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Securities Code: 8098

May 31, 2022

To our shareholders:

Katsutaro Inabata  
Director, President  
**Inabata & Co., Ltd.**  
1-15-14 Minami-semba, Chuo-ku,  
Osaka

## Notice of Convocation of the 161st Ordinary General Meeting of Shareholders

This is to notify you of the 161st Ordinary General Meeting of Shareholders of Inabata & Co., Ltd. (the “Company”), which will be held as indicated below.

**You may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by 5:10 p.m. on Tuesday, June 21, 2022 (JST).**

### Details

- 1. Date and Time:** Wednesday, June 22, 2022, at 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Place:** Royal Hall, 3F Royal Park Hotel  
2-1-1, Nihonbashi-kakigara-cho, Chuo-ku, Tokyo  
\*Note that the venue for the meeting has been changed from last year.

### 3. Objectives:

#### Items to be reported

1. The Business Report and the Consolidated Financial Statements for the 161st fiscal year (from April 1, 2021 to March 31, 2022), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the audit & supervisory board
2. The Financial Statements for the 161st fiscal year (from April 1, 2021 to March 31, 2022)

#### Items to be resolved

- Proposal 1:** Partial amendments to the articles of incorporation
- Proposal 2:** Election of seven (7) directors (excluding directors who are audit and supervisory committee members)
- Proposal 3:** Election of four (4) directors who are audit and supervisory committee members
- Proposal 4:** Election of one (1) substitute director who is an audit and supervisory committee member
- Proposal 5:** Establishment of amount of remuneration, etc. for directors (excluding directors who are audit and supervisory committee members)

**Proposal 6:** Establishment of amount of remuneration, etc. for directors who are audit and supervisory committee members

**Proposal 7:** Establishment of remuneration limit relating to performance-linked share-based remuneration system for executive directors (excluding directors who are audit and supervisory committee members)

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- ⊙ When you attend the meeting, you are kindly requested to present the enclosed Voting Right Exercise Form at the reception of the meeting.
  - ⊙ Pursuant to the laws and regulations and article 16 of the Company's articles of incorporation, among the documents to be provided with this Notice of Convocation, the items below are posted on the Company's website and are not provided in the attached documents to this Notice of Convocation.
    - i) System to Ensure the Properness of Operations and Operational Status Thereof" in the Business Report
    - ii) Consolidated Statement of Changes in Equity" and "Notes on the Consolidated Financial Statements" in the Consolidated Financial Statements
    - iii) "Statement of Changes in Equity" and "Notes on the Financial Statements" in the Financial StatementsTherefore, the Business Report, the Consolidated Financial Statements and the Financial Statements provided in the attached documents to this Notice of Convocation form part of the Business Report, the Consolidated Financial Statements and the Financial Statements audited by the audit & supervisory board members and the accounting auditor.
  - ⊙ If it becomes necessary to make changes to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Financial Statements prior to the day before the meeting, we will notify you of the changes either by postal mail or via the Company's website.
  - ⊙ The Company shall post the contents of resolutions of this general meeting on the Company's website instead of sending written notice of resolutions. We appreciate your understanding in this matter.
    - \* The Company's website: <https://www.inabata.co.jp>

## Reference Materials for the General Meeting of Shareholders

### Proposal 1 Partial amendments to the articles of incorporation

#### 1. Reasons for the amendments

- (1) The Company has been undertaking ongoing initiatives to enhance and strengthen corporate governance, positioning it as an important management issue. The Company proposes to make the transition to a company with an audit and supervisory committee with the aim of further strengthening supervisory functions and establishing the system to speed up management decision-making. Accordingly, the Company intends to make establishment of provisions concerning directors who are audit and supervisory committee members and the audit and supervisory committee as well as provisions concerning delegation of authority for making decisions on execution of important duties to directors, deletion of the provisions concerning audit & supervisory board members and the audit & supervisory board, and others, which are necessary for the transition to a company with an audit and supervisory committee.

The Company will have the board of directors where the majority of members are independent outside directors by making the transition to a company with an audit and supervisory committee, and strive to further enhance its corporate value through the realization of the monitoring-type board of directors.

- (2) Since the revised provisions provided for in the proviso to article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its articles of incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.
  - (i) Article 16, paragraph 1 in the proposed amendments below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
  - (ii) Article 16, paragraph 2 in the proposed amendments below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
  - (iii) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 16 of the current articles of incorporation) will no longer be required, they will be deleted.

- (iv) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established. These supplementary provisions will be deleted after their expiration date.
- (3) Since directors with special titles will be reviewed and the counselor and adviser system will be abolished to further increase the transparency of management from the perspective of strengthening the corporate governance system, amendments will be made to the provisions concerning the convener and chairmanship of a general meeting of shareholders, directors with special titles and the convener of a meeting of the board of directors, and provisions concerning counselors and advisers will be deleted.
- (4) Article 32, paragraph 1 in the proposed amendments will be newly established as the provision that the Company may exempt a director from his/her liability by resolution of the board of directors to the extent stipulated by laws and regulations so that it may attract effective personnel as a director, and they can sufficiently fulfill the role expected of them. Furthermore, prior consent to this establishment has been obtained from each audit & supervisory board member.
- (5) Besides, necessary amendments to the article numbers, words and phrases, etc. will also be made to correspond with the above amendments.

## 2. Details of the amendments

Details of the amendments are as follows:

The amendment to the articles of incorporation in this proposal can only take effect at the conclusion of this meeting.

(Amendments are underlined)

Current articles of incorporation	Proposed amendments
Articles 1. – 10. (Omitted)	Articles 1. – 10. (Unchanged)
(Share Handling <u>Regulations</u> )	(Share Handling <u>Rules</u> )
Article 11. Handling of the Company's shares shall be governed by the share handling <u>regulations</u> established by the board of directors.	Article 11. Handling of the Company's shares shall be governed by the share handling <u>rules</u> established by the board of directors.
Articles 12. – 13. (Omitted)	Articles 12. – 13. (Unchanged)

Current articles of incorporation	Proposed amendments
<p>(Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 14.</p> <p>(1) Unless otherwise provided for by laws and regulations, the <u>director and</u> president shall convene general meetings of shareholders and chair the meetings.</p> <p>(2) In cases where the <u>director and</u> president is <u>prevented from so acting</u>, another director who is designated in accordance with an order of priority determined by the board of directors shall take the place of the president.</p> <p>Article 15. (Omitted)</p> <p><u>(Internet Disclosure and Deemed Provision of Reference Documents of the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 16.</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Convener and Chairmanship of General Meeting of Shareholders)</p> <p>Article 14.</p> <p>(1) Unless otherwise provided for by laws and regulations, the president shall convene general meetings of shareholders and chair the meetings.</p> <p>(2) In cases where the president is <u>unable to so act</u>, another director who is designated in accordance with an order of priority determined by the board of directors shall take the place of the president.</p> <p>Article 15. (Unchanged)</p> <p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>Article 16.</u></p> <p><u>(1) When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p>

Current articles of incorporation	Proposed amendments
<p>Articles 17. – 18. (Omitted)</p> <p>(Minutes of Meeting)</p> <p>Article 19.</p> <p>For proceedings of General Meetings of Shareholders, <u>minutes of meeting shall be prepared</u>, and the outline of proceedings and results thereof, and any other matters stipulated by laws and regulations shall be described or recorded <u>therein</u>.</p> <p>(Number of Directors)</p> <p>Article 20.</p> <p>The Company shall have not more than <u>14</u> directors.</p> <p>(Newly established)</p> <p>(Election of Directors)</p> <p>Article 21.</p> <p>(1) Directors shall be elected at a general meeting of shareholders.</p> <p>(2) – (3) (Omitted)</p>	<p><u>(2) Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p>Articles 17. – 18. (Unchanged)</p> <p>(Minutes of Meeting)</p> <p>Article 19.</p> <p>The outline of proceedings and results of General Meeting of Shareholders, and any other matters stipulated by laws and regulations shall be described or recorded <u>in the minutes of meeting</u>.</p> <p>(Number of Directors)</p> <p>Article 20.</p> <p><u>(1) The Company shall have not more than 8 directors (excluding directors who are audit and supervisory committee members).</u></p> <p><u>(2) The Company shall have not more than 5 directors who are audit and supervisory committee members.</u></p> <p>(Election of Directors)</p> <p>Article 21.</p> <p>(1) Directors shall be elected at a general meeting of shareholders <u>with distinction made between directors who are audit and supervisory committee members and other directors.</u></p> <p>(2) – (3) (Unchanged)</p>

Current articles of incorporation	Proposed amendments
<p>(Newly established)</p> <p>(Term of Office of Directors) Article 22. The term of office of a director shall expire <u>at</u> the conclusion of the ordinary general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the director.</p>	<p><u>(4) The term of office of a substitute director who is an audit and supervisory committee member shall expire at the opening of the ordinary general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the director.</u></p> <p>(Term of Office of Directors) Article 22.</p> <p>(1) The term of office of a director <u>(excluding directors who are audit and supervisory committee members)</u> shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the director.</p>
<p>(Newly established)</p>	<p><u>(2) The term of office of a director who is an audit and supervisory committee member shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the director.</u></p>
<p>(Newly established)</p>	<p><u>(3) The term of office of a director who is an audit and supervisory committee member elected as the substitute for a director who is an audit and supervisory committee member retiring from office before the expiration of the term of office shall continue until the time the term of office of the director who is an audit and supervisory committee member retiring from office is to expire.</u></p>
<p>(Representative Directors) Article 23. The board of directors shall appoint representative directors from among directors.</p>	<p>(Representative Directors) Article 23. The board of directors shall appoint representative directors from among directors <u>(excluding directors who are audit and supervisory committee members)</u>.</p>

Current articles of incorporation	Proposed amendments
<p>(Directors With Special Titles)</p> <p>Article 24.</p> <p>The board of directors may appoint <u>one director and counselor, one director and chairman, one director and president, one director and vice president, one or a small number of senior managing directors, and one or a small number of managing directors</u> from among directors.</p> <p>Articles 25. – 26. (Omitted)</p> <p>(Newly established)</p> <p>(Convening of Meeting of the Board of Directors)</p> <p>Article <u>27</u>.</p> <p>(1) Unless otherwise provided for by laws and regulations, the <u>director and</u> president shall convene meetings of the board of directors.</p> <p>(2) In cases where the <u>director and</u> president is <u>prevented from so acting</u>, another director who is designated in accordance with an order of priority determined by the board of directors shall take the place of the <u>director and</u> president.</p>	<p>(Directors With Special Titles)</p> <p>Article 24.</p> <p>The board of directors may appoint <u>one chairman, one president, and one vice president</u> from among directors <u>(excluding directors who are audit and supervisory committee members)</u>.</p> <p>Articles 25. – 26. (Unchanged)</p> <p><u>(Delegation of Decisions on Execution of Important Duties)</u></p> <p><u>Article 27.</u></p> <p><u>Notwithstanding the provisions of the preceding article, pursuant to the provisions of article 399-13, paragraph 6 of the Companies Act, the Company may, by resolution of the board of directors, delegate all or part of decisions on execution of important duties (excluding matters set forth in the items of paragraph 5 of the same article) to directors.</u></p> <p>(Convening of Meeting of the Board of Directors)</p> <p>Article <u>28</u>.</p> <p>(1) Unless otherwise provided for by laws and regulations, the president shall convene meetings of the board of directors.</p> <p>(2) In cases where the president is <u>unable to so act</u>, another director who is designated in accordance with an order of priority determined by the board of directors shall take the place of the president.</p>



Current articles of incorporation	Proposed amendments
<p>(3) When convening a meeting of the board of directors, a notice shall be dispatched to each director <u>and each audit &amp; supervisory board member</u> at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs, <u>with the consent of each director and each audit &amp; supervisory board member.</u></p> <p>(4) In the case where a director proposes an objective of resolution of the board of directors, when all the directors who can vote on the objective shall express their consent to the proposal in writing or by electromagnetic record, <u>and audit &amp; supervisory board members do not express an objection</u>, the said proposal shall be deemed to have been approved and resolved by the board of directors.</p>	<p>(3) When convening a meeting of the board of directors, a notice shall be dispatched to each director at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</p> <p>(4) In the case where a director proposes an objective of resolution of the board of directors, when all the directors who can vote on the objective shall express their consent to the proposal in writing or by electromagnetic record, the said proposal shall be deemed to have been approved and resolved by the board of directors.</p>
<p>(<u>Regulations</u> of the Board of Directors)</p> <p>Article <u>28</u>.</p> <p>Matters concerning the board of directors shall be governed by the <u>Regulations</u> of the Board of Directors established by the board of directors, in addition to provisions set forth by applicable laws and regulations and these articles of incorporation.</p>	<p>(<u>Rules</u> of the Board of Directors)</p> <p>Article <u>29</u>.</p> <p>Matters concerning the board of directors shall be governed by the <u>Rules</u> of the Board of Directors established by the board of directors, in addition to provisions set forth by applicable laws and regulations and these articles of incorporation.</p>
<p>(Minutes of Meeting of the Board of Directors)</p> <p>Article <u>29</u>.</p> <p>As for proceedings of the meetings of the board of directors, the outline of proceedings and results thereof, and any other matters stipulated by laws and regulations shall be described or recorded in the minutes of meeting, and the directors <u>and audit &amp; supervisory board members</u> present at the meeting shall put their name and affix a seal on or electrically sign the minutes.</p>	<p>(Minutes of Meeting of the Board of Directors)</p> <p>Article <u>30</u>.</p> <p>As for proceedings of the meetings of the board of directors, the outline of proceedings and results thereof, and any other matters stipulated by laws and regulations shall be described or recorded in the minutes of meeting, and the directors present at the meeting shall put their name and affix a seal on or electrically sign the minutes.</p>

Current articles of incorporation	Proposed amendments
<p><u>(Counselors and Advisers)</u></p> <p><u>Article 30.</u></p> <p><u>The board of directors may appoint counselors and advisers.</u></p> <p>(Remuneration, Etc. of Directors)</p> <p>Article 31.</p> <p>Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to directors shall be determined by resolution of a general meeting of shareholders.</p> <p>(Exemption of Directors from Liability)</p> <p>Article 32.</p> <p style="text-align: center;">(Newly established)</p> <p>Pursuant to the provisions of article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with a director who is not an executive director, etc. limiting his/her liability for damages arising from neglecting his/her duties. However, pursuant to this agreement, the Company shall set the defined maximum amount of liability at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.</p>	<p style="text-align: center;">(Deleted)</p> <p>(Remuneration, Etc. of Directors)</p> <p>Article 31.</p> <p>Remuneration, bonuses and other economic benefits given by the Company in consideration for the execution of duties (hereinafter referred to as the “Remuneration, Etc.”) to directors shall be determined by resolution of a general meeting of shareholders <u>with distinction made between directors who are audit and supervisory committee members and other directors.</u></p> <p>(Exemption of Directors from Liability)</p> <p>Article 32.</p> <p><u>(1) Pursuant to the provisions of article 426, paragraph 1 of the Companies Act, the Company may, by resolution of the board of directors, exempt a director (including a person who was formerly a director) from his/her liability for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</u></p> <p><u>(2) (Unchanged)</u></p>

Current articles of incorporation	Proposed amendments
<p><u>Chapter V Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u></p>	(Deleted)
<p><u>(Establishment of Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board)</u></p>	(Deleted)
<p><u>Article 33.</u>  <u>The Company shall have audit &amp; supervisory board members and the audit &amp; supervisory board.</u></p>	
<p><u>(Number of Audit &amp; Supervisory Board Members)</u></p>	(Deleted)
<p><u>Article 34.</u>  <u>The Company shall have not less than 3 audit &amp; supervisory board members.</u></p>	
<p><u>(Election of Audit &amp; Supervisory Board Members)</u></p>	(Deleted)
<p><u>Article 35.</u>  <u>(1) Audit &amp; supervisory board members shall be elected by resolution of a general meeting of shareholders.</u>  <u>(2) Resolutions on the election in the preceding paragraph shall be made by a majority of the votes of the shareholders present at the general meeting of shareholders where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u></p>	
<p><u>(Term of Office of Audit &amp; Supervisory Board Members)</u></p>	(Deleted)
<p><u>Article 36.</u>  <u>(1) The term of office of an audit &amp; supervisory board member shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year out of the business years terminating within four years after the election of the audit &amp; supervisory board member.</u></p>	

Current articles of incorporation	Proposed amendments
<p><u>(2) The term of office of an audit &amp; supervisory board member who is elected as a substitute shall be the remaining term of the predecessor.</u></p>	
<p><u>(Full Time Audit &amp; Supervisory Board Members)</u>  <u>Article 37.</u>  <u>The audit &amp; supervisory board shall appoint full time audit &amp; supervisory board member(s) by its resolution.</u></p>	(Deleted)
<p><u>(Convening of Meeting of the Audit &amp; Supervisory Board)</u>  <u>Article 38.</u>  <u>When convening a meeting of the audit &amp; supervisory board, a notice shall be dispatched to each audit &amp; supervisory board member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs, with the consent of each audit &amp; supervisory board member.</u></p>	(Deleted)
<p><u>(Regulations of the Audit &amp; Supervisory Board)</u>  <u>Article 39.</u>  <u>Matters concerning the audit &amp; supervisory board shall be governed by the Regulations of the Audit &amp; Supervisory Board established by the audit &amp; supervisory board, in addition to provisions set forth by applicable laws and regulations and these articles of incorporation.</u></p>	(Deleted)
<p><u>(Minutes of Meeting of the Audit &amp; Supervisory Board)</u>  <u>Article 40.</u>  <u>As for proceedings of the audit &amp; supervisory board meetings, the outline of proceedings and results thereof, and any other matters stipulated by laws and regulations shall be described or recorded in the minutes of meeting, and the audit &amp; supervisory board members present at the meeting shall put their name and affix a seal on or electrically sign the minutes.</u></p>	(Deleted)

Current articles of incorporation	Proposed amendments
<p><u>(Remuneration, Etc. of Audit &amp; Supervisory Board Members)</u>  <u>Article 41.</u>  <u>The Remuneration, Etc. to audit &amp; supervisory board members shall be determined by resolution of a general meeting of shareholders.</u></p>	<p>(Deleted)</p>
<p><u>(Exemption of Audit &amp; Supervisory Board Members From Liability)</u>  <u>Article 42.</u>  <u>Pursuant to the provisions of article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with an outside audit &amp; supervisory board member limiting his/her liability for damages arising from neglecting his/her duties. However, pursuant to this agreement, the Company shall set the defined maximum amount of liability at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.</u></p>	<p>(Deleted)</p>
<p>(Newly established)  (Newly established)    (Newly established)</p>	<p><u>Chapter V Audit and Supervisory Committee</u>  <u>(Establishment of Audit and Supervisory Committee)</u>  <u>Article 33.</u>  <u>The Company shall have an audit and supervisory committee.</u>    <u>(Convening of Meeting of the Audit and Supervisory Committee)</u>  <u>Article 34.</u>  <u>When convening a meeting of the audit and supervisory committee, a notice shall be dispatched to each audit and supervisory committee member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u></p>
<p>(Newly established)</p>	<p><u>(Rules of Audit and Supervisory Committee)</u></p>

Current articles of incorporation	Proposed amendments
<p>(Newly established)</p>	<p><u>Article 35.</u>  <u>Matters concerning the audit and supervisory committee shall be governed by the Rules of the Audit and Supervisory Committee established by the audit and supervisory committee, in addition to provisions set forth by applicable laws and regulations and these articles of incorporation.</u></p> <p><u>(Minutes of Meeting of the Audit and Supervisory Committee)</u></p> <p><u>Article 36.</u>  <u>As for proceedings of the audit and supervisory committee, the outline of proceedings and results thereof, and any other matters stipulated by laws and regulations shall be described or recorded in the minutes of meeting, and the audit and supervisory committee members present at the meeting shall put their name and affix a seal on or electronically sign the minutes.</u></p>
<p>Articles <u>43.</u> – <u>44.</u> (Omitted)</p>	<p>Articles <u>37.</u> – <u>38.</u> (Unchanged)</p>
<p>(Term of Office of Accounting Auditor)</p> <p>Article <u>45.</u></p> <p>(1) The term of office of the accounting auditor shall expire at the conclusion of the ordinary general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the accounting auditor.</p> <p>(2) (Omitted)</p>	<p>(Term of Office of Accounting Auditor)</p> <p>Article <u>39.</u></p> <p>(1) (Change in Japanese only; English unchanged)</p> <p>(2) (Unchanged)</p>
<p>(Remuneration, Etc. of Accounting Auditor)</p> <p>Article <u>46.</u></p> <p>The Remuneration, Etc. to the accounting auditor shall be determined by representative directors with the consent of the <u>audit &amp; supervisory board.</u></p>	<p>(Remuneration, Etc. of Accounting Auditor)</p> <p>Article <u>40.</u></p> <p>The Remuneration, Etc. to the accounting auditor shall be determined by representative directors with the consent of the <u>audit and supervisory committee.</u></p>

Current articles of incorporation	Proposed amendments
<p>Articles <u>47.</u> – <u>50.</u> (Omitted) (Newly established)</p>	<p>Articles <u>41.</u> – <u>44.</u> (Unchanged)</p> <p><u>Supplementary Provisions</u> <u>(Transitional Measures Regarding Measures, etc. for Providing Informational Materials for the General Meeting of Shareholders in Electronic Format)</u></p> <p>(1) <u>The amendment to article 16 of the articles of incorporation shall be effective from the date of enforcement (September 1, 2022) provided for in the proviso to article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p>(2) <u>Notwithstanding the provision of the preceding paragraph, article 16 of the pre-amended articles of incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any general meeting of shareholders held by February 28, 2023.</u></p> <p>(3) <u>These supplementary provisions shall automatically be deleted on March 1, 2023 or on the date when three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

<For Reference>

## Corporate Governance

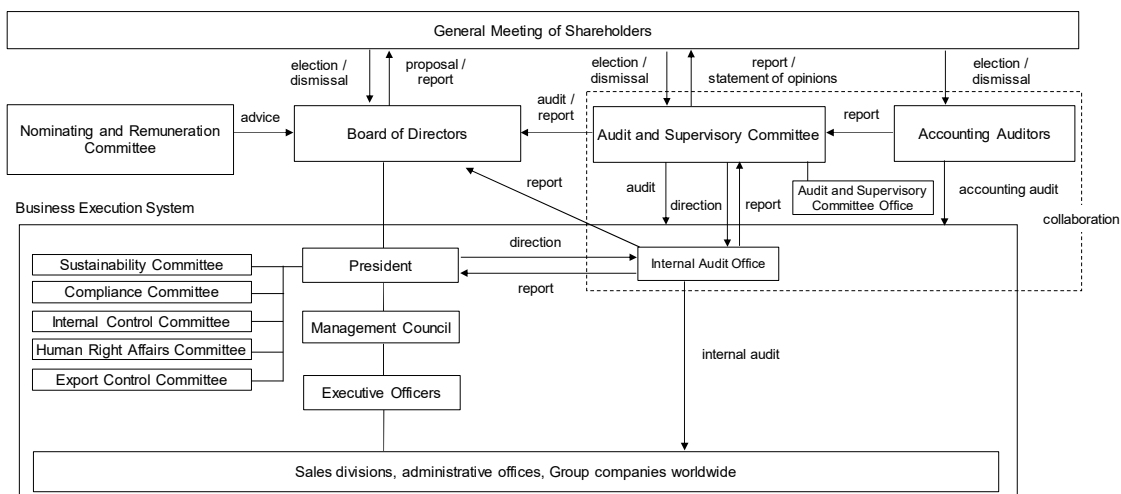
When Proposal 1 of this general meeting “Partial amendments to the articles of incorporation” is approved and adopted, the Company will transition to a company with audit and supervisory committee. Corporate governance structure after transition shall be as follows:

### 1. Basic Approach

The Company’s management philosophy is to contribute to the development of society by respecting people, based on the spirit of “love” and “respect.” Based on this management philosophy, we believe that in order to meet the expectations of our shareholders, business partners, employees, and all other stakeholders who support the Company’s business activities, and to sustainably increase its corporate value, it is essential to develop and build a strong corporate governance system that will ensure the transparency and fairness of management and serve as a foundation for prompt and determined decision-making.

### 2. Corporate Governance Structure

Corporate Governance Structure



Board of Directors: There are 11 directors, of whom six (6) are outside directors.

Audit and Supervisory Committee: There are four (4) outside directors who are audit and supervisory committee members.

Nominating and Remuneration Committee: There are four (4) directors, of whom three (3) are outside directors.



**Proposal 2:** Election of seven (7) directors (excluding directors who are audit and supervisory committee members)

When Proposal 1 “Partial amendments to the articles of incorporation” is approved and adopted as originally proposed, the Company will transition to a company with audit and supervisory committee, and the terms of office of all nine (9) directors will expire when the amendments to the articles of incorporation come into effect.

Therefore, the Company proposes the election of seven (7) directors (excluding directors who are audit and supervisory committee members; the same shall apply hereinafter in this proposal). This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

The candidates for director are as follows:

No.	Name	Positions and responsibilities in the Company	Attendance at meetings of the board of directors (Fiscal 2021)
1	Katsutaro Inabata <input type="checkbox"/> Reappointment	Director, President	16/16
2	Toyohiro Akao <input type="checkbox"/> Reappointment	Director, Senior Managing Executive Officer In charge of Information & Electronics, Life Industry, the Americas and Europe	16/16
3	Kenichi Yokota <input type="checkbox"/> Reappointment	Director, Senior Managing Executive Officer In charge of Administrative Affairs	16/16
4	Masahiro Sugiyama <input type="checkbox"/> Reappointment	Director, Managing Executive Officer In charge of Information & Electronics (assisting), Chemicals, Northeast Asia	16/16
5	Kenji Ohno <input type="checkbox"/> Reappointment	Director	13/13
6	Kiyoshi Sato <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Outside director	16/16
7	Takako Hagiwara <input type="checkbox"/> Reappointment <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female	Outside director	13/13

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
1	<p data-bbox="336 445 533 510">Katsutaro Inabata (December 3, 1959)</p> <p data-bbox="359 546 510 577">Reappointment</p> <p data-bbox="336 692 533 757">No. of Company shares owned</p> <p data-bbox="392 759 477 790">465,734</p> <p data-bbox="320 853 549 909">Attendance at meetings of the board of directors</p> <p data-bbox="359 916 518 947">16 of 16 (100%)</p>	<p data-bbox="576 371 927 400">Jan. 1989      Joined the Company</p> <p data-bbox="576 409 810 439">Jun. 1995      Director</p> <p data-bbox="576 448 916 477">Jun. 1997      Managing Director</p> <p data-bbox="576 486 1098 515">Jun. 2003      Director, Managing Executive Officer</p> <p data-bbox="576 524 1166 553">Apr. 2005      Director, Senior Managing Executive Officer</p> <p data-bbox="576 562 1002 591">Dec. 2005      Director, President (present)</p> <p data-bbox="576 600 1070 629">[Reason for nomination as a candidate for director]</p> <p data-bbox="576 638 1353 871">Since being appointed as director in 1995, Mr. Katsutaro Inabata has served as managing director, director and managing executive officer, and director and senior managing executive officer. He has also been in charge of sales divisions, such as the plastics segment, as well as administrative areas, such as the human resources and information technology. Since 2005, he has been director and president of the Company. He has managed the Company for many years and possesses abundant experience as a member of the management, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
2	Toyohiro Akao (December 19, 1959)  <u>Reappointment</u>	Apr. 1982    Joined the Company Jun. 2004    General Manager, Display & Imaging Division Jun. 2005    Executive Officer Jun. 2010    Director, Executive Officer Apr. 2011    General Manager, Electronics Materials & Equipment Division Apr. 2012    General Manager, Information & Electronics Division I, Information & Electronics Division II and Information & Electronics Division III Apr. 2013    In charge of Information & Electronics Division I, Information & Electronics Division II and Information & Electronics Division III Jun. 2013    Director, Managing Executive Officer Jun. 2014    In charge of Chemicals Division and Life Industry Division Director, Inabata Fine Tech & Co., Ltd. (present) Jun. 2015    Director, Senior Managing Executive Officer of the Company (present) Apr. 2016    In charge of Information & Electronics, Life Industry segments, the Americas and Europe (present) In charge of Chemicals segment
	No. of Company shares owned 17,000	
	Attendance at meetings of the board of directors 16 of 16 (100%)	
		[Reason for nomination as a candidate for director] Mr. Toyohiro Akao has held positions of responsibility in the information & electronics segment, one of the Company's main segments, for many years. Following his appointment as director in 2010 as a member of the management, he has served as director and managing executive officer, and since 2015 he has been a director and senior managing executive officer, and is in charge of the information & electronics and life industry segments. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations				
3	<p style="text-align: center;">Kenichi Yokota (November 3, 1962)</p> <p style="text-align: center; border: 1px solid black; padding: 2px;">Reappointment</p> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">13,000</td> </tr> </table> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	13,000	Attendance at meetings of the board of directors	16 of 16 (100%)	<p>Jul. 1996      Joined the Company</p> <p>Jul. 2004      General Manager, Finance and Accounting Office</p> <p>Jun. 2005      Executive Officer</p> <p>Jun. 2008      Director, Executive Officer</p> <p style="padding-left: 20px;">General Manager, Corporate Planning Office</p> <p>May 2009      In charge of Internal Audit Office</p> <p>Jun. 2009      General Manager, Financial Management Office</p> <p>Apr. 2011      Deputy General Manager, Corporate Planning Office</p> <p>Apr. 2013      In charge of Financial Management Office Deputy General Manager, International Affiliate Management Office</p> <p>Jun. 2013      In charge of Risk Management Office</p> <p>Jun. 2014      Director, Managing Executive Officer In charge of Business Process Management Office</p> <p>Apr. 2016      In charge of Financial Management, Investor Relations, Business Process Management, Risk Management, International Affiliate Management</p> <p>Jun. 2016      In charge of General Affairs and Information Technology</p> <p>Jun. 2017      Director, Senior Managing Executive Officer (present)</p> <p>Jun. 2021      In charge of Administrative Affairs (present)</p> <p>[Reason for nomination as a candidate for director] Mr. Kenichi Yokota has professional experience as a certified public accountant and after joining the Company, he has primarily held positions of responsibility in the Company's financial management for many years, and has been engaged in corporate finance consistently. Following his appointment as director in 2008 as a member of the management, he has served as director and managing executive officer, since 2017 he has been director and senior managing executive officer. He has been in charge of risk management, internal audits, and the information technology, and is in charge of administrative affairs including human resources since 2021. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>
No. of Company shares owned						
13,000						
Attendance at meetings of the board of directors						
16 of 16 (100%)						

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
4	<p data-bbox="336 443 531 506">Masahiro Sugiyama (June 15, 1958)</p> <p data-bbox="359 546 509 577">Reappointment</p> <p data-bbox="352 658 515 712">No. of Company shares owned</p> <p data-bbox="405 719 462 750">8,900</p> <p data-bbox="316 842 552 896">Attendance at meetings of the board of directors</p> <p data-bbox="352 902 515 934">16 of 16 (100%)</p>	<p data-bbox="576 371 927 398">Jul. 2002      Joined the Company</p> <p data-bbox="576 409 1091 463">Jun. 2010      Executive Officer General Manager, Plastics Division II</p> <p data-bbox="576 474 1086 528">Apr. 2014      General Manager, Information &amp; Electronics Division I</p> <p data-bbox="576 539 991 566">Jun. 2016      Director, Executive Officer</p> <p data-bbox="576 577 1302 658">Jun. 2018      Director, Managing Executive Officer In charge of Information &amp; Electronics segment (assisting), Northeast Asia (present)</p> <p data-bbox="576 669 1230 696">Mar. 2019      Director, Taiwan Inabata Sangyo Co., Ltd. (present)</p> <p data-bbox="576 707 1129 734">Jun. 2021      In charge of Chemicals segment (present)</p> <p data-bbox="576 745 1070 772">[Reason for nomination as a candidate for director]</p> <p data-bbox="576 775 1359 1016">Mr. Masahiro Sugiyama has held positions of responsibility in the plastics segment and the information &amp; electronics segment, both of which are major segments for the Company. Following his appointment as director in 2016 as a member of the management, since 2018 he has been director and managing executive officer, and is in charge of the information &amp; electronics segment, and also the chemicals segment since 2021. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
5	<p data-bbox="331 443 539 510">Kenji Ohno (December 10, 1963)</p> <p data-bbox="359 544 512 577">Reappointment</p> <p data-bbox="347 674 523 730">No. of Company shares owned</p> <p data-bbox="427 741 443 763">0</p> <p data-bbox="316 842 555 898">Attendance at meetings of the board of directors</p> <p data-bbox="355 909 515 931">13 of 13 (100%)</p>	<p data-bbox="576 371 1086 394">Apr. 1987      Joined Sumitomo Chemical Co., Ltd.</p> <p data-bbox="576 405 1326 427">Apr. 2006      General Manager, Legal Dept., Sumitomo Chemical Co., Ltd.</p> <p data-bbox="576 439 1342 495">Apr. 2016      Executive Officer, General Manager of Legal Dept., Sumitomo Chemical Co., Ltd.</p> <p data-bbox="576 506 1310 562">Apr. 2020      Managing Executive Officer, Sumitomo Chemical Co., Ltd. (present)</p> <p data-bbox="576 573 1062 595">Jun. 2021      Director of the Company (present)</p> <p data-bbox="576 607 1070 629">[Reason for nomination as a candidate for director]</p> <p data-bbox="576 640 1359 831">Mr. Kenji Ohno has held positions of responsibility in the legal department of a general chemicals manufacturer for many years. He has also been involved in administrative areas such as general affairs, internal control and audit, based on which experience he possesses a wide-ranging viewpoint and expert knowledge. In addition, he has abundant experience in the promotion of sustainability at a listed company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
6	<p data-bbox="363 443 512 510">Kiyoshi Sato (April 2, 1956)</p> <p data-bbox="363 544 512 577">Reappointment</p> <p data-bbox="395 589 480 622">Outside</p> <p data-bbox="371 633 504 667">Independent</p> <p data-bbox="347 846 528 902">No. of Company shares owned</p> <p data-bbox="427 913 448 947">0</p> <p data-bbox="316 981 560 1037">Attendance at meetings of the board of directors</p> <p data-bbox="355 1048 520 1081">16 of 16 (100%)</p>	<p data-bbox="576 371 991 405">Apr. 1979    Joined Tokyo Electron Ltd.</p> <p data-bbox="576 416 1118 450">Jun. 2003    President and CEO, Tokyo Electron Ltd.</p> <p data-bbox="576 461 1007 517">Apr. 2009    Vice Chairman of the Board, Tokyo Electron Ltd.</p> <p data-bbox="576 528 999 584">Jun. 2011    Chairman of the Board, Tokyo Electron Europe Ltd.</p> <p data-bbox="576 595 967 629">Nov. 2013    President, TEL Solar AG</p> <p data-bbox="576 640 1310 696">Jun. 2017    Outside Director, Toshiba Machine Co., Ltd. (now Shibaura Machine Co., Ltd.) (present)</p> <p data-bbox="576 707 1182 763">Jun. 2019    Outside Director of the Company (present) Outside Director, Mazda Motor Corp. (present)</p> <p data-bbox="576 775 1302 831">[Reason for nomination as a candidate for outside director and summary of expected role]</p> <p data-bbox="576 842 1342 1032">Mr. Kiyoshi Sato has global and abundant experience and extensive knowledge as a member of the management of Japan's leading company of manufacturing equipment for semiconductors and flat panel displays. The Company considers he has sufficiently fulfilled the role that the Company expects at the board of directors and has nominated him once more as a candidate for outside director. If he is elected, the Company expects that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of duties from an objective perspective.</p> <p data-bbox="576 1043 983 1099">[Tenure as outside director] Three years (at the conclusion of this general meeting)</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
7	<p>Takako Hagiwara (March 12, 1961)</p> <p>Reappointment</p> <p>Outside</p> <p>Independent</p> <p>Female</p> <p>No. of Company shares owned</p> <p>0</p> <p>Attendance at meetings of the board of directors</p> <p>13 of 13 (100%)</p>	<p>Apr. 1984    Joined Sony Corp. (now Sony Group Corp.)</p> <p>Apr. 2002    General Manager, Human Resources Div., NACS, Sony Corp.</p> <p>Apr. 2006    General Manager, Human Resources Development Div., Corporate Human Resources, Sony Corp.</p> <p>Apr. 2008    General Manager, Diversity Development Div., Corporate Human Resources, Sony Corp.</p> <p>Apr. 2014    Representative Director, Sony Hikari Corp. and Sony Kibou Corp. (now Sony Kibou/Hikari Corp.)</p> <p>Jan. 2015    Retired from Sony Corp.</p> <p>Feb. 2015    Director, Chief Health Officer, Green House Co., Ltd.</p> <p>Jul. 2020    Representative Director, DDD Corp. (present)</p> <p>May 2021    Outside Director, Twinbird Corp. (present)</p> <p>Jun. 2021    Outside Director of the Company (present) Outside Director, NEC Capital Solutions Ltd. (present)</p> <p>[Reason for nomination as a candidate for outside director and summary of expected role] Ms. Takako Hagiwara held positions of responsibility for many years in the human resources division of a major electronics manufacturer with a global presence in multiple businesses, such as audiovisual equipment, games, movies, and music, in addition to which she has also served in management, and accordingly has extensive knowledge and experience. The Company considers she has sufficiently fulfilled the role that the Company expects at the board of directors and has nominated her once more as a candidate for outside director. If she is elected, the Company expects that she will provide advice in such areas as the Company's human resources strategy, and on the promotion of diversity.</p> <p>[Tenure as outside director] One year (at the conclusion of this general meeting)</p>

- (Notes)
- There are no special interests between the candidates and the Company.
  - Mr. Kiyoshi Sato and Ms. Takako Hagiwara are candidates for outside director.
  - The Company designates Mr. Kiyoshi Sato and Ms. Takako Hagiwara as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When the reelection of Mr. Kiyoshi Sato and Ms. Takako Hagiwara is approved, they are scheduled to be independent officers continuously. Each one of them meets the independence criteria set out in the Company's criteria for independence of outside officers.
  - The Company has entered into agreements with Messrs. Kenji Ohno and Kiyoshi Sato, and Ms. Takako Hagiwara to limit their liability for damages under article 423, paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to renew the respective agreements with each of them. Pursuant to these agreements, the Company shall set the defined maximum amount of liability for damages, if they have acted in good faith and without gross negligence in performing their duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
  - The Company has entered into an officers, etc. liability insurance contract with an insurance company pursuant to article 430-3, paragraph 1 of the Companies Act, whereby the Company shall take responsibility in relation to execution of duties by those covered by the policy, including directors of the Company, and shall compensate them for any damages arising as result of claims pursued in relation to said responsibility. If the election of the candidates is approved, each shall be covered by this contract. In addition, when the contract is renewed, the Company plans to renew the contract with said details.
  - "No. of Company shares owned" is current as of March 31, 2022.
  - "Attendance at meetings of the board of directors" for Mr. Kenji Ohno and Ms. Takako Hagiwara is the number of meetings of the board of directors held since they were appointed on June 23, 2021.



**Proposal 3:** Election of four (4) directors who are audit and supervisory committee members

When the Proposal 1 “Partial amendments to the articles of incorporation” is approved and adopted as originally proposed, the Company will transition to a company with audit and supervisory committee.

Therefore, the Company proposes the election of four (4) directors who are audit and supervisory committee members.

Furthermore, prior consent to this proposal has been obtained from the audit & supervisory board.

This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

The candidates for director who is an audit and supervisory committee member are as follows:

No.	Name	Positions in the Company	Attendance at meetings of the board of directors (Fiscal 2021)
1	Kenji Hamashima New candidate Outside Independent	Outside director	16/16
2	Satoshi Tamai New candidate Outside Independent	Outside audit & supervisory board member	16/16
3	Minoru Sanari New candidate Outside Independent	–	–
4	Tomokazu Fujisawa New candidate Outside Independent	–	–

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations				
1	<p data-bbox="347 443 523 510">Kenji Hamashima (January 3, 1959)</p> <p data-bbox="363 577 507 611">New candidate</p> <p data-bbox="395 622 475 656">Outside</p> <p data-bbox="371 667 499 701">Independent</p> <table border="1" data-bbox="311 817 558 918"> <tr> <td data-bbox="311 817 558 884">No. of Company shares owned</td> </tr> <tr> <td data-bbox="311 884 558 918">0</td> </tr> </table> <table border="1" data-bbox="311 952 558 1052"> <tr> <td data-bbox="311 952 558 1019">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="311 1019 558 1052">16 of 16 (100%)</td> </tr> </table>	No. of Company shares owned	0	Attendance at meetings of the board of directors	16 of 16 (100%)	<p data-bbox="576 371 895 405">Apr. 1982    Joined Ushio Inc.</p> <p data-bbox="576 416 1302 450">Apr. 1999    President and Chief Executive Officer, Ushio America, Inc.</p> <p data-bbox="576 461 1350 562">Nov. 2000    Chairman and Chief Executive Officer, Christie Digital Systems USA, Inc. Chairman and Chief Executive Officer, Christie Digital Systems Canada, Inc.</p> <p data-bbox="576 573 1150 607">Apr. 2004    Group Senior Executive Officer, Ushio Inc.</p> <p data-bbox="576 618 1182 651">Apr. 2007    Group Managing Executive Officer, Ushio Inc.</p> <p data-bbox="576 663 1310 696">Jun. 2010    Director and Senior Managing Executive Officer, Ushio Inc.</p> <p data-bbox="576 707 1326 763">Apr. 2014    Representative Director and Senior Executive Vice President, Ushio Inc.</p> <p data-bbox="576 775 1206 808">Oct. 2014    President and Chief Executive Officer, Ushio Inc.</p> <p data-bbox="576 819 1015 853">Apr. 2019    Corporate Adviser, Ushio Inc.</p> <p data-bbox="576 864 1086 898">Apr. 2020    Special Adviser, Ushio Inc. (present)</p> <p data-bbox="576 909 1142 943">Jun. 2020    Outside Director of the Company (present)</p> <p data-bbox="576 954 1334 1010">[Reason for nomination as a candidate for outside director who is an audit and supervisory committee member, and summary of expected role]</p> <p data-bbox="576 1021 1359 1218">Mr. Kenji Hamashima has global and abundant experience and extensive knowledge as a member of the management of a manufacturer which produced applied optics products such as industrial light sources, and industrial machinery. In addition, he is currently serving as outside director of the Company (the term of office at the conclusion of this general meeting is two years), and considering the record of sufficiently fulfilling the roles that the Company has expected so far, the Company has determined that he can be expected to provide accurate auditing and supervision for overall management of the Company, and has nominated him as a candidate for outside director who is an audit and supervisory committee member.</p>
No. of Company shares owned						
0						
Attendance at meetings of the board of directors						
16 of 16 (100%)						

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
2	<p data-bbox="359 443 512 510">Satoshi Tamai (June 12, 1960)</p> <p data-bbox="359 577 512 611">New candidate</p> <p data-bbox="395 622 480 656">Outside</p> <p data-bbox="371 667 504 701">Independent</p> <p data-bbox="352 734 523 790">No. of Company shares owned</p> <p data-bbox="427 801 448 835">0</p> <p data-bbox="316 869 560 925">Attendance at meetings of the board of directors</p> <p data-bbox="352 936 523 969">16 of 16 (100%)</p>	<p data-bbox="576 371 959 405">Apr. 1984    Joined Sumitomo Corp.</p> <p data-bbox="576 416 1310 472">Oct. 1991    Joined Century Audit Corp. (now Ernst &amp; Young ShinNihon LLC)</p> <p data-bbox="576 483 1118 517">Mar. 1995    Registered as certified public accountant</p> <p data-bbox="576 528 1294 584">Jul. 2017    Representative, Satoshi Tamai Certified Public Accountant Office (present)</p> <p data-bbox="576 595 1007 629">Oct. 2017    Adviser, accrea Inc. (present)</p> <p data-bbox="576 640 1198 674">Mar. 2018    Outside Auditor, Toho Lamac Co., Ltd. (present)</p> <p data-bbox="576 685 1310 741">Jun. 2020    Outside audit &amp; supervisory board member of the Company (present) Outside Auditor, PC Depot Corp. (present)</p> <p data-bbox="576 752 1361 1160">[Reason for nomination as a candidate for outside director who is an audit and supervisory committee member, and summary of expected role] Mr. Satoshi Tamai has knowledge as an accounting expert and extensive insight as he has experience working at a large trading company, is qualified as a certified accountant and has served as a representative partner at a major domestic audit corporation, as well as serving as an outside audit &amp; supervisory board member of multiple companies. Although he has no direct experience of being involved in corporate management in any form other than as an outside officer, he is currently serving as outside audit &amp; supervisory board member of the Company (the term of office at the conclusion of this general meeting is two years), and considering the record of sufficiently fulfilling the roles that the Company has expected so far, the Company has determined that he can be expected to provide accurate auditing and supervision for overall management of the Company, and has nominated him as a candidate for outside director who is an audit and supervisory committee member.</p>
3	<p data-bbox="359 1243 512 1310">Minoru Sanari (May 20, 1958)</p> <p data-bbox="359 1344 512 1377">New candidate</p> <p data-bbox="395 1388 480 1422">Outside</p> <p data-bbox="371 1433 504 1467">Independent</p> <p data-bbox="352 1545 523 1601">No. of Company shares owned</p> <p data-bbox="427 1612 448 1646">0</p>	<p data-bbox="576 1171 991 1205">Apr. 1983    Joined Tokyo Gas Co., Ltd.</p> <p data-bbox="576 1216 1166 1249">Apr. 1995    Bar admission (Daini Tokyo Bar Association)</p> <p data-bbox="576 1261 1262 1317">Apr. 2008    General Counsel, Legal section, General Administration Department, Tokyo Gas Co., Ltd.</p> <p data-bbox="576 1328 1342 1361">Apr. 2017    Executive Officer in charge of Governance Tokyo Gas Co., Ltd.</p> <p data-bbox="576 1373 1166 1406">Apr. 2019    Senior Adviser, Tokyo Gas Co., Ltd. (present)</p> <p data-bbox="576 1417 1361 1780">[Reason for nomination as a candidate for outside director who is an audit and supervisory committee member, and summary of expected role] Mr. Minoru Sanari has specialized knowledge as an attorney and abundant experience in corporate legal affairs and corporate governance for many years at the largest city gas company. Based on this, the Company has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and has nominated him as a candidate for outside director who is an audit and supervisory committee member.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company, and significant concurrent positions at other organizations
4	<p style="text-align: center;">Tomokazu Fujisawa (July 6, 1958)</p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">New candidate</div> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">Independent</div> <div style="border: 1px solid black; padding: 2px; margin: 10px auto; width: fit-content;">           No. of Company shares owned  <div style="border: 1px solid black; padding: 2px; text-align: center; width: 50px; margin: 0 auto;">0</div> </div>	<p>Jul. 1984      Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)</p> <p>Apr. 1999      Director of Planning, Medical Supply Business, Fujisawa Pharmaceutical Co., Ltd.</p> <p>Apr. 2003      Assistant to CEO, Fujisawa Healthcare Inc. (now Astellas US LLC)</p> <p>Apr. 2013      Vice President of Internal Auditing, Astellas Pharma Inc.</p> <p>Jun. 2014      Full-time Audit &amp; Supervisory Board Member, Astellas Pharma Inc.</p> <p>Jun. 2018      Director, Audit &amp; Supervisory Committee Member, Astellas Pharma Inc.</p> <p>[Reason for nomination as a candidate for outside director who is an audit and supervisory committee member, and summary of expected role]            Mr. Tomokazu Fujisawa has extensive insight and abundant experience, having worked as the director of planning for a business department of a global pharmaceutical company that engages in pharmaceutical businesses around the world, as well as having work experience at said company's overseas subsidiary. After engaging in audit work, he also served as a full-time audit &amp; supervisory board member of the company and a director who is an audit and supervisory committee member, and accordingly has high level of knowledge and abundant experience.            Based on this, the Company has determined that he can be expected to provide accurate audit and supervision for the overall management of the Company and has nominated him as a candidate for outside director who is an audit and supervisory committee member.</p>

- (Notes) 1. There are no special interests between the candidates and the Company.
2. Messrs. Kenji Hamashima, Satoshi Tamai, Minoru Sanari and Tomokazu Fujisawa are new candidates for outside directors who are audit and supervisory committee members.
3. The Company designates Messrs. Kenji Hamashima, Satoshi Tamai, Minoru Sanari and Tomokazu Fujisawa as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When the election of Messrs. Kenji Hamashima and Satoshi Tamai is approved, they are scheduled to be independent officers continuously. In addition, as for Messrs. Minoru Sanari and Tomokazu Fujisawa as well, if their election is approved, they are scheduled to be independent officers. Each one of them meets the independence criteria set out in the Company's criteria for independence of outside directors.
- Mr. Kenji Hamashima is a special adviser to Ushio, Inc. and said company has a product sales business relationship with the Company; however, the ratio of the transaction amount to the consolidated net sales of both companies in the most recent business year is less than 0.1% and does not affect his independence. Mr. Minoru Sanari is a senior adviser of Tokyo Gas Co., Ltd. and said company has a product sales business relationship with the Company; however, the ratio of the transaction amount to the consolidated net sales of both companies in the most recent business year is less than 0.1% and does not affect his independence. Mr. Tomokazu Fujisawa was a director and audit & supervisory committee member of Astellas Pharma Inc. within the past three years and said company has a product sales business relationship with the Company; however, the ratio of the transaction amount to the consolidated net sales of both companies in the most recent business year is less than 0.1% and does not affect his independence.
4. The Company has entered into an agreement with Kenji Hamashima and Satoshi Tamai to limit their liability for damages under Article 423, paragraph 1 of the Companies Act, and plans to continue such agreement if the election of Kenji Hamashima is approved. The maximum amount of liability for damages under the said agreement shall be the minimum liability amount stipulated in Article 425, paragraph 1 of the Companies Act provided that the Director has performed his duties in good faith and without gross negligence. The Company also plans to enter into similar agreements with Satoshi Tamai, Minoru Sanari, and Tomokazu Fujisawa, if their election is approved.
5. The Company has entered into an officers, etc. liability insurance contract with an insurance company pursuant to article 430-3, paragraph 1 of the Companies Act, whereby the Company shall take

responsibility in relation to execution of duties by those covered by the policy, including directors of the Company, and shall compensate them for any damages arising as result of claims pursued in relation to said responsibility. If the election of the candidates is approved, each shall be covered by this contract.

In addition, when the contract is renewed, the Company plans to renew the contract with said details.

6. "No. of Company shares owned" is current as of March 31, 2022.

**Proposal 4:** Election of one (1) substitute director who is an audit and supervisory committee member

When the Proposal 1 “Partial amendments to the articles of incorporation” is approved and adopted as originally proposed, the Company will transition to a company with audit and supervisory committee.

Therefore, the Company proposes the election of one (1) candidate as substitute for director who is an audit and supervisory committee member in advance to be ready to fill a vacant position should the number of directors who are audit and supervisory committee members fall below the number required by laws and regulations.

Furthermore, prior consent to this proposal has been obtained from the audit & supervisory board.

This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

The candidate for substitute director who is an audit and supervisory committee member is as follows:

Name (Date of birth)	Brief career summary and significant concurrent positions at other organizations		
<p>Toru Muranaka (June 3, 1965)</p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Outside</span></p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Independent</span></p> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">0</td> </tr> </table>	No. of Company shares owned	0	<p>Apr. 1995      Registered as Attorney</p> <p>Nov. 2007      Partner, Daiichi Legal Professional Corp. (present)</p> <p>May 2014      Outside Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd. (present)</p> <p>Jun. 2015      Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd.</p> <p>Jun. 2016      Outside Director, Capcom Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for substitute outside director who is an audit and supervisory committee member, and summary of expected role]</p> <p>Mr. Toru Muranaka, though never having been directly involved in corporate management in any form other than as outside officer, is a qualified attorney, so the Company has determined that he can be expected to provide accurate auditing and supervision of overall management of the Company and has nominated him as a candidate for substitute outside director who is an audit and supervisory committee member.</p>
No. of Company shares owned			
0			

- (Notes) 1. There are no special interests between the candidate and the Company.
2. Mr. Toru Muranaka is a candidate for substitute outside director who is an audit and supervisory committee member.
  3. Mr. Toru Muranaka meets the independence criteria set out in the Company’s criteria for independence of outside directors and the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If Mr. Toru Muranaka is appointed outside director who is an audit and supervisory committee member, the Company plans to designate him an independent officer and submit a declaration to this effect.
  4. If Mr. Toru Muranaka assumes the office of outside director who is an audit and supervisory committee member because the number of directors who are audit and supervisory committee members falls below the minimum provided by laws and regulations, the Company plans to enter into an agreement with him to limit his liability for damages under article 423, paragraph 1 of the Companies Act.
- Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.

5. The Company has entered into an officers, etc. liability insurance contract with an insurance company pursuant to article 430-3, paragraph 1 of the Companies Act, whereby the Company shall take responsibility in relation to execution of duties by those covered by the policy, and shall compensate them for any damages arising as result of claims pursued in relation to said responsibility. If Mr. Toru Muranaka is elected as outside director who is an audit and supervisory committee member, he will be included among those covered by the insurance contract. In addition, when the contract is renewed, the Company plans to renew the contract with said details.
6. Suzuken Co., Ltd., where Mr. Toru Muranaka retired as an outside audit & supervisory board member on June 25, 2021, regarding the case of violation of the Antimonopoly Act regarding the bidding of the Japan Community Healthcare Organization (JCHO), a complaint was filed by a public prosecutor in the Tokyo District Public Prosecutor's Office on December 9, 2020, and on June 30, 2021, at the Tokyo District Court, said company received a judgment ordering the company to pay a fine of 250 million yen for violating said Act, and three related individuals of said company were convicted and received suspended sentences. In addition, on March 30, 2022, the company received a surcharge payment order and a cease and desist order from the Japan Fair Trade Commission, as the company's actions were found to be in violation of said Act.

This incident was uncovered when an on-site inspection was performed by the authorities in November 2019. Although he was unaware of such improprieties until they came to light, he provided recommendations on a regular basis from the viewpoint of legal compliance. In addition, after the improprieties came to light, he focused on the initiatives by executives, including cooperating with the inspection, investigating its causes and establishing measures to prevent a recurrence, through the audit & supervisory board of Suzuken Co., Ltd. In addition, through actions, such as giving appropriate advice to the board of directors, etc., he appropriately fulfilled his duties.


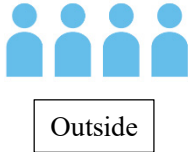

"No. of Company shares owned" is current as of March 31, 2022.

**<For Reference>**

Composition of the board of directors when Proposals 1, 2 and 3 of this general meeting are approved and adopted will be as follows.

**● Composition of the board of directors**

In order to further strengthen the supervisory function, the majority will be independent outside directors.

Directors (excluding audit and supervisory committee members)	Directors (audit and supervisory committee members)	Ratio of independent outside directors
<b>7</b> persons	<b>4</b> persons	<b>55%</b> (6 out of 11)
		



**● Expertise and experience required of the Company’s directors (skill matrix)**

	Name	Global management	Business strategy			Finance and accounting	Legal/risk management	HR/labor	IT/digital	Internal control/audit	ESG
			Information & Electronics	Plastics	Chemicals/ Life Industry						
Director	Katsutaro Inabata	●		●	●			●	●	●	●
	Toyohiro Akao		●		●						
	Kenichi Yokota					●	●	●	●	●	●
	Masahiro Sugiyama		●	●	●						
	Kenji Ohno						●			●	●
	Kiyoshi Sato*	●									
	Takako Hagiwara*							●			●
Director (Audit and Supervisory Committee Member)	Kenji Hamashima*	●				●					
	Satoshi Tamai*					●				●	
	Minoru Sanari*						●				
	Tomokazu Fujisawa*									●	

(Note) \* denotes an independent outside director.

**[Our way of thinking about the skill matrix]**

Management philosophy of Inabata & Co., Ltd. is “People come first, based on the spirit of “love (ai)” and “respect (kei),” and together we strive towards contributing to the development of society,” and our vision is “To continually evolve, serving clients and society, through global operations and meeting their changing needs.” In addition, with around 2030 in mind, we have set “IK Vision 2030” as a long-term vision that envisions our future status, and have positioned the mid-term business plan “New Challenge 2023” (“NC2023”) as a step toward that long-term vision.

In identifying the skills expected of directors, we have decided from the viewpoint of the kind of skills that are required to build systems that enable the Board of Directors of the Company to fulfill the functions relating to decision-making and the supervisory of business execution, as we expand globally, based on this management philosophy, vision, the long-term vision “IK Vision 2030,” and the mid-term business plan “NC2023.” From this point of view, we have specifically identified the following skills and formulated a skill matrix.

**(Global Management)**

We are expanding our business globally, and in particular, in our long-term vision “IK Vision 2030, we anticipate that the overseas business ratio will be 70% or greater. From this point of view, in order to plan the future growth of Inabata & Co., Ltd., we believe that it is extremely useful to appoint those who have knowledge of global corporate management as directors. Therefore, especially when inviting outside directors, we make sure to include managers of companies that are developing business globally, especially top management, or those with equivalent experience. The

Global Management item in the skill matrix is based on top management of a company that is developing business globally or whether the candidate has experience equivalent to this.

**(Business Strategy)**

In managing a specialized trading firm like ours, first and foremost, vast expertise and experience in each business field is indispensable. In particular, regarding executive directors who are in charge of business execution, it is extremely important in practice to the development of the business of a trading firm like ours to hold a wide range of knowledge, experience and personal connections in each of our business fields of Information & Electronics, Plastics, Chemicals, and Life Industry, and when appointing executive directors, we give consideration to balance among those who have knowledge of these business fields.

**(Finance and Accounting)**

Financial strategy (corporate finance) in corporate management is of course important, and we believe that we need someone among executive directors who is responsible for financial strategy and can lead efforts to improve corporate value through various dialogues with investors. In addition, in order to strengthen the supervisory function for business execution, we believe that it is useful to include those who are familiar with finance and accounting among directors who are Audit and Supervisory Committee members.

**(Legal/Risk Management)**

At Inabata & Co., Ltd., which is expanding its business globally, there are various risks such as credit risk of business partners, risk related to business investment, country risk associated with overseas business, foreign exchange risk, and the risk of fluctuations in commodities markets. Therefore, risk management is extremely important for management. In addition, we are committed to management that emphasizes compliance above all else, and in order to strengthen the supervisory function for business execution, we believe it is useful to include those who are familiar with the law among directors who are Audit and Supervisory Committee members without fail.

**(HR/Labor)**

In a trading firm like ours, human resources are our greatest asset, and human resource development is an important management issue in the medium to long term. In the mid-term business plan “NC2023,” we are strengthening our efforts to further enhance the system for global human resource development and diversity improvement, employee engagement, and new work style reforms. From this point of view, we believe it desirable for directors to include those who have experience and skills in HR and labor, and we place great importance on this perspective when inviting outside directors.

**(IT/Digital)**

Knowledge of IT and digital is indispensable for promoting DX (digital transformation). In addition, threats to information security have been increasing year by year, and we believe that IT/digital skills are necessary to strengthen countermeasures against these.

**(Internal Control/Audit)**

The Company plans to transition to a company with an audit and supervisory committee, provided that this is approved and adopted at the 161st General Meeting of Shareholders, with the aim of expediting management decision-making and strengthening the supervisory function for business execution. Companies with an audit and supervisory committee after such transition are required to make effective use of the company internal control system to conduct systematic audits. From this point of view, we believe that it is essential to include those who have specialized knowledge and experience in internal control and auditing among directors who are Audit and Supervisory Committee members.

**(ESG)**

Inabata & Co., Ltd. established the Sustainability Committee last year and considers the promotion of sustainability to be an important management issue. We also consider improving the external evaluation of ESG as an important issue. From this point of view, we believe that it is necessary to include those who have knowledge of sustainability and ESG in corporate management among directors, and we take these points into consideration when inviting outside directors.

## ● Criteria for independence of outside directors

The Company has established criteria concerning the independence of outside directors of the Company as follows, and outside directors who do not meet any of the following conditions are considered independent.

- (1) An executive (\*1) of the Company or a subsidiary of the Company currently or within the past 10 years
- (2) A person who has met any of the following conditions (i) through (vii) over the last three years
  - (i) A party whose major client or supplier is the Company (\*2) or an executive thereof
  - (ii) A major client or supplier of the Company (\*3) or an executive thereof
  - (iii) A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member (\*4) (In case it is an organization such as a corporation or an association that receives monetary consideration or property, a party which belongs to the said organization.)
  - (iv) A major shareholder (\*5) of the Company or an executive thereof
  - (v) A major lender (\*6) of the Company or an executive thereof
  - (vi) A party that receives a donation over a certain amount (\*7) from the Company or a party affiliated with an organization that receives a donation from the Company
  - (vii) An executive of a company for which an executive of the Company serves concurrently as outside director or outside audit & supervisory board member of the said company
- (3) A spouse or relative within the second degree of kinship of the person in (1) or (2) above
- (4) A person who has served as outside director of the Company for over eight years

(\*1) “Executive” is an executive director, an executive officer or an employee.

(\*2) “A party whose major client or supplier is the Company” is one which has received a payment from the Company equivalent to over 2% of its consolidated annual gross sales.

(\*3) “Major client or supplier of the Company” is one which has paid to the Company an amount equivalent to over 2% of the Company’s consolidated annual gross sales.

(\*4) “Receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member” means receiving from the Company monetary consideration or property which exceeds the higher of either 2% of sales or total revenue of such party in addition to compensation as a director/audit & supervisory board member or 10 million yen.

(\*5) “Major shareholder” is one whose ownership ratio of voting rights is 10% or higher.

(\*6) “Major lender” is one which has lent the Company an amount equivalent to over 2% of the Company’s consolidated total assets.

(\*7) “A donation over a certain amount” is one that exceeds 10 million yen.

**Proposal 5:** Establishment of amount of remuneration, etc. for directors (excluding directors who are audit and supervisory committee members)

At the 145th Ordinary General Meeting of Shareholders held on June 29, 2006, the annual amount of remuneration, etc. for directors was approved at up to 430 million yen, however, when proposal 1 “Partial amendments to the articles of incorporation” is approved as originally proposed, the Company will transition to a company with audit and supervisory committee, so in consideration of various circumstances such as the recent economic situation, the Company requests approval to terminate the current amount of remuneration, etc. for directors above, and make the annual amount of remuneration, etc. for directors (except for directors who are audit and supervisory committee members) after the transition to a company with audit and supervisory committee up to 430 million yen (including up to 50 million yen for outside directors), with the decision on the specific amount and period of payment, etc. to each director (except for directors who are audit and supervisory committee members) being determined by a resolution of the board of directors. Note that this remuneration does not include the portion of employee’s salary for directors who concurrently serve as employees.

An outline of the policy regarding determination of the details of remuneration, etc. for directors at the Company is as described in the Business Report (in Japanese only), and the details are considered to be appropriate as determination policy when this proposal was approved, and thus, the Company does not plan to change this policy.

This proposal is a proposal to revise the remuneration limit for monetary remuneration granted to directors (except for directors who are audit and supervisory committee members), and the details of the proposal are necessary and reasonable as the remuneration range in light of the procedures for calculation regarding monetary remuneration for each individual, the level of remuneration and level of the number of eligible directors provided in the policy, and the Company judged that it is appropriate.

Currently, there are nine (9) directors (including three (3) outside directors), but if Proposal 1 “Partial amendments to the articles of incorporation” and Proposal 2 “Election of seven (7) directors (except for directors who are audit and supervisory committee members)” are approved as originally proposed, the number of directors (except for directors who are audit and supervisory committee members) will be seven (7) (including two (2) outside directors).

This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

**Proposal 6:** Establishment of amount of remuneration, etc. for directors who are audit and supervisory committee members

If Proposal 1 “Partial amendments to the articles of incorporation” is approved as originally proposed, the Company will transition to a company with audit and supervisory committee, so in consideration of various circumstances such as the recent economic situation, the Company requests approval for the annual amount of remuneration, etc. for directors who are audit and supervisory committee members after the transition to a company with audit and supervisory committee being up to 80 million yen, with the decision on the specific amount and period of payment, etc. to each director who is audit and supervisory committee member being determined upon consultations among directors who are audit and supervisory committee members. The Company judged that the amount of remuneration, etc. pertaining to this proposal is appropriate based on a comprehensive consideration of factors such as the responsibilities of directors who are audit and supervisory committee members, the scale of our business, the number of current officers, and future trends in the business environment.

If Proposal 1 “Partial amendments to the articles of incorporation” and Proposal 3 “Election of four (4) directors who are audit and supervisory committee members” are approved as originally proposed, the number of directors who are audit and supervisory committee members will be four (4).

This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

**Proposal 7:** Establishment of remuneration limit relating to performance-linked share-based remuneration system for executive directors (excluding directors who are audit and supervisory committee members)

1. Reasons for the proposal and reasons to consider it appropriate

At the 157th Ordinary General Meeting of Shareholders held on June 22, 2018, the Company received approval for introduction of a performance-linked share-based remuneration system (Board Benefit Trust = BBT; hereinafter the “System”) for directors (excluding outside directors). However, if Proposal 1 “Partial amendments to the articles of incorporation” is approved as originally proposed, the Company will transition to a company with audit and supervisory committee. Therefore, the Company requests approval for abolition of the remuneration limit relating to the System for the current directors (excluding outside directors), and reestablishment of the remuneration limit relating to the System for executive directors (excluding directors who are audit supervisory committee members and outside directors, and non-executive directors; the same shall apply hereinafter in this proposal).

This proposal is for procedures due to the transition to a company with audit and supervisory committee, and the actual content of the remuneration limit for the System is the same as those approved at the 157th Ordinary General Meeting of Shareholders held on June 22, 2018. The purpose of the System is to further clarify the linkage of the remuneration for executive directors, the Company’s business performance, and the stock value, and enhance their motivation to contribute to the improvement of the Company’s business performance in the medium and long term and to boost corporate value by sharing not only the benefit of the rise in stock prices but also the risks of a decline in stock prices with the Company’s shareholders. Additionally, the Company’s policy on the determination of remuneration, etc. for each individual director of the Company is as described in the Business Report (pages 63-65 of this Notice of Convocation; in Japanese only), and the Company plans to maintain this policy because it believes that the specifics of the policy will continue to be appropriate if this proposal is approved. In light of the above, the Company believes that the specifics of this proposal are appropriate.

This proposal is to request approval separately from the amount of remuneration for directors (excluding directors who are audit and supervisory committee members) for which approval is requested as Proposal 5, for the calculation method of the amount of remuneration, etc. related to the System for executive directors and details thereof. The Company proposes the details of the System be entrusted to the board of directors within the limits set out in 2. below.

In addition, if Proposal 1 “Partial amendment to the articles of incorporation” and the Proposal 2 “Election of seven (7) directors (except for directors who are audit and supervisory committee members)” are approved as originally proposed, there will be four (4) executive directors who are beneficiaries of the System.

This proposal shall come into effect on the condition that the amendments to the articles of incorporation in Proposal 1 “Partial amendments to the articles of incorporation” come into effect.

## 2. Amount of remuneration, etc. and supplementary reference information, according to the System

### (1) Outline of the System

The System is a performance-linked share-based remuneration system by acquiring the Company's share through the trust (hereinafter the "Trust" to be established based on the System) using the funds that the Company contributes and providing remuneration for executive directors, through the Trust, in accordance with the share delivery regulations for officers. The remuneration is the Company's shares and monies equivalent to the amount obtained by converting the Company's shares at the market prices (hereinafter called the "Company's Shares, etc."). As a general rule, the Company's Shares, etc. are provided for executive directors upon retirement.

### (2) Beneficiaries of the System

Executive directors

### (3) Trust period

The period of trust is from August 2018 through the termination of the Trust. (The termination of the Trust shall not be specified. The Trust is deemed to continue as long as the System is not terminated. The System shall be terminated when Company's share is delisted or when the share delivery regulations for officers are abolished.)

### (4) Trust amount (amount of remuneration, etc.)

Based on the original resolution, the Company has introduced the System targeting three business years from the business year ended March 31, 2019 to the business year ended March 31, 2021 (hereinafter called the "Initial Period." The Initial Period and each three consecutive business years following the Initial Period shall respectively be referred to as "Applicable Periods") and the respective Applicable Periods thereafter, and in order to provide the Company's Shares, etc. to the executive directors, the Company has contributed the funds of 164,700,000 yen during the Initial Period to establish the Trust.

With the transition to a company with audit and supervisory committee, the Trust will continue to exist as a trust whose beneficiaries are executive directors who meet the beneficiary requirements.

Until the System is terminated, in principle, the Company will make additional contributions to the Trust of up to 500 million yen for the respective Applicable Periods. However, in the case of such additional payments, if there is any Company's shares remaining in the trust asset (excluding those shares equivalent to the points granted to executive directors until preceding Applicable Periods, but which have not yet been delivered) and/or money (hereinafter called the "Remaining Shares, etc."), the total amount of such Remaining Shares, etc. (based on the book value of the Company's share on the final day of the previous Applicable Period) and the trust money additionally paid by the Company is to be within the limit of 500 million yen or less.

When the Company decides to contribute to the fund additionally, the Company will disclose it adequately on a timely basis.



(5) Acquisition method of Company's shares and the number of shares to be acquired

The acquisition of Company's shares by the Trust is intended to be made with the fund contributed as described in (4) above in the exchange market or by means of assuming disposed treasury shares.

The details of the acquisition of the Company's shares by the Trust shall be disclosed adequately on a timely basis.

(6) The calculation method of the number of the Company's Shares, etc. to be granted to directors

Executive directors are granted a certain number of points as determined by their position and rank according to the share delivery regulations for officers and with consideration to the level of achievements in terms of performance for each business year. The maximum number of points granted in total to an executive director per business year shall be 100,000 points. This has been decided by comprehensively taking into account the current level of officers' remuneration provided, the trend in the number of executive directors, the outlook going forward, and other factors, and the Company believes it to be appropriate.

The points granted to executive directors are converted to the Company's common share in granting the Company's Shares, etc., as prescribed in the upcoming provision (7): one point shall be converted to one share. (However, in case a stock split, allotment of share without contribution, or reverse stock split takes place after this proposal is approved, limit of points, points granted, or the conversion rate shall be adjusted rationally in proportion to such an event.)

The points for executive directors as the base of compensation for the Company's Shares, etc. described in (7) below shall be the accumulated points granted to executive directors at or before retirement, as a general rule (hereinafter called the "Final Points" for the points calculated in this way).

(7) Grant of the Company's Shares, etc.

In case executive directors retire and satisfy the requirements of the benefit stipulated in the share delivery regulations for officers, the executive directors are provided the shares by the Trust after retirement in accordance with the Final Points described in (6) above, as a general rule, by completion of the prescribed procedures for the beneficiary. However, if executive directors satisfy the requirements prescribed in the share delivery regulations for officers, with regard to the certain proportion of points, monies equivalent to the amount of Company's shares at the market price are granted in lieu of granting Company's shares. For this case, Company shares may be sold by the Trust for granting monies.

Note that even if the executive director has been awarded points, in the case of resignation due to certain illegal conduct while in office or when there are concerns that the executive director has carried out inappropriate acts causing damage to the Company while in office, the acquisition of the right to receive benefits may be postponed.

(8) Execution of voting rights

The voting rights of the Company's shares within the account of the Trust shall not be executed in accordance with the instructions of the trust administrator without exception. This rule is

intended to maintain neutrality in the Company's business management in terms of execution of voting rights of Company's shares within the account of the Trust.

(9) Handling of dividends

The dividends of Company's shares within the account of the Trust are distributed to the Trust and used for the acquisition of the shares or share compensation to trustees pertaining to the Trust. In case the Trust is to be terminated, dividends remaining in the Trust shall be distributed to incumbent executive directors in proportion to the respective number of points they hold.

(10) Termination of the trust

The Trust shall be terminated when the Company's share is delisted, when the share delivery regulations for officers are abolished, or for other reasons.

The Company's share in the remaining assets of the Trust as of the termination of the Trust will be wholly transferred to the Company without compensation, and canceled by a resolution of the board of directors. As for the cash portion of the remaining assets of the Trust at the time of termination, the amount remaining after deducting the amount to be paid to executive directors shall be transferred to the Company.

<For Reference>

**1. Policy on Reduction of Strategic shareholdings**

The Company has been promoting its three-year mid-term business plan “New Challenge 2023” (“NC2023”), which will end in the fiscal year ending March 31, 2024. As part of one of its key initiatives, “Continuous review of asset holdings and further improvement of fund and asset efficiency,” the Company has decided the policy of reducing its strategic shareholdings by 50% in the three years of “NC2023” compared to the balance at the end of March 2021.

In addition to the policy of reducing strategic shareholdings during “NC2023,” the Company has added a new policy focused more on the medium to long term, including after the plan.

New Strategic Shareholding Reduction Policy

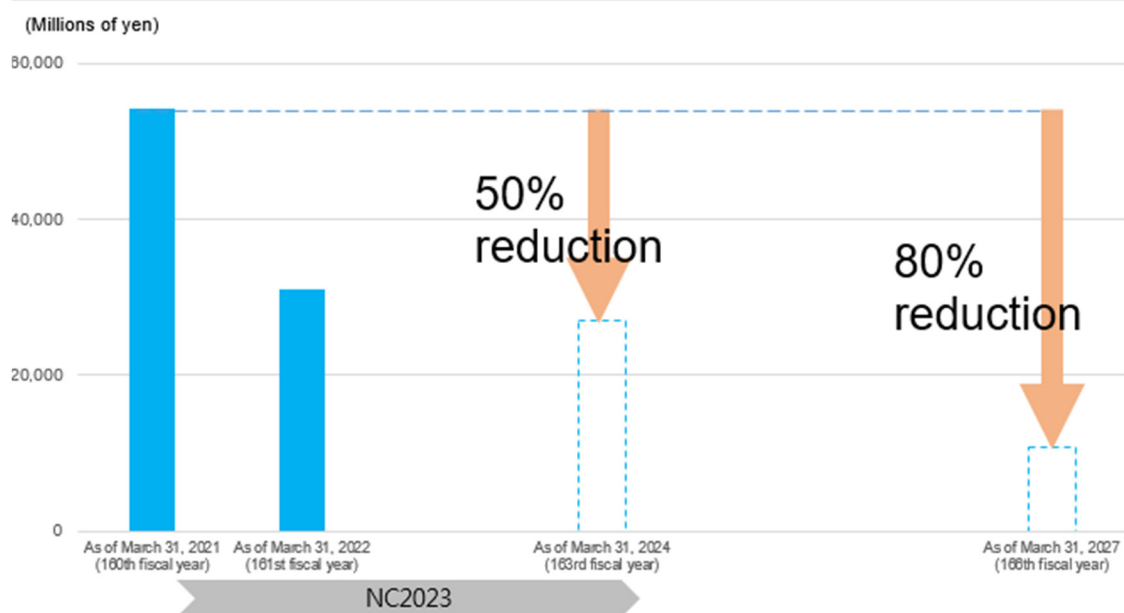
- 1) Reduce the balance of strategic shareholdings by 50% compared to the balance on March 31, 2021 during the three years of “NC2023.”
- 2) Further reduce strategic shareholdings over the medium to long term, aiming for a reduction of around 80% compared to the balance on March 31, 2021 over the next five years (until March 31, 2027)

The policy is to allocate the funds obtained from the sale of shares held as strategic shareholdings not to internal reserves but to shareholder returns and investment for future growth.

Changes in amount of sales of strategic shareholdings

(Millions of yen)	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales of strategic shareholdings	9,017	5,298	3,026	2,944	9,367

## Holding status of strategic shareholdings



\*Strategic shareholdings: listed shares in Japan

## 2. Partial Amendment to Basic Policy on Shareholder Return

In April 2021, the Company introduced progressive dividends as a basic policy for shareholder returns during the mid-term business plan “NC2023.” Furthermore, from the perspective of placing greater emphasis on shareholder returns, the Company changed the benchmark of total return ratio (\*) in February 2022. New shareholder return basic policy is as below.

(New shareholder return basic policy)	
(i)	The actual amount of dividends paid in the previous fiscal year will be used as the lower limit for dividends per share, and the basic policy is to continuously increase the dividends without reducing them. (Continuation of progressive dividends)
(ii)	The target for the total return ratio shall be approximately 50%. However, in the business year in which the strategic shareholdings were sold and a considerable amount of cash-in occurred, shareholder return will be implemented not necessarily bound by the target of the above-mentioned total return ratio, taking into consideration comprehensively the future demand for funds, the company’s financial situation, stock price, market conditions, etc.
(*)	Total return ratio = (Amount of dividends + Amount of treasury shares acquired) ÷ Consolidated profit x 100

## 3. Review of Mid-term Business Plan

The Company’s full-year results for the current business year, which is the first year of “NC2023,” exceeded the target figures of net sales and profit for the final year. Based on the recent business performance, various changes in the situation afterward, the future outlook, and partial amendment to basic policy on shareholder return described in 2. above, we have revised the target figures for the final year of “NC2023.” The target figures and benchmarks after the review are as follows.

Target figures and benchmarks for the final year of the mid-term business plan “NC2023”

[Target figures and benchmarks]	Fiscal year ending March 31, 2024	
	Initial target	Reviewed target
Net sales	*1 670.0 billion yen	<b>*2 800.0 billion yen</b>
Operating profit	16.5 billion yen	<b>20.5 billion yen</b>
Ordinary profit	17.0 billion yen	<b>21.5 billion yen</b>
Profit attributable to owners of parent	16.0 billion yen	<b>22.5 billion yen</b>
ROE	8% or more	<b>10% or more</b>
Net D/E ratio	0.3 or less	<b>0.5 or less</b>
Equity ratio	50% or more	<b>Approximately 40% to 50%</b>
Exchange rate	JPY 105.00/USD	<b>JPY 120.00/USD</b>

\*1 Net sales target based on the standard prior to application of the new revenue recognition standard: 700.0 billion yen

\*2 Net sales target based on the standard prior to application of the new revenue recognition standard: 830.0 billion yen

\*<sup>3</sup> Revised targets and indicators were announced on May 10, 2022

#### **4. On the Nominating and Remuneration Committee (as of March 31, 2022)**

The Company established a voluntary Nominating and Remuneration Committee in 2015. Resolutions on the election and dismissal of senior management, the nomination of candidates for directors, audit & supervisory board members and executive officers, and the remuneration of directors are deliberated by the Nominating and Remuneration Committee, where the majority of members are independent outside directors. The board of directors strives to ensure objectivity, fairness, and transparency by fully respecting the results of the Nominating and Remuneration Committee's deliberations.

Number of meetings: 12 meetings in the fiscal year ended March 31, 2022

Members of the Nominating and Remuneration Committee: three independent outside directors and one internal director

Chairperson: Head independent outside director

#### **5. Policy and Procedures of Nominating Directors**

When the Company's board of directors elects executives and appoints candidates for directors, the Nomination and Remuneration Committee, a majority of which are independent outside directors, take measures, for instance, such as interviewing candidates, to examine credentials and aptitude which would contribute to the improvement of corporate value in the medium and long term and to ensure the objectivity, fairness, and transparency of any decision the board of directors makes.

The Company has the criteria for independence of outside directors, which are set out in page 36, for the election of independent outside directors and elects them in accordance with these criteria.

#### **6. Effectiveness Evaluation of the Board of Directors**

The Company has conducted an evaluation of the effectiveness of the board of directors since fiscal 2015, with the aim of increasing corporate value through enhancing the effectiveness and transparency of the board of directors. In fiscal 2021, the Company has conducted a self-evaluation. A summary of the evaluation results and future measures have been disclosed on the Company's website.

[Outline of fiscal 2021 evaluation and future measures]

1. Target	All current nine (9) directors and all four (4) audit & supervisory board members as of March 31, 2022
2. Evaluation methodology	<ul style="list-style-type: none"> <li>▪ Question items are distributed to the subjects, and the answer results are aggregated by an outside consultant.</li> <li>▪ The working group for the evaluation of the board of directors carried out a simplified analysis and compilation of the aggregated results, and the director in charge reports at the Company’s board of directors meeting in February 2022.</li> <li>▪ After verification by the board of directors of the content of the report, the direction of future measures was decided</li> </ul>
3. Overview of results of analysis and evaluation	<p>The results of the analysis and evaluation indicated that the operations of the board of directors of the Company were deemed appropriate and highly rated overall for its open and lively discussions. The results also indicated that the Company was providing sufficient support to outside directors in general, who in turn were making significant contributions to board discussions; having audit &amp; supervisory board members in place was contributing to enhancing the effectiveness of the board of directors; the Nominating and Remuneration Committee was being operated appropriately; the status of dialogues with investors and shareholders was adequately being shared with the board of directors; and appropriate measures were being taken to address the issues identified in the previous board of directors evaluation. Based on these evaluation and analysis results, the Company confirmed that the board of directors was executing its functions appropriately in general while maintaining effectiveness.</p> <p>The results also confirmed that the following improvements and developments had been made in resolving the issues identified in the previous third-party effectiveness evaluation.</p> <ul style="list-style-type: none"> <li>▪ Promoted advance discussions on key medium- to long-term issues of the Company Conducted free discussions outside of the board of directors on issues regarding the promotion of diversity and sustainability</li> <li>▪ Strengthened company-wide, cross-sectional functions Established a business planning office to serve as a cross-section of the Company and appointed a full-time personnel in charge</li> <li>▪ Continued evaluating the composition of the board of directors With the aims of further strengthening its supervisory functions as well as to establish a system that enables faster decision-making by the management, the Company has decided to make the transition from the current “company with audit and supervisory board” to a “company with audit and supervisory committee,” subject to approval at the 161st Ordinary General Meeting of Shareholders to be held in June 2022.</li> </ul>

	<p>Meanwhile, the results confirmed that the following issues should be considered in the future.</p> <ul style="list-style-type: none"> <li>▪ Further discussion on succession planning and sustainability</li> <li>▪ Provision of sufficient information by the Nominating and Remuneration Committee to the board of directors</li> <li>▪ Improvement in communication among outside directors which had been inadequate due to impact from the COVID-19 pandemic</li> <li>▪ Further enrich communicating information to capital markets</li> </ul>
<p>4. Future measures</p>	<p>The Company will strive to further enhance the effectiveness of the board of directors by taking measures to address the issues identified from the result of the above mentioned analysis and evaluation.</p> <p>In fiscal 2022, an evaluation (self-evaluation) of the board of directors is scheduled to be implemented.</p>