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Stock Exchange Code: 3001  
March 8, 2021

**To Shareholders with Voting Rights:**

Ryosuke Joko  
President and CEO, Representative  
Director  
Katakura Industries Co., Ltd.  
6-4 Akashi-cho, Chuo-ku, Tokyo

**NOTICE OF  
THE 112TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are hereby notified that the 112th Annual General Meeting of Shareholders of Katakura Industries Co., Ltd. (the "Company") will be held for the purposes as described below.

As a result of careful consideration based on the recent measures taken by the central and prefectural governments, etc. to prevent the spread of the COVID-19 infection, the Company has decided to hold this General Meeting of Shareholders with appropriate infection prevention measures in place.

**In order to prevent the spread of infection, you are kindly requested to exercise your voting rights in advance, either in writing or via the Internet, etc. as much as possible, and refrain from attending the meeting in person, regardless of your health status.**

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by **5:20 p.m., Japan time on Monday, March 29, 2021.**

- 1. Date and Time:** Tuesday, March 30, 2021 at 10:00 a.m. Japan time  
(Reception opens at 9:00 a.m.)
- 2. Place:** JIJI PRESS HALL (2nd floor of Jiji Press Building) located at  
5-15-8, Ginza, Chuo-ku, Tokyo
- 3. Meeting Agenda:**
  - Matters to be reported:**
    1. The Business Report and Consolidated Financial Statements for the Company's 112th Fiscal Year (January 1, 2020 - December 31, 2020), and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
    2. Non-consolidated Financial Statements for the Company's 112th Fiscal Year (January 1, 2020 - December 31, 2020)
  - Proposals to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of Seven (7) Directors
    - Proposal 3:** Partial Revision of the Performance-Based Stock Compensation Program for Directors

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- ◎ Please refer to the English translation of the Reference Documents for the General Meeting of Shareholders which will be posted on the Company's website (<https://www.katakura.co.jp/>).
- ◎ Pursuant to relevant laws, regulations and the Company's Articles of Incorporation, "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements," which pertain to the Consolidated Financial Statements and Non-consolidated Financial Statements in the attached documents, respectively, are provided to shareholders through the Company's website (<https://www.katakura.co.jp/>), and are not included in the attached documents.  
The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditor in the preparation of audit reports include "Notes to the Consolidated Financial Statements" and "Notes to the Non-consolidated Financial Statements" posted on the Company's website (<https://www.katakura.co.jp/>), in addition to information listed in the attached documents.
- ◎ Should the Reference Documents for the General Meeting of Shareholders and the Business Report, as well as the Non-consolidated Financial Statements and the Consolidated Financial Statements require any revision, the revised version will be posted on the Company's website (<https://www.katakura.co.jp/>).

<p>Please be advised that no souvenirs will be provided to shareholders attending the General Meeting of Shareholders. We appreciate your understanding.</p>
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## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

The dividend policy of the Company is based on a principle of distributing stable dividend payments to shareholders. Dividends are determined by thoroughly considering this year's business results, future business development, the level of internal reserves, the dividend payout ratio, etc. Based on this policy, we propose to pay the year-end dividend for the 112th fiscal year of 16 yen per share, an increase of 2 yen from the previous fiscal year. The details are as follows.

- (1) Type of property to be distributed as dividend:  
Cash
- (2) Matters regarding the assignment of dividend property and total amount thereof:  
16 yen per share of the Company's common stock  
Total amount of the dividend will be 547,154,752 yen.
- (3) Date on which payment of surplus takes effect:  
March 31, 2021

**Proposal 2: Election of Seven (7) Directors**

The terms of office of all seven (7) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of seven (7) Directors is proposed.

The candidates of Director are as follows:

No.		Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings	
1	Reappointment	Kimiya Sano	Chairman	13/13	
2	Reappointment	Ryosuke Joko	President and CEO, Representative Director	13/13	
3	Reappointment	Yoshio Furuta	Managing Director In charge of Machinery Business Department	13/13	
4	Reappointment	Kenichi Mizusawa	Director and Executive Officer General Manager of Corporate Planning Department and Manager of Legal and Compliance Section In charge of Textile Business Department and Administrative Division (Corporate Planning Department, Accounting and Finance Department, and Legal and Compliance Section)	11/11	
5	Reappointment	Outside Independent	Kouichi Oomuro	Outside Director	13/13
6	Reappointment	Outside Independent	Michio Kuwahara	Outside Director	11/11
7	New	Outside Independent	Seiya Kai	—	—

(Note) Attendance at Board of Directors meetings of Mr. Kenichi Mizusawa and Mr. Michio Kuwahara shows figures covering the meetings held after they were elected as Directors at the 111th Annual General Meeting of Shareholders held on March 27, 2020.

No. **1** **Kimiya Sano** Born on March 8, 1955

Reappointment

Number of shares of the Company held: 21,300 Years serving as Director: 8 Attendance at Board of Directors meetings: 13/13

Past experience, positions and responsibilities at the Company

April 1977	Joined the Company	February 2011	Executive Officer and General Manager of Accounting and Finance Department of the Company
January 2008	General Manager of General Affairs Department of the Company		
January 2010	General Manager of Retail Business Department of the Company	March 2013	Managing Director of the Company
March 2010	Executive Officer and General Manager of Retail Business Department of the Company	March 2015	President and CEO, Representative Director of the Company
		March 2019	Chairman and Representative Director of the Company
		March 2020	Chairman of the Company (to present)

Reasons for nomination as a candidate for Director:

Mr. Kimiya Sano promoted management reforms as Representative Director starting from March 2015, such as the strengthening of the Group's operating structure and implementation of structural reforms, and has a wealth of experience and insight as a manager. Moreover, he has been leading the Group as the Chairman since March 2020 by putting to good use his deep insight into management and supervisory capabilities. He is deemed suitable for a position where he can continue to contribute to improving the Company's corporate value, and therefore has been re-nominated as a candidate for Director.

No. **2** **Ryosuke Joko** Born on August 6, 1961

Reappointment

Number of shares of the Company held: 2,100 Years serving as Director: 3 Attendance at Board of Directors meetings: 13/13

Past experience, positions and responsibilities at the Company

April 1985	Joined The Fuji Bank, Limited	April 2017	Executive Adviser of Mizuho Bank, Ltd.
April 2010	General Manager of Osaka Branch of Mizuho Bank, Ltd.	May 2017	Executive Adviser of the Company
April 2012	Executive Officer and General Manager of Executive Secretariat of Mizuho Financial Group, Inc.	March 2018	Senior Managing Director of the Company
April 2014	Managing Executive Officer / In charge of Corporate Banking of Mizuho Bank, Ltd.	March 2019	President and CEO, Representative Director of the Company (to present)

Reasons for nomination as a candidate for Director:

He has displayed leadership since March 2019 as the President and CEO, Representative Director, carrying out structural reforms, which have been the Group's top priorities in management, to transform the Group into a highly profitable business, while promoting work-style reforms and human resource development. Because his wealth of experience and insight as a manager can be put to good use in management, he is deemed suitable for a position where he can continue to contribute to improving the Company's corporate value, and therefore has been re-nominated as a candidate for Director.

No. **3** **Yoshio Furuta** Born on May 24, 1957

Reappointment

Number of shares of the Company held: 5,200      Years serving as Director: 6      Attendance at Board of Directors meetings: 13/13

Past experience, positions and responsibilities at the Company

April 1980	Joined the Company	March 2015	Managing Director /
May 2010	General Manager of Mechatronics Business Department of the Company		In charge of Machinery Business Department, Life Solution Business Department of the Company
March 2013	Executive Officer and General Manager of Mechatronics Business Department of the Company	June 2019	President and CEO of Nihon Kikai Kogyo Co., Ltd. (to present)
March 2014	Managing Executive Officer and General Manager of Mechatronics Business Department of the Company	March 2020	Managing Director / In charge of Machinery Business Department of the Company (to present)

Significant concurrent positions:  
President and CEO of Nihon Kikai Kogyo Co., Ltd.

Reasons for nomination as a candidate for Director:

Since assuming the position of Director in March 2015, Mr. Yoshio Furuta has engaged in the Group's management by serving as the person in charge of Machinery Business Department, and as a representative of a subsidiary, and has a wealth of work experience and insight. As such, he is deemed suitable for a position where he can contribute to improving the Company's corporate value, and therefore has been re-nominated as a candidate for Director.

No. **4** **Kenichi Mizusawa** Born on July 22, 1970

Reappointment

Number of shares of the Company held: 1,100      Years serving as Director: 1      Attendance at Board of Directors meetings: 11/11

Past experience, positions and responsibilities at the Company

April 1994	Joined the Company	March 2020	Director, Executive Officer and General Manager of Planning Department /
April 2012	Manager of Group Business Section, Planning Department of the Company		In charge of Textile Business Department and Administrative Division (Planning Department, Accounting and Finance Department, and Legal and Compliance Section) of the Company
July 2013	Manager of Accounting Section, Accounting and Finance Department of the Company	April 2020	Director, Executive Officer and General Manager of Corporate Planning Department /
October 2015	General Manager of Planning Department of the Company		In charge of Textile Business Department and Administrative Division (Corporate Planning Department, Accounting and Finance Department, and Legal and Compliance Section) of the Company
March 2019	Executive Officer and General Manager of Planning Department of the Company	February 2021	Director, Executive Officer, General Manager of Corporate Planning Department and Manager of Legal and Compliance Section /
December 2019	Executive Officer and General Manager of Planning Department, and General Manager of Life Solution Business Department of the Company		In charge of Textile Business Department and Administrative Division (Corporate Planning Department, Accounting and Finance Department, and Legal and Compliance Section) of the Company (to present)

Reasons for nomination as a candidate for Director:

Mr. Kenichi Mizusawa was appointed as Director in March 2020 after serving in key positions at the accounting division and planning division of the Company, and has engaged in the Group's management by serving as the person in charge of Textile Business Department and Administrative Division. Because he has a thorough knowledge of the Group's business operations as well as a wealth of experience and insight, he is deemed suitable for a position where he can contribute to improving the Company's corporate value, and therefore has been re-nominated as a candidate for Director.

No. **5** **Kouichi Oomuro**

Born on February 6, 1945

Reappointment

Outside

Independent

Number of shares of the Company held: 4,300  
 Years serving as Director: 2  
 Attendance at Board of Directors meetings: 13/13

## Past experience, positions and responsibilities at the Company

April	1968	Joined Mitsui Fudosan Co., Ltd.	February	2018	Special Consultant to the Company
June	1997	Managing Director of Mitsui Fudosan Co., Ltd.	March	2019	Outside Director of the Company (to present)
April	2005	Vice President and Chief Executive Officer of Mitsui Fudosan Co., Ltd.	February	2020	Senior Director of Shibaura Institute of Technology (to present)
June	2011	Special Advisor to Mitsui Fudosan Co., Ltd.	Significant concurrent positions:		
October	2015	Full-time Auditor of Shibaura Institute of Technology	Senior Director of Shibaura Institute of Technology		
May	2016	Outside Director of ARCLAND SAKAMOTO CO., LTD. (to present)	Outside Director of ARCLAND SAKAMOTO CO., LTD.		

## Reasons for nomination as a candidate for Outside Director:

Utilizing the wealth of experience and broad insight he has acquired as a manager at operational companies, Mr. Kouichi Oomuro has provided practical advice on promoting the Group's growing real estate business, as well as on the direction of the overall management from a wider perspective. In addition, he has contributed to improving the transparency and objectivity of decision-making processes at the Nomination and Compensation Advisory Committee. As such, he is deemed suitable for the position of an Outside Director who will supervise the execution of business operations, and therefore has been re-nominated as a candidate for Outside Director.

No. **6** **Michio Kuwahara**

Born on October 24, 1948

Reappointment

Outside

Independent

Number of shares of the Company held: 0  
 Years serving as Director: 1  
 Attendance at Board of Directors meetings: 11/11

## Past experience, positions and responsibilities at the Company

April	1972	Joined Marubeni Corporation	July	2016	Outside Director of TOSHIBA TEC CORPORATION (to present)
April	2006	Senior Managing Executive Officer, Member of the Board of Marubeni Corporation and President and CEO of Marubeni America Corporation	February	2017	Chairperson, Nomination and Compensation Advisory Committee of TOSHIBA TEC CORPORATION (to present)
June	2008	Representative Director, Senior Executive Vice President of Marubeni Corporation	March	2020	Outside Director of the Company (to present)
May	2010	Representative Director, President and CEO of The Daiei, Inc.	Significant concurrent positions:		
April	2016	Auditor of Tokyo University of Foreign Studies (to present)	Auditor of Tokyo University of Foreign Studies		
			Outside Director of TOSHIBA TEC CORPORATION (Chairperson, Nomination and Compensation Advisory Committee)		

## Reasons for nomination as a candidate for Outside Director:

Mr. Michio Kuwahara has a wealth of experience and broad insight he has acquired as a manager at a general trading company and an operational company. In particular, in promoting the enhancement of the Company's commercial facility operations, he has actively offered opinions at the Board of Directors meetings and other meetings based on his wide experience in the industry with a high affinity for such operations. In addition, he has contributed to improving the transparency and objectivity of decision-making processes at the Nomination and Compensation Advisory Committee. As such, he is deemed suitable for the position of an Outside Director who will supervise the execution of business operations, and therefore has been re-nominated as a candidate for Outside Director.

Number of shares of the Company held: 0

Past experience, positions and responsibilities at the Company

April	1983	Joined The Norinchukin Bank	June	2010	General Manager of Planning Department of Norinchukin Zenkyoren Asset Management Co., Ltd. on secondment from the Head Office of The Norinchukin Bank
July	2007	Deputy General Manager of Development Investment Division of The Norinchukin Bank			
July	2008	Deputy General Manager of Internal Audit Division and Chief Internal Auditor of The Norinchukin Bank	April	2012	General Manager of Forex Management Division of The Norinchukin Bank
			June	2013	Managing Director of The Norinchukin Trust & Banking Co., Ltd. (to present)
					Significant concurrent positions: Managing Director of The Norinchukin Trust & Banking Co., Ltd.

Reasons for nomination as a candidate for Outside Director:

Mr. Seiya Kai has a wealth of work experience at financial institutions and has acquired broad insight as a corporate manager of an affiliated company. We deem that his experience and insight will help the Company to maintain and enhance corporate governance. As such, he is deemed suitable for the position of an Outside Director who will supervise the execution of business operations, and therefore has been nominated as a candidate for Outside Director.

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. The candidates for Director, Mr. Kouichi Oomuro, Mr. Michio Kuwahara, and Mr. Seiya Kai are candidates for Outside Director.
3. Liability limitation agreements with the candidates for Director
  - (1) The Company has stipulated in Article 27, Paragraph 2 of the current Articles of Incorporation that it may enter into an agreement with each Director (excluding Directors engaged in the execution of business operations) to limit his or her liability for damages to the Company to a certain extent.
  - (2) If Mr. Kouichi Oomuro and Mr. Michio Kuwahara are reelected, the Company intends to continue such agreement with them. If Mr. Seiya Kai is elected, the Company intends to enter into the same liability limitation agreement with him.
  - (3) The outline of the agreements is as follows.  
After the conclusion of the agreements, if the Directors neglect their duties and cause damages to the Company, they shall be liable for those damages up to the “minimum liability amount” stipulated in Article 425, Paragraph 1 of the Companies Act, on the condition that they act in good faith and without gross negligence in performing their duties.
4. The Company has entered into an officers’ liability insurance contract with an insurance company to indemnify the Company’s officers, the insured under the contract, for any damage they may incur in derivative lawsuits brought by shareholders or other such events. Each candidate for Director will be included in the insured under the insurance contract, and the Company will bear the full amount of insurance premiums under said contract. The Company intends to leave the contract unchanged at the time of the next renewal.
5. The Company has designated Mr. Kouichi Oomuro and Mr. Michio Kuwahara as independent officers as stipulated by the Tokyo Stock Exchange, and notified the said Exchange to that effect. If they are reelected, the Company intends to continue designating them as independent officers. In addition, Mr. Seiya Kai fulfills the criteria for independent officers stipulated by the Tokyo Stock Exchange, and the Company intends to designate him as an independent officer and notify the said Exchange to that effect.



### **Proposal 3: Partial Revision of the Performance-Based Stock Compensation Program for Directors**

#### **1. Reasons for proposal and reason it is considered reasonable**

At the 109th Annual General Meeting of Shareholders held on March 29, 2018, the Company received approval for the introduction of a performance-based stock compensation program (hereinafter referred to as the “Program”) for Directors (excluding Non-executive Directors, hereinafter the same in this proposal) of the Company (hereinafter, the resolution made at the aforementioned Annual General Meeting of Shareholders shall be referred to as the “original resolution”).

Accompanying the enforcement of the Act Partially Amending the Companies Act (Act. No. 70 of 2019) on March 1, 2021, this proposal seeks approval for the partial revision of the Program, specifically, the establishment of an upper limit on the number of points awarded to Directors in a single fiscal year and other necessary changes.

The direct aim of this proposal is to respond to the amendment of the Companies Act. However, in addition to the initial aim of the introduction of the Program, namely, to more clearly link compensation of Directors with the Company’s results of operations and its share value, and thereby increase the motivation of Directors to make contributions to improve the Company’s mid- and long-term performance and increase corporate value by not only sharing the benefits of increases in the stock price but also the risk of decline in the stock prices with shareholders, the Company believes that the content of this proposal is reasonable in light of the fact that it aligns with the Company’s policy concerning decisions regarding the content of individual compensation, etc. of Directors (described below), including increasing the proportion of performance-based stock compensation in total compensation of the Company’s Directors.

In this proposal, the Company would like to seek for approval for the amount of compensation, etc. under the Program apart from the amount of compensation for Directors (not more than 230 million yen per year (of which, not more than 50 million yen per year for Outside Directors); however, not including the portion of salaries as employees) that was approved at the 111th Annual General Meeting of Shareholders held on March 27, 2020 and for the specific contents of that compensation. The Company proposes that details of the Program be left to the discretion of the Board of Directors within the framework outlined in 2. below.

If Proposal 2 is approved and resolved as originally proposed, there will be three (3) Directors who will be eligible for the Program.

#### **2. Amount of compensation, etc. under the Program and specific contents**

##### **(1) Outline of the Program**

The Program is a performance-based stock compensation program under which the Company’s shares will be acquired through a trust (the trust established under the Program is hereinafter referred to as the “Trust”) using money contributed by the Company as the source, and the Company’s shares and the money equivalent to the market value of the Company’s shares (the “Company Shares, etc.”) will be delivered to Directors through the Trust in accordance with the Rules of the Stock Benefit Trust for Directors established by the Company. The Directors will receive the Company Shares, etc., in principle, upon their retirement from office.

##### **(2) Individuals subject to the Program**

Directors (The Program does not apply to Non-executive Directors.)

##### **(3) Trust period**

The period will be from June 2018 until the end of the Trust (the Trust shall continue without determining a specific timeline as long as the Program exists. The Program shall be terminated when the Company’s stock is delisted or the Rules of the Stock Benefit Trust for Directors are abolished, etc.).

##### **(4) Calculation method of the Company’s Shares, etc. to be delivered to Directors**

For each fiscal year, the Company will award points to each Director by taking into consideration the position and level of performance, etc. based on the Rules of the Stock Benefit Trust for Directors. The total number of points awarded to Directors will not exceed 80,000 points. This upper limit has been decided after total consideration of factors such as the current level of compensation for Directors, trends in the number of Directors, and future projections, and the Company believes it to be reasonable.

One point awarded to Directors, as described in (7) delivery of Company Shares, etc. below, is converted to one share of the Company’s common stock. (Please note that when a stock split, gratis stock allotment or reverse stock split is conducted after approval for this proposal, the Company shall reasonably adjust the upper limit on the number of points and the number of points granted or its conversion ratio, reflecting the ratio of such stock split, etc.)

As reference, multiplying the number of shares equivalent to the upper limit of points awarded to Directors in a single business year (80,000 shares) by the closing price on February 12, 2021 of 1,418 yen gives a value of about 113 million yen.

Further, the ratio of the number of shares equivalent to the upper limit of points awarded to Directors in a single business year (80,000 shares) to total issued shares (as of February 12, 2021; after deduction of treasury stock) is approximately 0.2%.

For the delivery of the Company Shares, etc. in (7) below, the standard points for Directors shall be in principle the number of points obtained by multiplying the points awarded to Directors up until retirement by a predetermined coefficient according to reasons for retirement (not exceeding 1.0) (points calculated based on this method are hereinafter referred to as “fixed points”).

#### (5) Amount of trust money

The Company has introduced the Program to cover the three (3) fiscal years from the fiscal year ended December 31, 2018 to that ended December 31, 2020 (hereinafter, the covered three-fiscal-year period and the subsequent three-fiscal-year period that starts following the covered three-fiscal-year period shall each be referred to as the “Applicable Period”), and for each following Applicable Period.

Further, even after the approval of this proposal, the Company will reasonably estimate the number of shares necessary to deliver the Company Shares, etc. to Directors based on the Program for every Applicable Period in principle, and provide the Trust with additional funds deemed necessary for the Trust to purchase shares in advance, until the Program ends. Provided, however, that in cases where such additional contribution is made and the Company’s shares (excluding any undelivered portion of the Company’s shares corresponding to the number of points granted to Directors pertaining to the immediately preceding Applicable Period) and money (hereinafter referred to as the “Remaining Stock, etc.”) remain within the trust assets, the Remaining Stock, etc. will be used to fund delivery under the Program in subsequent Applicable Periods, and the amount of the additional funds contributed will be calculated after taking the Remaining Stock, etc. into account.

The Company will disclose in a timely and appropriate manner whenever it decides to make additional contributions.

#### (6) Acquisition of the Company’s shares by the Trust

The Trust will acquire the Company’s shares using the money contributed based on (5) above as the source through the stock markets or disposal of treasury stock. New shares shall not be issued.

#### (7) Delivery of the Company Shares, etc. and specific calculation method of amount of compensation, etc.

In the event that a Director resigns and satisfies the requirements for eligible beneficiaries stipulated in the Rules of the Stock Benefit Trust for Directors, the Director shall, in principle, by following predetermined procedures to determine beneficiaries, receive from the Trust the Company’s shares corresponding to “fixed points” as determined based on (4) above after retirement. Provided, however, that as for a certain percentage of the Company’s shares which are supposed to be delivered, the Company may pay him/her money equivalent to the market value of such shares, instead of delivering them. Please note that the Trust may sell the Company’s shares to pay such money.

The amount of compensation, etc. Directors receive will be based on the amount obtained by multiplying the total number of points granted to Directors by the book value per share of the Company’s shares owned by the Trust (however, in the event of a stock split, gratis stock allotment or reverse stock split of the Company’s shares, the Company shall make a reasonable adjustment, reflecting the ratio of such stock split, etc.). Further, if it is recognized as reasonable for money to be delivered as an exception to the provisions of the Rules of the Stock Benefit Trust for Directors, the amount of compensation will have that money added.

#### (8) Exercise of voting rights

Voting rights related to the Company’s shares held by the Trust shall not be exercised pursuant to the instructions of the trust administrator. In this way, concerning the exercise of voting rights in the Trust account, the Trust will be able to ensure its neutrality in the Company’s management.

#### (9) Handling of dividends

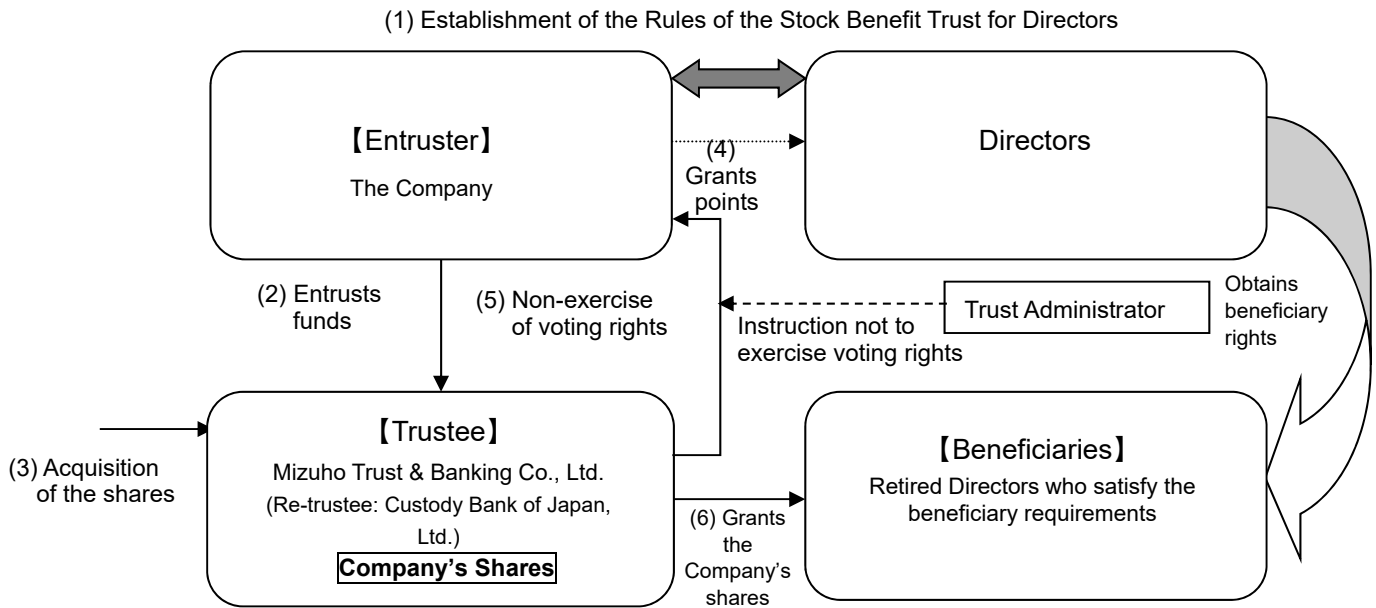
Dividends related to the Company’s shares held by the Trust shall be received by the Trust and used to acquire the Company’s shares or pay trust fee to the trustee’s concerning the trust, etc. Any remaining dividends upon termination of the Trust will be paid to the Directors in office at that time in accordance with the Rules of the Stock Benefit Trust for Directors by prorating them based on the number of points held by each Director.

(10) Termination of the Trust

The Trust shall be terminated when the Company's stock is delisted or the Rules of the Stock Benefit Trust for Directors are abolished, etc.

Of the residual assets in the Trust upon its termination, the Company's shares (excluding shares delivered to Directors in accordance with (7) above) will be entirely acquired by the Company with no charge and be canceled pursuant to the resolution of the Board of Directors; and money excluding the portion paid to Directors as described in (9) above will be received by the Company.

<For reference: Structure of the Program>



- 1) The Company shall establish the “Rules of the Stock Benefit Trust for Directors” within the framework of the approval for this proposal.
- 2) The Company entrusts funds in the range of the amount approved in this proposal.
- 3) The Trust will acquire the Company’s shares using the money contributed based on 2) above as the source through the stock markets or disposal of treasury stock.
- 4) The Company awards points to Directors based on the “Rules of the Stock Benefit Trust for Directors.”
- 5) Voting rights related to the Company’s shares held by the Trust account shall not be exercised pursuant to the instructions of the trust administrator, who is independent from the Company.
- 6) The Trust grants the Company’s shares to those satisfy the requirements for eligible beneficiaries stipulated in the “Rules of the Stock Benefit Trust for Directors” from among resigned Directors (hereinafter, referred to as the “Beneficiaries”). The number of Company’s shares to be granted to the Beneficiaries is based on the number of points they have been awarded. However, if the Director satisfies the requirements set forth in the “Rules of the Stock Benefit Trust for Director,” the Trust will pay, to a certain percentage of the points awarded, him/her money equivalent to the market value of the Company’s shares.

<For reference: Outline of policy concerning decisions regarding the content of individual compensation, etc. of Directors>

1. Basic policy

The Company builds a compensation program for Directors that will lead to medium- to long-term improvement of corporate value and the sustainable growth of the Group. Objectivity and transparency will be ensured by deciding on policies for decisions on the Director compensation program, the content of proposals submitted to the General Meeting of Shareholders regarding Directors' compensation, etc., and the establishment and amendment of company regulations by resolution of the Board of Directors, upon discussion at the Nomination and Compensation Advisory Committee, in which Independent Outside Directors occupy the majority of members.

2. Structure and composition of Directors' compensation

Compensation of Directors shall be composed of fixed (monthly) monetary compensation and trust-based stock compensation, based on their roles.

Compensation of Non-executive Directors shall be fixed (monthly) monetary compensation only, based on their roles.

3. Policy on decisions of amounts of compensation, etc. for fixed (monthly) compensation for each individual (including policy on decisions of timing or conditions of granting of compensation, etc.)

The amount of fixed (monthly) compensation of each of the Directors (including Non-executive Directors) will be decided based on the criteria stipulated according to the duties of each position, and paid as monthly compensation.

4. Policy on decisions of content of performance indicators for performance-based compensation, etc.

Performance indicators pertaining to trust-based stock compensation, which is performance-based compensation, etc., will be selected based on indicators that are emphasized at the time in terms of business management, upon discussion at the Nomination and Compensation Advisory Committee.

5. Policy concerning decisions of content and amount or number of trust-based stock compensation or their calculation methods (including policy on decisions of timing or conditions of granting of compensation, etc.)

For trust-based stock compensation, which is performance-based, non-monetary compensation, etc. of Directors, the Company's shares will be acquired in advance through a trust (hereinafter referred to as the "Trust") using money contributed by the Company as the source, either through the stock markets or disposal of treasury stock, and the Company's shares and money equivalent to the market value of the Company shares (the "Company Shares, etc.") will be delivered to Directors. The Directors will receive the Company Shares, etc. upon their retirement from office, in principle.

The number or amount of the Company's Shares, etc., delivered to Directors will be calculated by multiplying the points awarded to Directors up until retirement by a predetermined coefficient according to reasons for retirement (not exceeding 1.0).

The aforementioned points will, in principle, be awarded to each Director after the end of each fiscal year by taking into consideration the position, and qualitative and quantitative evaluations of the Director based on performance indicators.

6. Policy concerning decisions on the ratio of fixed (monthly) compensation or the amount of trust-based stock compensation to the individual compensation, etc. of Directors

The percentage of the different types of Directors' compensation will be decided upon discussion at the Nomination and Compensation Advisory Committee so that the ratio of performance-based compensation, etc., namely trust-based stock compensation, to fixed compensation (Note) will function as a sound incentive over the medium to long term.

As mentioned above, compensation for Non-executive Directors will be fixed (monthly) monetary compensation only.

(Note) The Company intends to raise the percentage of performance-based compensation, etc. in the future to more clearly link compensation of Directors with the Company's results of operations and its share value, and thereby increase the motivation of Directors to make contributions to improve the Company's mid- and long-term performance and increase corporate value.

7. Matters concerning the method of decisions regarding the content of individual compensation, etc. of Directors

The total amount of fixed (monthly) monetary compensation paid for each fiscal year as part of Directors' (including Non-executive Directors) compensation, etc. will be decided by resolution of the Board of Directors within the range approved at the General Meeting of Shareholders.

Specific decisions regarding the content of individual compensation, etc., of Directors will be entrusted to the President and CEO, Representative Director by resolution of the Board of Directors.

The President and CEO, Representative Director will be authorized to decide the fixed (monthly) compensation of individual Directors within the range of the aforementioned total amount resolved at the Board of Directors and decide the trust-based stock compensation points awarded within the range approved at the General Meeting of Shareholders. To ensure that this authority is exercised appropriately by the President and CEO, Representative Director, the Board of Directors, upon discussion at the Nomination and Compensation Advisory Committee, will stipulate company regulations regarding Directors' compensation, etc. and make it a condition of that authority that, when the President and CEO, Representative Director makes decisions regarding the content of individual compensation, etc. of Directors under the aforementioned authority, the Nomination and Compensation Advisory Committee will hold deliberations beforehand and the President and CEO, Representative Director will respect the content of those deliberations to the maximum extent.