 2020 to March 31, 2021)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Retained Earnings  
**Proposal 2:** Appointment of Ten Directors  
**Proposal 3:** Appointment of One Reserve Auditor  
**Proposal 4:** Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Of the documents to be provided with this Notice, the consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in equity and notes to non-consolidated financial statements are posted on the Company's website (<https://www.nttoryo.co.jp> [available only in Japanese version]) in accordance with provisions of laws and regulations as well as the Company's Articles of Incorporation and therefore are not provided in the appendix of this Notice. Auditors and Accounting Auditors audited the consolidated statement of changes in equity, notes to consolidated financial statements, statement of changes in equity and notes to non-consolidated financial statements posted on the above Company's website as the consolidated financial statements and non-consolidated financial statements, in addition to documents provided in the appendix of this Notice.

Should the appendix and the Reference Documents for the General Shareholders Meeting require revisions, the revised versions will be posted on the Company's website (<https://www.nttoryo.co.jp>).

<Requests to Shareholders>

- For preventing the spread of COVID-19, shareholders attending the meeting are asked to check the status of infection and their physical condition on the date of the meeting, and wear a mask or take other infection prevention measures.
- Please understand that infection prevention measures may be taken at the venue of the meeting, including operation staff wearing masks and installation of alcohol disinfectant.
- The above measures may change depending on the status of the pandemic and announcements from the government, etc. In the event that any major change is made to the operation of the meeting, such changes will be announced on the Company's website (<https://www.nttoryo.co.jp>). Please check the website as necessary.
- No gifts will be provided to shareholders attending the meeting. Also, no drinks will be served before the start of the meeting this year and no products will be displayed at the venue. We appreciate your understanding.

# Reference Documents for the General Shareholders Meeting

## Proposals and References

### **Proposal 1:** Appropriation of Retained Earnings

We position the substantial return of profit to our shareholders by strengthening profitability and maintaining a sound financial condition focused on cash flow as an important management task.

On the other hand, the management environment surrounding the business of the Nittoku Group is experiencing major changes such as price competition as well as intensifying competition in development of high value-added paints with environmental and other measures, automobile technological innovation including electrification, and advancement of globalization in automobile production. To maintain competitiveness and improve profitability in the future, we must aggressively and continually make R&D and capital investment for new products and technologies, investment in overseas businesses for globally enhancing technical and productive abilities, and furthermore, investment in human resources who will serve as the foundation of the above.

Accordingly, based on the medium- to long-term management plan, with a focus placed on maintaining stable dividends and increasing internal funds for strategic investment described above, the distribution of profits is decided in comprehensive consideration of factors such as financial condition, profit levels, and the payout ratio as the Company's basic policy.

Based on the above policy, the year-end dividend for this fiscal year is proposed to be as described below.

### **Items Related to the Year-end Dividend**

(1) Type of dividend property

Cash

(2) Items related to the allocation of dividend property to shareholders and its total amount

21 yen per ordinary share                      total 457,706,613 yen

Therefore, the annual dividend will be a total of 38 yen per share including the interim dividend.

(3) Date the distribution of retained earnings comes into effect:

June 25, 2021

**Proposal 2:** Appointment of Ten Directors

Terms of office of all eleven Directors will expire at the closure of this General Shareholders Meeting. Accordingly, the Board of Directors proposes the appointment of ten Directors (including two Outside Directors), aiming for swifter and more flexible management strategy.

The candidates are as follows:

No.	Name	Position and responsibility in the Company	Candidate attributes
1	Masahiro Nojima	Chairman CEO	[Reappointment]
2	Jun Taya	President COO CFO Chief Officer of Operation Planning & Coordination Group	[Reappointment]
3	Hiroshi Onda	Managing Director Chief Officer of Automotive Products Group	[Reappointment]
4	Hisaya Yamaguchi	Director General Manager of Legal Affairs Office General Manager of Legal Compliance Office	[Reappointment]
5	Yoshihiko Yasui	Director General Manager of Overseas Planning Division	[Reappointment]
6	Yoshihiko Doi	Director Head of Eastern Japan Sales Management, Paints & Coatings Group	[Reappointment]
7	Hiroshi Suzuki	Director Chief Officer of Paints & Coatings Group	[Reappointment]
8	Shin Nakamura	Director Head of Plant Production, Automotive Products Group	[Reappointment]
9	Michihiro Nara	Director	[Reappointment] [Outside] [Independent]
10	Kozo Yabe	Director	[Reappointment] [Outside] [Independent]

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	[Reappointment]  Masahiro Nojima (May 1, 1945)	April 1969 Entered in Nittoku March 1990 General Manager of Nittoku Technical Division, Automotive Products Group March 1995 Deputy Chief Officer of Nittoku Automotive Products Group March 1997 Deputy Chief Officer of Nittoku Paints & Coatings Group June 1997 Director of Nittoku June 1998 Chief Officer of Nittoku Paints & Coatings Group November 2002 Managing Director of Nittoku June 2005 President of Nittoku April 2008 Chief Officer of Nittoku R&D Group June 2013 Chairman & CEO of Nittoku (in-service) [Significant concurrent positions] • Chairman of UGN, Inc. • Chairman of Autoneum Nittoku (Guangzhou) Automotive Sound-Proof Co., Ltd. • Chairman of Tianjin Autoneum Nittoku Sound-Proof Co., Ltd. • Chairman of Wuhan Nittoku Autoneum Sound-Proof Co., Ltd.	94,100
[Reason for nomination as candidate for Director] Assuming the office of President in 2005 and currently working as Chairman, he has made significant contributions for many years to the building and expansion of the business foundations that are the source of the Group's growth, and has played an important role in improving corporate value of the entire Group. The Company believes that by leveraging his abundant experience and broad insight in overall management including the main business of the Company, he is suitable for Director of the Company. The Company therefore renominates him as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>[Reappointment]</p> <p>Jun Taya (March 3, 1953)</p>	<p>April 1976 Entered in the Mitsubishi Bank, Ltd.</p> <p>January 2005 Entered in Nittoku General Manager of Nittoku Financial &amp; Accounting Division, Operation Planning &amp; Coordination Group</p> <p>April 2005 Deputy Chief Officer of Nittoku Operation Planning &amp; Coordination Group</p> <p>June 2005 Director of Nittoku</p> <p>April 2007 Chief Officer of Nittoku Operation Planning &amp; Coordination Group (in-service)</p> <p>April 2007 General Manager of Nittoku Legal Compliance Office</p> <p>June 2009 Managing Director of Nittoku</p> <p>June 2013 CFO of Nittoku (in-service)</p> <p>June 2015 Senior Managing Director of Nittoku</p> <p>June 2019 President and COO of Nittoku (in-service)</p> <p>[Significant concurrent positions]</p> <ul style="list-style-type: none"> <li>• Chairman of Nikko Kogyo Co., Ltd.</li> <li>• President of Nittoku Shokoh Co., Ltd.</li> <li>• President of Nittoku Insurance Center Co., Ltd.</li> <li>• President of Fuji Sangyo Co., Ltd.</li> </ul>	28,100
<p>[Reason for nomination as candidate for Director]</p> <p>Based on his high level of expertise, he has been involved in overall management issues in the Operation Planning &amp; Coordination Group. He has played an important role in improving the corporate value of the Group as President since 2019. The Company believes that by leveraging his deep insight in finance and accounting and detailed knowledge of corporate governance, he is suitable for Director of the Company. The Company therefore renominates him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	[Reappointment]  Hiroshi Onda (February 8, 1959)	April 1983	Entered in Nittoku	15,300
		April 2000	General Manager of Nittoku Design Division, Automotive Products Group	
April 2008	Deputy Chief Officer of Nittoku Automotive Products Group			
March 2009	General Manager of Nittoku Cost Management Division			
July 2009	Corporate Officer of Nittoku			
April 2010	General Manager of Nittoku Purchasing Division			
June 2012	Director of Nittoku			
April 2017	Chief Officer of Nittoku Automotive Products Group (in-service)			
April 2018	General Manager of Nittoku Design Division, Automotive Products Group			
June 2018	Managing Director of Nittoku (in-service)			
April 2019	General Manager of Nittoku Production Engineering Division, Automotive Products Group			
		[Significant concurrent positions] • President of Daiwa Tokushu Kohki Co., Ltd. • President of Nittoku CK Co., Ltd.		
[Reason for nomination as candidate for Director] He has held important positions mainly in the Automotive Products Group and has been in charge of the Purchasing and Cost Management Divisions. He has made significant contributions to long-term business expansion and improvement of profitability based on his wide range of knowledge and experience. The Company believes that by leveraging his deep understanding of the core of the business and broad insight including financial aspects based on cost management, he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				
4	[Reappointment]  Hisaya Yamaguchi (September 16, 1958)	April 1982	Entered in Nittoku	11,200
		April 2000	General Manager of Nittoku Technical Division, Automotive Products Group	
April 2008	Deputy Chief Officer of Nittoku Automotive Products Group			
July 2009	Corporate Officer of Nittoku			
April 2010	Chief Officer of Nittoku R&D Group			
April 2011	Plant Manager of Nittoku Aichi Plant			
June 2012	Director of Nittoku (in-service)			
April 2020	General Manager of Legal Affairs Office and General Manager of Legal Compliance Office (in-service)			
[Reason for nomination as candidate for Director] He has held important positions mainly in the Automotive Products Group and possesses abundant work experience in the manufacturing and development divisions. He has made contributions to the improvement of corporate value of the Company based on his knowledge and experience in intellectual property and legal affairs. The Company believes that by leveraging his deep insight in compliance and governance, he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	[Reappointment]  Yoshihiko Yasui (March 29, 1956)	April 1980	Entered in Nittoku	11,420
		April 2003	General Manager of Nittoku Technical Division 1, Automotive Products Group	
		April 2006	General Manager of Nittoku Overseas Planning Division	
		April 2008	General Manager belonging to Nittoku China ASEAN Planning Office Temporary transferred to Autoneum Nittoku (Guangzhou) Automotive Sound-Proof Co., Ltd.	
		July 2009	Corporate Officer of Nittoku	
		April 2013	General Manager of Nittoku Overseas Planning Division and General Manager of Nittoku China ASEAN Planning Office	
		June 2014	Director of Nittoku (in-service)	
		April 2015	General Manager of Nittoku Overseas Planning Division (in-service)	
[Reason for nomination as candidate for Director] He assumed the office of General Manager of the Overseas Planning Division in 2006 and has been leading the growth of the overseas business and automotive product business of the Company for many years. The Company believes that by leveraging his abundant work experience and insight including accumulated through working abroad, etc., he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				
6	[Reappointment]  Yoshihiko Doi (October 16, 1961)	April 1980	Entered in Nittoku	9,200
		April 2002	General Manager of Nittoku Tokyo Sales Operation Division, Paints & Coatings Group	
		April 2010	Deputy Chief Officer of Nittoku Paints & Coatings Group	
		July 2012	Corporate Officer of Nittoku	
		April 2013	Head of Nittoku Eastern Japan Sales Management, Paints & Coatings Group (in-service)	
		June 2017	Director of Nittoku (in-service)	
		[Significant concurrent positions] • President of Nittoku Mente Co., Ltd.		
[Reason for nomination as candidate for Director] He assumed the office of General Manager of the Tokyo Sales Operation Division, Paints & Coatings Group in 2002, he has been leading the sales division of paints and coatings business as Head of Nittoku Eastern Japan Sales Management since 2013, and has made contributions to profit growth. The Company believes that by leveraging his abundant work experience and deep insight, he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
7	[Reappointment]  Hiroshi Suzuki (September 16, 1962)	April 1985	Entered in Nittoku	5,000
		April 2006	General Manager of Nittoku Technical Division 1, R&D Group	
April 2016	Deputy Chief Officer of Nittoku Paints & Coatings Group and Plant Manager of Nittoku Hiratsuka Plant			
April 2017	Corporate Officer of Nittoku			
April 2017	Head of Plant Operation, Nittoku Paints & Coatings Group and Plant Manager of Nittoku Hiratsuka Plant			
June 2019	Director of Nittoku (in-service)			
June 2019	Chief Officer of Nittoku Paints & Coatings Group (in-service)			
[Reason for nomination as candidate for Director] Based on the experience of leading the development of paint products in the development division, he has made contributions to profit growth in the paints & coatings business from the position of controlling the production division and the entire paints & coatings business. The Company believes that by leveraging his abundant work experience and insight, he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				
8	[Reappointment]  Shin Nakamura (March 9, 1964)	April 1987	Entered in Nittoku	1,500
		July 2010	General Manager belonging to Nittoku China ASEAN Planning Office Temporary transferred to Wuhan Nittoku Autoneum Sound-Proof Co., Ltd.	
April 2015	General Manager belonging to Nittoku Overseas Planning Division Temporary transferred to Wuhan Nittoku Autoneum Sound-Proof Co., Ltd.			
April 2017	Corporate Officer of Nittoku			
April 2018	Plant Manager of Nittoku Aichi Plant			
April 2019	Head of Plant Production, Nittoku Automotive Products Group (in-service)			
June 2019	Director of Nittoku (in-service)			
[Significant concurrent positions]				
<ul style="list-style-type: none"> <li>• President of Takahiro Co., Ltd.</li> <li>• CEO of Wuhan Nittoku Autoneum Sound-Proof Co., Ltd.</li> <li>• Chairman of Wuhan Nittoku Autoneum Auto Parts Co., Ltd.</li> </ul>				
[Reason for nomination as candidate for Director] Based on the experience of increasing profits of subsidiaries in China, he has led profit growth of the automotive product business from the position of generally controlling the plant production division of automobile products. The Company believes that by leveraging his abundant work experience and insight accumulated through working abroad, etc., he is suitable for Director of the Company. The Company therefore renominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
9	[Reappointment] [Outside] [Independent]  Michihiro Nara (May 17, 1946)	April 1974	Registered as lawyer	23,100
		June 2003	Partner of Hanzomon Sogo Law Office (in-service)	
June 2004	Outside Auditor of Nittoku			
April 2006	Vice President of Japan Federation of Bar Associations			
April 2006	President of Dai-Ichi Tokyo Bar Association			
June 2014	Outside Director of Oji Holdings Corporation (in-service)			
June 2015	Outside Director of Nittoku (in-service)			
June 2016	Outside Director (Audit & Supervisory Committee Member) of CHORI CO., LTD.			
		June 2016	Outside Director (Audit & Supervisory Committee Member) of SEIKO EPSON CORPORATION	
[Reason for nomination as candidate for Outside Director and outline of expected roles] Although he has not been involved in corporate management other than having served as an outside officer, he provides timely and appropriate advice and suggestions based on his abundant experience cultivated through working as outside officer in listed companies and professional expertise as a lawyer. The Company believes that, based on his experience, he will provide appropriate supervision and objective advice on the management of the Company and contribute to the enhancement of corporate governance of the Company. Therefore, he has been renominated as a candidate for Outside Director.				
10	[Reappointment] [Outside] [Independent]  Kozo Yabe (January 22, 1962)	April 1991	Registered as lawyer	1,600
		August 2000	Adjunct professor of University of Illinois College of Law (in-service)	
January 2001	Partner of YUASA and HARA (in-service)			
April 2002	Registered as patent attorney			
September 2005	Guest instructor of Chuo Law School			
April 2009	Patent attorney examination commissioner			
June 2010	Executive board member of International Association for the Protection of Intellectual Property (in-service)			
June 2017	Outside Director of Nittoku (in-service)			
[Reason for nomination as candidate for Outside Director and outline of expected roles] Although he has not been involved in corporate management other than having served as an outside officer, he provides timely and appropriate advice and suggestions on the management of the Company based on wide range of experience and high level of expertise as a lawyer and patent attorney. The Company believes that, based on his experience, he will provide appropriate supervision and objective advice on the management of the Company and contribute to the enhancement of corporate governance of the Company. Therefore, he has been renominated as a candidate for Outside Director.				

(Notes)

1. Matters regarding special interests are as follows.
  - (1) Candidate Mr. Masahiro Nojima is concurrently serving as Chairman of UGN, Inc. as well as Chairman of Autoneum Nittoku (Guangzhou) Automotive Sound-Proof Co., Ltd., Tianjin Autoneum Nittoku Sound-Proof Co., Ltd. and Wuhan Nittoku Autoneum Sound-Proof Co., Ltd. The Company has a business relationship involving products, etc. with each of these companies.
  - (2) Candidate Mr. Jun Taya is concurrently serving as Chairman of Nikko Kogyo Co., Ltd. as well as President of Nittoku Shokoh Co., Ltd., Nittoku Insurance Center Co., Ltd. and Fuji Sangyo Co., Ltd. The Company has a business relationship involving products, etc. with each of these companies.
  - (3) Candidate Mr. Hiroshi Onda is concurrently serving as President of Daiwa Tokushu Kohki Co., Ltd. and Nittoku CK Co., Ltd. The Company has a business relationship involving products, etc. with the said companies.
  - (4) Candidate Mr. Yoshihiko Doi is concurrently serving as President of Nittoku Mente Co., Ltd. The Company has a business relationship involving products, etc. with the said company.
  - (5) Candidate Mr. Shin Nakamura is concurrently serving as President of Takahiro Co., Ltd. and Chairman of Wuhan Nittoku Autoneum Auto Parts Co., Ltd. The Company has a business relationship involving products, etc. with the said companies.
  - (6) There are no special interests between other candidates and the Company.
2. Matters regarding the liability limitation agreement are as follows.  
The Company has entered into a liability limitation agreement with Mr. Michihiro Nara and Mr. Kozo Yabe to limit their liability to the minimum amount provided for by laws and regulations according to Article 427, Paragraph 1 of the Companies Act. If their reappointment is approved, the Company plans to continue the said agreement with them.

3. Matters regarding candidates for Outside Directors are as follows.
  - (1) Mr. Michihiro Nara and Mr. Kozo Yabe are candidates for Outside Directors.
  - (2) The Company registered Mr. Michihiro Nara and Mr. Kozo Yabe with the Tokyo Stock Exchange as Independent Directors based on the rules of Tokyo Stock Exchange. If their reappointment is approved, they will continue to be Independent Directors.
  - (3) Mr. Michihiro Nara and Mr. Kozo Yabe are currently Outside Directors of the Company and it will have been six years since the appointment of Mr. Michihiro Nara and four years since the appointment of Mr. Kozo Yabe at the conclusion of this General Shareholders Meeting. Mr. Michihiro Nara was Outside Auditor of the Company for ten years from June 2004 to June 2014.

4. Matters regarding the directors and officers liability insurance agreement are as follows.

The Company has concluded with an insurance company a directors and officers liability insurance (hereafter referred to as "D&O Insurance") agreement provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance covers damages, etc. that may result from the Directors and Auditors being liable for the performance of their duties (However, excluding the case that falls under indemnity conditions stipulated in the insurance agreement). The premiums of D&O Insurance are fully borne by the Company. If each of candidates assumes office as Director, he/she will be insured under the D&O Insurance. The term of the D&O Insurance is one year. Before expiration of this term, the Company plans to renew the said insurance agreement upon a resolution of the Board of Directors.

**Proposal 3: Appointment of One Reserve Auditor**

In order to prevent from lacking necessary numbers of Auditors defined by the laws and regulations, the Board of Directors proposes appointment of one reserve Auditor.

This proposal has been approved by the Board of Auditors.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Koichiro Tanaka (July 6, 1965)	October 1987	1,000
	Entered in Sanwa Tohmatsu Aoki Auditing Firm (Current Deloitte Touche Tohmatsu)	
	March 1991	
	Registered as certified public accountant	
	December 2003	
	Partner/Executive Officer of Deloitte Touche Tohmatsu, Corporate Finance Division	
	February 2005	
	Registered as certified tax accountant	
July 2014		
President of Tanaka Accounting Firm (in-service)		
March 2017		
Outside auditor of Odawara Engineering Co., Ltd. (in-service)		
June 2018		
Auditor of Japan Automobile Research Institute (in-service)		
June 2020		
Outside Corporate Auditor of Arisawa Mfg. Co., Ltd. (in-service)		
March 2021		
Representative Partner of Cenxus Audit Corporation (in-service)		

[Reason for nomination as candidate for Reserve Outside Auditor]

He possesses a wide range of knowledge in finance and accounting as a certified public accountant and certified tax accountant, and abundant experience in major auditing firms, listed companies, and other organizations. The Company believes that, reflecting his experience in the audit systems of the Company, he is capable of appropriately fulfilling his duties as an Outside Auditor from an independent and fair position. Therefore, he has been renominated as a candidate for Reserve Outside Auditor.

(Notes)

1. There are no special interests between the candidate and the Company.
2. The candidate is a candidate for Reserve Outside Auditor.
3. If Mr. Koichiro Tanaka assumes office as Auditor of the Company, the Company plans to enter into a liability limitation agreement with him to limit his liability provided in Article 427, Paragraph 1 of the Companies Act to the minimum amount provided for by laws and regulations.
4. If Mr. Koichiro Tanaka assumes office as Auditor, the Company intends to register him with the Tokyo Stock Exchange as Independent Auditor based on the rules of Tokyo Stock Exchange.
5. The Company has concluded with an insurance company a directors and officers liability insurance (hereafter referred to as "D&O Insurance") agreement provided for in Article 430-3, Paragraph 1 of the Companies Act. The insurance covers damages, etc. that may result from the Directors and Auditors being liable for the performance of their duties (However, excluding the case that falls under indemnity conditions stipulated in the insurance agreement). The premiums of D&O Insurance are fully borne by the Company. If Mr. Koichiro Tanaka assumes office as Auditor, he will be insured under the D&O Insurance. The Company plans to renew the said D&O Insurance agreement during a period where the election of Reserve Outside Auditor is valid, upon a resolution of the Board of Directors.

**Proposal 4: Determination of Compensation for Granting Restricted Shares to Directors (Excluding Outside Directors)**

The amount of compensation for Directors of the Company has been approved at 500 million yen or less per year (including 50 million yen or less per year for Outside Directors) at the 113th Ordinary General Shareholders Meeting held on June 21, 2019. On this occasion, with the objective of providing incentives for Directors (excluding Outside Directors, hereinafter referred to as the “Eligible Directors”) to aim for sustained enhancement of corporate value of the Company and further promoting the sharing of value with its shareholders, the Company proposes to introduce a new plan to allot restricted shares to the Eligible Directors (hereinafter referred to as the “Plan”) and requests approval for the payment of compensation for granting restricted shares to the Eligible Directors separately from the above amount of compensation.

The monetary compensation to be paid in order to grant restricted shares to the Eligible Directors shall be 100 million yen or less in total per year, which is an amount considered to be appropriate based on the above objectives. Furthermore, the specific allocation to each Eligible Director shall be decided by the Board of Directors.

Currently there are eleven (11) Directors (including two (2) Outside Directors). If Proposal 2 is approved as proposed, there will be ten (10) Directors (including two (2) Outside Directors).

The specific details of restricted shares to be granted to the Eligible Directors are as follows.

1. Matters concerning maximum number of restricted shares, and allotment of and payment thereof

Under the Plan, the Company will provide to Eligible Directors monetary compensation receivables within the annual limit stated above as compensation in order to grant restricted shares. The Eligible Directors will be allotted the restricted shares by making contribution in kind of all of such monetary compensation receivables.

The total number of the Company’s common shares to be issued or disposed of for the purpose of allotting restricted shares shall be up to 100,000 shares per year (however, if a share split (including gratis allotment of common shares of the Company) or a reverse share split of common shares of the Company is conducted, or if another reason that necessitates an adjustment to the total number of the Company’s common shares to be allotted as restricted shares arises after the day on which this proposal has been approved, the total number of restricted shares shall be adjusted to a reasonable extent).

The amount to be paid in for restricted shares will be determined by the Board of Directors of the Company based on the closing price of the common shares of the Company on the Tokyo Stock Exchange as of the business day immediately preceding the date of resolution of the Board of Directors meeting (if no transaction is executed on such date, the closing price on a business day immediately preceding such date), within an amount that will not be particularly advantageous to the Eligible Directors who will receive such restricted shares. In addition, the monetary compensation receivables stated above shall be provided on the condition that the Eligible Directors have agreed to the contribution in kind as mentioned above and that the Eligible Directors have concluded a restricted share allotment agreement containing the details as set forth in 2 below.

2. Details of the restricted share allotment agreement

The restricted share allotment agreement (hereinafter referred to as the “Allotment Agreement”) concluded between the Company and the Eligible Directors who will be allotted the restricted shares shall include the following details.

(1) Details of transfer restriction

The Eligible Directors who have been allotted restricted shares may not transfer to any third party, create a security interest on, grant as advancement before death or otherwise dispose of the common shares of the Company allotted (hereinafter referred to as the “Allotted Shares”) during a period from the date of the allotment to the date when the Eligible Directors retire from the position of Director of the Company (hereinafter referred to as the “Transfer Restriction Period”).

(2) Lifting of transfer restriction

On the condition that an Eligible Director who has been allotted restricted shares has continuously remained in office as specified in the above (1) during the period determined by the Board of Directors (hereinafter referred to as the “Service Provision Period”), the Company shall lift the transfer restriction on all the Allotted Shares upon the expiry of the Transfer Restriction Period. Notwithstanding the foregoing,

if an Eligible Director retires from the post specified in the above (1) during the Service Provision Period due to reasons deemed justifiable by the Board of Directors, the number of the Allotted Shares subject to the lifting of the transfer restriction and the timing of lifting of the transfer restriction shall be adjusted in a reasonable manner as required.

(3) Acquisition of restricted shares without consideration

From among the Allotted Shares, if there are any shares for which the transfer restriction has not been lifted pursuant to the provisions of the reasons for removal of the transfer restriction specified in the above (2) upon the expiry of the Transfer Restriction Period as specified in the above (1), the Company shall rightfully acquire them without consideration.

(4) Treatment in case of organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary or any other matters related to an organizational restructuring, etc. is approved at a General Shareholders Meeting of the Company (provided, however, at the Board of Directors meeting of the Company if the approval of the General Shareholders Meeting for the said organizational restructuring, etc. is not required), the Company shall, prior to the effective date of the said organizational restructuring, etc., lift the transfer restriction on a number of Allotted Shares determined in a reasonable manner by resolution of the Board of Directors based on the period from the date of commencement of the Service Provision Period to the date of approval of the said organizational restructuring, etc. In addition, in the cases provided for above, the Company shall acquire without consideration the Allotted Shares for which the transfer restriction has not been lifted at the time immediately after the lifting of the transfer restriction.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

3. Reasons why the granting of restricted shares is appropriate

The restricted shares are granted to Directors for the purpose of providing an incentive to achieve sustained enhancement of corporate value of the Company and further promoting the sharing of value with shareholders.

In addition, as the monetary amount of the Allotted Shares valued at fair value as of the business day immediately preceding the date of resolution of the Board of Directors meeting regarding the allotment of restricted shares (if no transaction is executed on such date, a business day immediately preceding such date) will be within the upper limit of the annual amount approved by this General Shareholders Meeting, and the ratio of the restricted shares to the total issued shares will be 0.4% (if the restricted shares are issued at their maximum number over a period of 10 years, the ratio of the restricted shares to the total issued shares will be 4.2%), and thus the dilutive effect will be minor, the Company considers that the granting of the restricted shares is appropriate.

On the condition that this proposal is approved, the Company plans to revise its previous decision policy regarding the details of individual compensation, etc. for Directors (the outline is described on page 28 of the Business Report in the Japanese version of this document) in line with the details of this proposal.