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Stock Exchange Code 4202
May 30, 2024

To Shareholders with Voting Rights:

Yoshimi Ogawa
President and CEO
Daicel Corporation
3-1, Ofuka-cho, Kita-ku, Osaka, Japan

**NOTICE OF
THE 158TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are hereby notified that the 158th Annual General Meeting of Shareholders of Daicel Corporation (the “Company”) will be held for the purposes described below. When convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures on the Company’s website.

The Company’s website:

<https://www.daicel.com/en/ir/stockholder.html>

In addition to the website shown above, the Company also has posted matters subject to the electronic provision measures on the website of Tokyo Stock Exchange, Inc. (TSE). To view the information, please access the following TSE website (TSE Listed Company Search service), input the issue name (Daicel) or securities code (4202), and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

The TSE website (TSE Listed Company Search service):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you will not attend the Meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights by 5:00 p.m. on Thursday June 20, 2024, Japan time.

- 1. Date and Time:** Friday, June 21, 2024 at 10:00 a.m. Japan time
(Reception begins at 9:00 a.m.)
- 2. Place:** HINOKI, 2F, InterContinental Osaka, Tower C, North Wing of GRAND FRONT OSAKA located at 3-60 Ofuka-cho, Kita-ku, Osaka, Japan
- 3. Agenda:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements for the Company’s 158th Fiscal Year (April 1, 2023–March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 158th Fiscal Year (April 1, 2023–March 31, 2024)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of 11 Directors
 - Proposal 3:** Election of Two Audit & Supervisory Board Members

- Proposal 4:** Revision of Amount of Director Compensation
Proposal 5: Revision of Amount of Compensation for Audit & Supervisory Board Members
Proposal 6: Revision of Restricted Stock Compensation Plan for Directors

- Should the matters subject to the electronic provision measures require revisions, the revised versions will be posted on the respective websites mentioned in this convocation notice.
- Following the implementation of the electronic information provision system for materials for the General Meeting of Shareholders in accordance with the revised Companies Act, the Company, as a rule, provides the materials on its website rather than as printed media. The Company, therefore, sends a simplified convocation notice to shareholders except those who have requested delivery of the documents. The complete set of the materials for the General Meeting of Shareholders is available on the websites mentioned in this convocation notice.
- We are considering delivering a more simplified notice to shareholders regarding the materials for the next General Meeting of Shareholders.
- The following matters are available only on the websites in accordance with relevant laws and regulations as well as provisions of the Articles of Incorporation of the Company and are not included in the documents delivered to shareholders who requested for delivery of documents.
 - (1) “Matters Regarding Accounting Auditors” and “Matters Regarding Establishment of a System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” in the Business Report
 - (2) “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” of the Consolidated Financial Statements
 - (3) “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” of the non-Consolidated Financial StatementsPlease note that (1) (2) (3) are included in the documents audited by the Audit & Supervisory Board Members and (2) (3) are included in the documents audited by the Accounting Auditors.

Notes to the shareholders who will attend the meeting

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Our officers and operation staff will be in light clothing (“cool biz”) at the meeting. Shareholders may also attend the meeting in light clothing.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Concerning the appropriation of surplus, the Company proposes as follows:
Matters concerning the year-end dividends

The Company's basic dividend policy is to distribute profits in a balanced manner, taking into comprehensive consideration maximizing asset efficiency and realizing optimal capital structure, ensuring financial soundness in order to maintain fund raising capacity, and stable dividends reflecting the consolidated business performance.

Internal reserves will be applied to investment in business expansion and reinforcement of highly profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and extension of facilities, and efficiency improvement measures. Through future business development, we will strive for a growing benefit to our shareholders.

In the Company's mid-term management strategy, "Accelerate 2025," which started in FY2020, we have targeted a shareholder return ratio of 40% or more for each fiscal year, combining the amount of dividends with the amount of flexible acquisition of the Company's own shares, with the annual dividend per share of 32 yen set upon the announcement of the mid-term management strategy as the lower limit.

Based on the policy mentioned above, the year-end dividend for the fiscal year under review will be 25 yen per share.

- (1) Type of dividend property
Cash
- (2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof
25 yen per share of common stock of the Company
Total amount: 6,895,403,825 yen
(Note) The annual dividends for the fiscal year under review will be increased by 12 yen from the previous fiscal year to 50 yen per share including the interim dividends.
- (3) Effective date of distribution of surplus
June 24, 2024

Proposal 2: Election of 11 Directors

The terms of office of all 10 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 11 Directors, increasing the number of Directors by one, to further strengthen the management structure.

The candidates for Directors are as follows:

No.	Name	Current Positions and Responsibilities at the Company		Attendance Rate at the Board of Directors meetings
1	Yoshimi Ogawa	President and CEO, President, Member of the Nomination and Compensation Committee, Responsible for Institute of Human-oriented Management, and Executive Consultant of Polyplastics Co., Ltd.	Reappointment	93% (14 out of 15 meetings)
2	Kotaro Sugimoto	Representative Director, Senior Managing Executive Officer, Member of the Nomination and Compensation Committee, General Manager of Corporate Support Headquarters, Responsible for Corporate Compliance Program, Responsible for Corporate Sustainability, and Responsible for Digital Strategy Center	Reappointment	100% (15 out of 15 meetings)
3	Yasuhiro Sakaki	Director, Senior Managing Executive Officer, General Manager of Corporate Planning & Strategy Headquarters, General Manager of SCM Headquarters, Responsible for Safety SBU, Responsible for Healthcare SBU, Responsible for Material SBU, Responsible for Smart SBU, and Responsible for Life Sciences SBU	Reappointment	100% (15 out of 15 meetings)
4	Toshio Shiwaku	Senior Managing Executive Officer, General Manager of Assessment Headquarters, General Manager of R&D Headquarters, Responsible for Safety and Quality Assurance Headquarters, and Responsible for Intellectual Property Center	New Appointment	–
5	Naotaka Kawaguchi	Senior Managing Executive Officer, General Manager of Production Management Headquarters, Responsible for Engineering Center, and Responsible for Monozukuri Production Innovation Center	New Appointment	–
6	Teisuke Kitayama	Director and Member of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (15 out of 15 meetings)
7	Toshio Asano	Director and Chairman of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (15 out of 15 meetings)
8	Takeshi Furuichi	Director and Member of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (15 out of 15 meetings)
9	Yuriya Komatsu	Director and Member of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (15 out of 15 meetings)
10	Mari Okajima	Director and Member of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (12 out of 12 meetings)
11	Keita Nishiyama	Director and Member of the Nomination and Compensation Committee	Reappointment Outside Independent	100% (12 out of 12 meetings)

(Note) The attendance of Ms. Mari Okajima and Mr. Keita Nishiyama at Board of Directors meetings covers only their attendance at the meetings held after their appointment on June 23, 2023.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p data-bbox="209 846 391 909">Yoshimi Ogawa (January 8, 1960)</p> <p data-bbox="220 936 379 967"><u>Reappointment</u></p> <p data-bbox="193 1003 406 1182">Tenure as Director 13 years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p data-bbox="427 280 539 304">April 1983</p> <p data-bbox="427 318 539 342">June 2000</p> <p data-bbox="427 385 539 409">April 2002</p> <p data-bbox="427 423 539 448">June 2006</p> <p data-bbox="427 584 539 609">June 2009</p> <p data-bbox="427 683 539 707">June 2011</p> <p data-bbox="427 721 539 745">June 2013</p> <p data-bbox="427 759 539 784">April 2014</p> <p data-bbox="427 826 539 851">April 2015</p> <p data-bbox="427 864 539 889">June 2016</p> <p data-bbox="427 996 539 1021">June 2017</p> <p data-bbox="427 1034 539 1059">June 2019</p> <p data-bbox="427 1102 539 1126">April 2021</p> <p data-bbox="427 1169 539 1193">April 2022</p> <p data-bbox="427 1267 539 1292">April 2024</p> <p data-bbox="616 1377 930 1402">(Positions and responsibilities)</p> <p data-bbox="616 1406 1265 1525">President and CEO, President, Member of the Nomination and Compensation Committee, Responsible for Institute of Human-oriented Management, and Executive Consultant of Polyplastics Co., Ltd.</p>	158,432
		<p data-bbox="427 1543 935 1568">[Reasons for selection as a candidate for Director]</p> <p data-bbox="427 1572 1286 1749">Mr. Yoshimi Ogawa has served as President and CEO of the Company since June 2019, and has achievements in leading the Group toward improving corporate value through his strong leadership. Based on his wealth of experience, achievements and insights in overall management of the Company, the Company has determined that he is an appropriate person to promote the Company's group management and global business management, and thus requests his election as Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p data-bbox="204 663 400 723">Kotaro Sugimoto (October 10, 1960)</p> <p data-bbox="220 752 384 786"><u>Reappointment</u></p> <p data-bbox="204 815 400 994">Tenure as Director Five years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p data-bbox="427 282 1283 869"> April 1984 Joined the Company June 2011 Head of Raw Material Purchasing Center of the Company June 2014 Executive Officer of the Company Representative Director and President of Daicel Logistics Service Co., Ltd. June 2017 Managing Executive Officer of the Company Responsible for Business Process Innovation of the Company June 2019 Representative Director of the Company General Manager of Corporate Support Center of the Company Responsible for Corporate Compliance Program of the Company Responsible for Corporate Sustainability of the Company October 2019 General Manager of Corporate Support Headquarters of the Company June 2020 Senior Managing Executive Officer of the Company April 2021 Responsible for Corporate Sustainability of the Company April 2022 Responsible for Digital Strategy Division of the Company April 2024 Responsible for Digital Strategy Center of the Company </p> <p data-bbox="619 913 1283 1126">(Positions and responsibilities) Representative Director, Senior Managing Executive Officer, Member of the Nomination and Compensation Committee, General Manager of Corporate Support Headquarters, Responsible for Corporate Compliance Program, Responsible for Corporate Sustainability, and Responsible for Digital Strategy Center</p> <p data-bbox="427 1137 1283 1373"> [Reasons for selection as a candidate for Director] Mr. Kotaro Sugimoto has served as the person responsible for administrative divisions including finance and accounting and compliance, as well as the person responsible for the Raw Material Purchasing Center of the Company, and has a wealth of experience, achievements and insights in the management of the Company. The Company has determined that he is an appropriate person to promote the Company's group management and global business management, and thus requests his election as Director. </p>	78,922

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="212 882 392 943">Yasuhiro Sakaki (March 17, 1962)</p> <p data-bbox="220 972 384 1001"><u>Reappointment</u></p> <p data-bbox="196 1032 408 1211">Tenure as Director Four years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p data-bbox="427 282 1283 1301"> April 1984 Joined the Company June 2012 President of Organic Chemical Products Company of the Company June 2014 Executive Officer of the Company June 2016 President of Aerospace & Defense Systems/Safety Systems Company of the Company President of Daicel Safety Systems (Jiangsu) Co., Ltd. June 2017 Managing Executive Officer of the Company President & CEO of Daicel Safety Systems America Holdings, Inc. President & CEO of Daicel Safety Systems America Arizona, Inc. President & CEO of Special Devices, Inc. April 2019 Chairman of Daicel Safety Systems Americas, Inc. June 2019 Senior Managing Executive Officer of the Company Responsible for Aerospace & Defense Systems/Safety Systems Company of the Company October 2019 General Manager of Strategic Planning Headquarters of the Company April 2020 Responsible for Safety SBU of the Company Responsible for Healthcare SBU of the Company June 2020 Director of the Company Responsible for Raw Material Purchasing Center of the Company April 2021 General Manager of Corporate Planning & Strategy Headquarters of the Company April 2022 Responsible for Customer Center of the Company August 2022 General Manager of SCM Headquarters of the Company April 2023 Responsible for Material SBU of the Company April 2024 Responsible for Smart SBU of the Company Responsible for Life Sciences SBU of the Company (Positions and responsibilities) Director, Senior Managing Executive Officer, General Manager of Corporate Planning & Strategy Headquarters, General Manager of SCM Headquarters, Responsible for Safety SBU, Responsible for Healthcare SBU, Responsible for Material SBU, Responsible for Smart SBU, and Responsible for Life Sciences SBU </p> <p data-bbox="427 1570 1283 1805"> [Reasons for selection as a candidate for Director] Mr. Yasuhiro Sakaki has served as the person responsible for Safety segment of the Company, President of overseas subsidiaries, as well as the person responsible for the divisions involved in the promotion of management strategies of the Company, and has a wealth of experience, achievements and insights in the management of the Company. The Company has determined that he is an appropriate person to promote the Company's group management and global business management, and thus requests his election as Director. </p>	77,014

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	<p>Toshio Shiwaku (February 20, 1963)</p> <p><u>New Appointment</u></p> <p>Tenure as Director —</p>	<p>April 1987 Joined Polyplastics Co., Ltd.</p> <p>April 2007 Chief of Research and Development Center of Polyplastics Co., Ltd.</p> <p>March 2011 Executive Officer of Polyplastics Co., Ltd. Chief of Business Strategies Department, Corporate Strategy Division of Polyplastics Co., Ltd. Chief of POM Business Strategies Department of Polyplastics Co., Ltd. Chief of New Business Development Department of Polyplastics Co., Ltd.</p> <p>June 2014 Director of Polyplastics Co., Ltd. Responsible for Legal Department of Polyplastics Co., Ltd. Responsible for LCP Leuna Carboxylation Plant GmbH of Polyplastics Co., Ltd.</p> <p>June 2015 Managing Executive Officer of Polyplastics Co., Ltd. General Manager of Corporate Strategy Division of Polyplastics Co., Ltd. General Manager of Corporate Planning Department of Polyplastics Co., Ltd.</p> <p>June 2016 Representative Director of Polyplastics Co., Ltd.</p> <p>June 2017 Representative Director and President of Polyplastics Co., Ltd.</p> <p>April 2021 Senior Managing Executive Officer of the Company General Manager of Performance Materials Headquarters of the Company</p> <p>April 2023 Responsible for Innovation and Business Development Headquarters of the Company</p> <p>April 2024 General Manager for Assessment Headquarters of the Company General Manager of R&D Headquarters of the Company Responsible for Safety and Quality Assurance Headquarters of the Company Responsible for Intellectual Property Center of the Company</p> <p>(Positions and responsibilities) Senior Managing Executive Officer, General Manager of Assessment Headquarters, General Manager of R&D Headquarters, Responsible for Safety and Quality Assurance Headquarters, and Responsible for Intellectual Property Center</p> <p>[Reasons for selection as a candidate for Director] Mr. Toshio Shiwaku has taken on roles such as person in charge of research and development, corporate strategy, and new business development as well as Representative Director and President of Polyplastics Co., Ltd., the Company's key subsidiary, and has a wealth of experience, achievements and insights in corporate management and overseas business of the Group. The Company has determined that he is an appropriate person to promote the Company's group management and global business management, and thus requests his election as Director.</p>	40,699

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	<p>Naotaka Kawaguchi (December 25, 1961)</p> <p><u>New Appointment</u></p> <p>Tenure as Director —</p>	<p>April 1986 Joined the Company</p> <p>April 2002 General Manager of Manufacturing Technology Department, Ohtake Production Company of the Company</p> <p>June 2006 Head of Production Innovation Center, Production Technology of the Company</p> <p>June 2009 Representative Director and President of Daicel Safety Systems Inc.</p> <p>April 2011 Vice President of Aerospace & Defense Systems/Safety Systems Company of the Company</p> <p>June 2013 President of Daicel Safety Systems Korea, Inc.</p> <p>June 2014 General Manager of Harima Plant, Aerospace & Defense Systems/Safety Systems Company of the Company</p> <p>June 2015 Executive Officer of the Company</p> <p>June 2019 President of Aerospace & Defense Systems/Safety Systems Company of the Company President of Daicel Safety Systems (Jiangsu) Co., Ltd. President of Daicel Safety Technologies (Jiangsu) Co., Ltd.</p> <p>April 2020 Head of Safety SBU of the Company</p> <p>June 2020 Managing Executive Officer of the Company Chairperson of Daicel Safety Systems Americas, Inc.</p> <p>April 2022 General Manager of Production Management Headquarters of the Company Responsible for Innovation and Business Development Headquarters of the Company Responsible for Biomass Innovation Center of the Company Responsible for Monozukuri Production Innovation Center of the Company Responsible for Chain Production Company and Multiple Production Company of the Company</p> <p>April 2023 Senior Managing Executive Officer of the Company Responsible for Engineering Center of the Company</p> <p>(Positions and responsibilities) Senior Managing Executive Officer, General Manager of Production Management Headquarters, Responsible for Engineering Center, and Responsible for Monozukuri Production Innovation Center</p> <p>[Reasons for selection as a candidate for Director] Mr. Naotaka Kawaguchi has served as the person responsible for Safety segment of the Company, President of overseas subsidiaries, as well as the person responsible for the divisions involved in the improvement of production technology, and the formulation and implementation of measures for solving problems of the Company, and has a wealth of experience, achievements and insights in the management and production technology of the Company. The Company has determined that he is an appropriate person to promote the Company's group management and global business management, and thus requests his election as Director.</p>	52,664

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Teisuke Kitayama (October 26, 1946)</p> <p style="text-align: center;"> Reappointment Outside Independent </p> <p>Tenure as Outside Director Six years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>June 2005 Director President (Representative Director) of Sumitomo Mitsui Financial Group, Inc. Chairman of the Board (Representative Director) of Sumitomo Mitsui Banking Corporation</p> <p>April 2011 Retired from Director of Sumitomo Mitsui Financial Group, Inc. Chairman of the Board of Sumitomo Mitsui Banking Corporation</p> <p>April 2017 Director of Sumitomo Mitsui Banking Corporation</p> <p>June 2017 Advisor of Sumitomo Mitsui Banking Corporation</p> <p>June 2018 Director of the Company</p> <p>October 2018 Honorary Advisor of Sumitomo Mitsui Banking Corporation</p> <p style="text-align: center;">(Positions and responsibilities)</p> <p>Director and Member of the Nomination and Compensation Committee</p> <p style="text-align: center;">(Significant concurrent positions)</p> <p>Honorary Advisor of Sumitomo Mitsui Banking Corporation Outside Auditor of TBS HOLDINGS, INC.</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Mr. Teisuke Kitayama has a wealth of insights and experience, etc., fostered as a manager of financial institutions, and to have him utilize his point of view based on these insights and experience, etc. in the management of the Company, the Company requests his election as Outside Director. The Company expects Mr. Kitayama to fulfill the above-mentioned roles after his reappointment. Mr. Kitayama has taken on roles such as Chairman of the Board (Representative Director) of Sumitomo Mitsui Banking Corporation, a lender of the Company. Since he retired from the position of Representative Director of Sumitomo Mitsui Banking Corporation in April 2011, he has not been involved in said bank's business execution. The Group's amount of borrowings from said bank is equivalent to approximately 6.3% of the Group's consolidated total assets. More than ten years have passed since he was no longer involved in the business execution of said bank or Sumitomo Mitsui Financial Group, Inc. Therefore, this will not have an effect on the independency of Mr. Kitayama as Outside Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p>Toshio Asano (December 4, 1952)</p> <p>Reappointment Outside Independent</p> <p>Tenure as Outside Director Five years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>April 2010 President & Representative Director, Presidential Executive Officer of Asahi Kasei Pharma Corp.</p> <p>April 2014 Presidential Executive Officer of Asahi Kasei Corp.</p> <p>June 2014 President & Representative Director, Presidential Executive Officer of Asahi Kasei Corp.</p> <p>April 2016 Director and Standing Advisor of Asahi Kasei Corp.</p> <p>June 2016 Standing Advisor of Asahi Kasei Corp.</p> <p>June 2019 Director of the Company</p> <p>June 2022 Advisor of Asahi Kasei Corp.</p> <p>(Positions and responsibilities) Director and Chairman of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Advisor of Asahi Kasei Corp. Outside Director of MEDIPAL HOLDINGS CORPORATION Outside Director of Tokyo Century Corporation</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Mr. Toshio Asano has a wealth of insights and experience, etc., fostered in operating companies that manufacture and sell chemical goods, and to have him utilize his point of view based on these insights and experience, etc. in the management of the Company, the Company requests his election as Outside Director. The Company expects Mr. Asano to fulfill the above-mentioned roles after his reappointment. Mr. Asano has taken on roles such as President & Representative Director of Asahi Kasei Corp., a business partner of the Company. Since he retired from the position of President & Representative Director of Asahi Kasei Corp. in April 2016, he has not been involved in its business execution. The Group has business transactions with Asahi Kasei group, and the Group's sales to said group is less than 1% of the Group's consolidated sales, while purchase amounts from said group is less than 1% of said group's consolidated sales. Therefore, we believe that this will not have an effect on the independency of Mr. Asano as Outside Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
8	<p>Takeshi Furuichi (August 21, 1954)</p> <p>Reappointment Outside Independent</p> <p>Tenure as Outside Director Four years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>March 2010 Representative Director and Senior Managing Executive Officer of Nippon Life Insurance Company</p> <p>March 2012 Representative Director and Executive Vice President of Nippon Life Insurance Company</p> <p>July 2016 Representative Director and Vice Chairman of Nippon Life Insurance Company</p> <p>June 2020 Director of the Company</p> <p>July 2022 Advisor of Nippon Life Insurance Company</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Advisor of Nippon Life Insurance Company Outside Director of Keio Corporation Outside Director of Osaka Metro Co., Ltd.</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Mr. Takeshi Furuichi has a wealth of insights and experience, etc., fostered as a manager of a financial institution, and to have him utilize his point of view based on these insights and experience, etc. in the management of the Company, the Company requests his election as Outside Director. The Company expects Mr. Furuichi to fulfill the above-mentioned roles after his reappointment. Mr. Furuichi had taken on roles such as Representative Director and Executive Vice President of Nippon Life Insurance Company, a lender of the Company. Since he retired from the position of Representative Director and Vice Chairman of Nippon Life Insurance Company in July 2022, he has not been involved in the business execution of Nippon Life Insurance Company. Additionally, the Group's amount of borrowings from the Nippon Life Group is less than 1% of the Group's consolidated total assets, and insurance premiums which the Group paid to the Nippon Life Group is less than 1% of the Nippon Life Group's premiums and other income. Therefore, this will not have an effect on the independency of Mr. Furuichi as Outside Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	<p>Yuriya Komatsu (October 18, 1962)</p> <p><u>Reappointment</u> <u>Outside</u> <u>Independent</u></p> <p>Tenure as Outside Director Two years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>April 1988 Assistant Portfolio Manager of Credit Suisse Trust and Banking Co., Ltd.</p> <p>April 1990 Senior Analyst of SPARX Asset Management Co., Ltd. (currently SPARX Group Co., Ltd.)</p> <p>May 1996 Senior Research Analyst of The Dreyfus Corporation</p> <p>December 1999 Vice President of Fiduciary Trust Company International</p> <p>September 2000 Partner of INTELLASSET, INC.</p> <p>November 2004 Partner of Worldeye Capital Inc.</p> <p>June 2006 Vice President of Olympus Capital Holdings Asia</p> <p>July 2010 Managing Director of Daiwa Quantum Capital Limited</p> <p>October 2014 Member of the Board of KADOKAWA DWANGO Corporation (currently KADOKAWA Corporation) Member of the Board of DWANGO Co., Ltd.</p> <p>July 2020 Outside Director of NTN Corporation</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) of DREAM INCUBATOR INC.</p> <p>June 2022 Director of the Company</p> <p>January 2023 Director of IA Partners Inc.</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Outside Director of NTN Corporation Outside Director (Audit and Supervisory Committee Member) of DREAM INCUBATOR INC.</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Ms. Yuriya Komatsu has a wealth of insights and experience, etc., fostered as a manager of investment companies and information and telecommunications companies in and outside Japan, and to have her utilize her point of view based on these insights and experience, etc. in the management of the Company, the Company requests her election as Outside Director. The Company expects Ms. Komatsu to fulfill the above-mentioned roles after her reappointment.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
10	<p>Mari Okajima (August 6, 1961)</p> <p>Reappointment Outside Independent</p> <p>Tenure as Outside Director One year (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>April 2012 Vice President of Cabin Safety Promotion Department of Japan Airlines Co., Ltd.</p> <p>April 2013 Vice President of Cabin Attendants Department, Haneda of Japan Airlines Co., Ltd.</p> <p>November 2014 Deputy General Manager of Cabin Attendants and Vice President of The 1st Cabin Attendants Department, Haneda of Japan Airlines Co., Ltd.</p> <p>June 2015 Deputy General Manager of Cabin Attendants Division and Vice President of Cabin Attendants General Affairs of Japan Airlines Co., Ltd.</p> <p>September 2021 Professor of J.F. Oberlin University</p> <p>June 2023 Director of the Company</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Professor of J.F. Oberlin University</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Although Ms. Mari Okajima has not been directly involved in corporate management, she has experience in management of business department in the Japanese leading airline company and also has a wealth of knowledge about safety management of organization and development of human resources. The Company has determined that she can perform her duties appropriately as Outside Director. Ms. Okajima also has advanced specialized knowledge and wide insights as an academic who conducts various areas of studies relating to social issues centered on customer satisfaction and SDGs, etc., and to have her utilize her point of view based on these insights and experience, etc. in the management of the Company, the Company requests her election as Outside Director. The Company expects Ms. Okajima to fulfill the above-mentioned roles after her reappointment.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
11	<p>Keita Nishiyama (January 11, 1963)</p> <p>Reappointment Outside Independent</p> <p>Tenure as Outside Director One year (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>April 1985 Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>June 2011 Director-General of the Secretariat for the TEPCO Management and Finance Investigation Task Force of Cabinet Secretariat</p> <p>June 2012 Senior Executive Managing Officer of Innovation Network Corporation of Japan (currently INCJ, Ltd.)</p> <p>July 2012 Deputy Director-General for Economic and Social Policy of Ministry of Economy, Trade and Industry</p> <p>June 2013 Deputy Director-General of Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry</p> <p>July 2014 Deputy General Manager of TEPCO-NDF Liaison Office, Nuclear Damage Compensation and Decommissioning Facilitation Corporation (NDF) Executive Officer of Tokyo Electric Power Company (Assistant to Chairman, Co-Superintendent of Management & Planning Division)</p> <p>June 2015 Director and Executive Officer of Tokyo Electric Power Company (Assistant to Chairman, Co-Superintendent of Management & Planning Division)</p> <p>July 2018 Director-General of Commerce and Information Policy Bureau of Ministry of Economy, Trade and Industry</p> <p>July 2020 Retired from Ministry of Economy, Trade and Industry</p> <p>November 2020 Representative Director of Nishiyama Research Institute, Inc.</p> <p>June 2023 Director of the Company</p> <p>(Positions and responsibilities) Director and Member of the Nomination and Compensation Committee</p> <p>(Significant concurrent positions) Representative Director of Nishiyama Research Institute, Inc. Outside Director of Panasonic Holdings Corporation</p> <p>[Reasons for selection as a candidate for Outside Director and outline of expected roles] Mr. Keita Nishiyama has a deep knowledge about economic and industrial policy and IT policy fostered by duties at the Ministry of Economy, Trade and Industry as well as a wealth of knowledge as a member of a management team fostered in the power company and investment company, and to have him utilize his point of view based on these insights and experience, etc. in the management of the Company, the Company requests his election as Outside Director. The Company expects Mr. Nishiyama to fulfill the above-mentioned roles after his reappointment.</p>	0

(Note)

1. There are no special interests between each of the candidates for Directors and the Company.
2. Mr. Teisuke Kitayama, Mr. Toshio Asano, Mr. Takeshi Furuichi, Ms. Yuriya Komatsu, Ms. Mari Okajima and Mr. Keita Nishiyama are candidates for Outside Directors.
3. The Company has registered the Outside Director candidates as independent directors with Tokyo Stock Exchange, pursuant to the rules stipulated by the Exchange. If their election is approved, the Company plans to continue registering them as independent directors.
4. Additionally, they satisfy the “Standards for Independence of Outside Directors / Audit & Supervisory Board Members” as defined by the Company. Regarding the “Standards for Independence of Outside Directors / Audit & Supervisory Board Members” defined by the Company, please refer to Attachment 2 to the Company’s Business Report for the 158th Fiscal Year.
5. Liability limitation agreements with the candidates for Outside Directors
Pursuant to Article 427 Paragraph 1 of the Companies Act, the Company in its Articles of Incorporation stipulates that it can enter into a liability limitation agreement with Directors (excluding executive directors) that the limit of their liability for damages stipulated in Article 423 Paragraph 1 of the Companies Act shall be 15 million yen or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher, only in cases where they have performed their duties which caused liabilities in good faith and without gross negligence. The Company has signed the said agreement with the above candidates for Outside Directors and plans to continue the agreement with them subject to the approval of their election.
6. Indemnification agreements
The Company has entered into an indemnification agreement stipulated in Article 430-2 Paragraph 1 of the Companies Act with the candidates for Outside Directors being reappointed. This agreement stipulates that the Company indemnifies costs under Item 1 of the same paragraph and losses under Item 2 of the same paragraph within the scope stipulated by laws and regulations. Subject to the approval of their election, the Company plans to continue the said agreement with the above candidates for Outside Directors and newly enter into the said agreement with the candidates for Outside Directors being newly appointed subject to the approval of their election.
7. Directors and Officers Liability Insurance contract for the candidates for Directors
The Company has entered into a contract of Directors and Officers Liability Insurance with an insurance company, as stipulated in Article 430-3 Paragraph 1 of the Companies Act. This insurance contract covers damages that may arise from the insured director assuming liability for the execution of his or her duties or receiving claims related to the pursuit of such liability. However, there are certain exclusions under the said insurance contract, such as no coverage for damages arising from a criminal act of the insured or an action taken by the insured with the knowledge that it was in violation of laws and regulations. Subject to the approval of each candidate as Director, they will be insured under said insurance contract. The Company intends to renew said insurance contract with the same details during their terms of office.
8. Of the 11 Director candidates, two (18%) are females.

Proposal 3: Election of Two Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Mr. Hisanori Imanaka and Mr. Hideo Makuta will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of two Audit & Supervisory Board Members is proposed.

The Audit & Supervisory Board has given its consent to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1	Kenichi Yamada (June 16, 1961) <u>New Appointment</u> Tenure as Audit & Supervisory Board Member -	April 1985 Joined the Company July 2010 President of Daicel Value Coating Ltd. June 2014 Deputy Head of Corporate Planning Division of the Company June 2016 Head of Corporate Planning Division of the Company October 2019 General Manager of Corporate Sustainability of the Company April 2021 Senior General Manager of the Company (Position) Senior General Manager and General Manager of Corporate Sustainability of the Company [Reasons for selection as a candidate for Audit & Supervisory Board Member] Mr. Kenichi Yamada had served as the President of the Company's group company as well as the person responsible for the Company's corporate support, planning and drafting of corporate sustainability. Based on his insights driven by his extensive experience with special expertise in the fields of corporate governance and sustainability of the Group, the Company has determined that he is an appropriate person as Audit & Supervisory Board Member to perform audits from a neutral and objective point of view and be responsible for securing the soundness of management, and thus requests his election as Audit & Supervisory Board Member.	17,815

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
2	<p>Hideo Makuta (February 6, 1953)</p> <p>Reappointment Outside Independent</p> <p>Tenure as Outside Audit & Supervisory Board Member Four years (as of the conclusion of this year's Annual General Meeting of Shareholders)</p>	<p>April 1978 Public Prosecutor of Tokyo District Public Prosecutors Office</p> <p>December 2006 Chief Prosecutor of Niigata District Public Prosecutors Office</p> <p>October 2008 Public Prosecutor of Supreme Public Prosecutors Office</p> <p>July 2009 Chief Prosecutor of Utsunomiya District Public Prosecutors Office</p> <p>April 2010 Chief Prosecutor of Chiba District Public Prosecutors Office</p> <p>August 2011 Director, Criminal Affairs Department of Supreme Public Prosecutors Office</p> <p>July 2012 Commissioner of Japan Fair Trade Commission</p> <p>September 2017 Registered as attorney (Dai-Ichi Tokyo Bar Association) Advisor of Nagashima, Ohno & Tsunematsu</p> <p>June 2020 Audit & Supervisory Board Member of the Company</p> <p>March 2023 Attorney of GINZA CHUO LAW OFFICE</p> <p>(Position) Audit & Supervisory Board Member</p> <p>(Significant concurrent positions) Attorney of GINZA CHUO LAW OFFICE Outside Director of MAEDA CORPORATION External Audit & Supervisory Board Member of Fujitsu Limited</p> <p>[Reasons for selection as a candidate for Outside Audit & Supervisory Board Member] Although Mr. Hideo Makuta has not been directly involved in corporate management, he has highly specialized knowledge and extensive insight as an attorney, served as Public Prosecutor of Supreme Public Prosecutors Office and Commissioner of Japan Fair Trade Commission, and has experience of engaging in corporations as outside officers. The Company has determined that he is an appropriate person as Audit & Supervisory Board Member, and thus requests his election as Outside Audit & Supervisory Board Member.</p>	0

(Note)

- There are no special interests between the candidates for Audit & Supervisory Board Member and the Company.
- Mr. Hideo Makuta is a candidate for Outside Audit & Supervisory Board Member.
- Mr. Hideo Makuta attended 14 (93%) out of the 15 Board of Directors meetings held in the 158th fiscal year and all of the 15 meetings of Audit & Supervisory Board in the same fiscal year.
- The Company has registered Mr. Hideo Makuta as an independent audit & supervisory board member with Tokyo Stock Exchange, pursuant to the rules stipulated by the Exchange. If his election is approved, the Company plans to continue registering him as independent audit & supervisory board member. Additionally, he satisfies the "Standards for Independence of Outside Directors / Audit & Supervisory Board Members" as defined by the Company. Regarding the "Standards for Independence of Outside Directors / Audit & Supervisory Board Members" defined by the Company, please refer to Attachment 2 to the Company's Business Report for the 158th Fiscal Year.
- Liability limitation agreements with the candidates for Outside Audit & Supervisory Board Member
Pursuant to Article 427 Paragraph 1 of the Companies Act, the Company in its Articles of Incorporation stipulates that it can enter into a liability limitation agreement with Audit & Supervisory Board Members that the limit of their liability for damages stipulated in Article 423 Paragraph 1 of the Companies Act shall be 15 million yen or the minimum liability amount set forth in Article 425 Paragraph 1 of the Companies Act, whichever is higher, only in cases where they have performed their duties which caused liabilities in good faith and without gross negligence. The Company has entered into the agreement with Mr. Hideo Makuta. Subject to the approval of his election, it plans to continue the said agreement with him.
- Indemnification agreements
The Company has entered into an indemnification agreement stipulated in Article 430-2 Paragraph 1 of the Companies Act with Mr. Hideo Makuta. This agreement stipulates that the Company indemnifies costs under Item 1 of the same paragraph and losses under Item 2 of the same paragraph within the scope stipulated by laws and regulations. Subject to

the approval of his election, it plans to continue the said agreement with Mr. Hideo Makuta. Further, if the election of Mr. Kenichi Yamada, a new Audit & Supervisory Board Member candidate, is approved, the Company plans to enter into the said agreement also with Mr. Kenichi Yamada.

7. Directors and Officers Liability Insurance contract for the candidates for Audit & Supervisory Board Members

The Company has entered into a contract of Directors and Officers Liability Insurance with an insurance company, as stipulated in Article 430-3 Paragraph 1 of the Companies Act. This insurance contract covers damages that may arise from the insured Audit & Supervisory Board Member assuming liability for the execution of his or her duties or receiving claims related to the pursuit of such liability. However, there are certain exclusions under the said insurance contract, such as no coverage for damages arising from a criminal act of the insured or an action taken by the insured with the knowledge that it was in violation of laws and regulations. Subject to the approval of the candidate as Audit & Supervisory Board Member, they will be insured under said insurance contract. The Company intends to renew said insurance contract with the same details during their terms of office.

8. If the candidate for Outside Audit & Supervisory Board Member is currently serving as an Outside Audit & Supervisory Board Member of the Company and if a fact exists of a violation of laws and regulations or the articles of incorporation or other unfair execution of business occurred at the Company during the term in office after the candidate was most recently elected, that fact and a summary of the actions taken by the candidate to prevent the occurrence of the fact and the actions taken in response after the occurrence of the fact;

The Company announced that products, certified by a third-party safety science organization headquartered in the United States, were being manufactured and sold by a subsidiary of the Company as certified products even after it made some changes to the composition registered at the time of certification, without submitting a fresh application to the safety science organization. These products had been manufactured and sold as certified products from the 1980s at the latest to May 2022.

While Mr. Hideo Makuta was not aware of this fact until the above fact was revealed, he has made suggestions on a regular basis in the Board of Directors and other meetings from the standpoint of legal and regulatory compliance. After this fact came to light, Mr. Makuta fulfilled his roles through calling for thorough investigations of this fact and further enhancement of structure aiming for preventive measures.

(Reference) Main knowledge and experience of candidates for Directors and Audit & Supervisory Board Members (including those who currently serve as Audit & Supervisory Board Members) (skills matrix)

	Name		Corporate management	Global management	Marketing/ Business planning	Engineering/ Research & development	Finance and accounting	Legal affairs, intellectual property and risk management	DX	Sustainability	
										Environment	Diversity and inclusion
Director	Yoshimi Ogawa		•	•		•			•	•	
	Kotaro Sugimoto		•	•			•	•			•
	Yasuhiro Sakaki		•	•	•			•		•	
	Toshio Shiwaku		•	•	•	•		•			
	Naotaka Kawaguchi		•	•		•			•	•	
	Teisuke Kitayama	Outside	•	•			•	•		•	
	Toshio Asano	Outside	•	•		•				•	
	Takeshi Furuichi	Outside	•	•			•				•
	Yuriya Komatsu	Outside	•	•			•	•			•
	Mari Okajima	Outside			•		•				•
Keita Nishiyama	Outside	•					•	•	•		
Audit & Supervisory Board Member	Mikio Yagi		•	•	•			•			•
	Kenichi Yamada		•		•		•			•	•
	Junichi Mizuo	Outside						•		•	•
	Hideo Makuta	Outside					•	•			•
	Hisae Kitayama	Outside					•	•			•

Note: Up to five items that are particularly expected of each person are listed. The above matrix does not represent all the knowledge and experience of each person.

Proposal 4: Revision of Amount of Director Compensation

With regard to the amount of Director compensation, it was approved at the 156th Annual General Meeting of Shareholders held on June 22, 2022 to be 500 million yen or less per year (including 100 million yen or less per year for Outside Directors). Additionally, with regard to the amount of compensation for granting restricted stock, which is separate from the amount of compensation above, it was approved at the 152nd Annual General Meeting of Shareholders held on June 22, 2018 to be 100 million yen or less per year (paid to Directors other than Outside Directors).

If Proposal 2 is approved as proposed, the number of Directors will increase by one person. In addition, it is necessary to set a competitive compensation level in order to attract and retain excellent management personnel who will contribute to the sustainable improvement of corporate value. Furthermore, the roles and responsibilities of Directors are increasing due to changes in economic conditions and the business environment and other factors. Taking these and various other circumstances into consideration, the Company would like to revise the amount of Director compensation from 500 million yen or less per year (including 100 million yen or less per year for Outside Directors) to 640 million yen or less per year (including 140 million yen or less per year for Outside Directors).

This proposal is in accordance with “Policy on Determination of Amount of Compensation, etc. of Directors and Audit & Supervisory Board Members” (Attachment 1 to the Company’s Business Report for the 158th Fiscal Year), and is deemed to be appropriate as it was determined by the Board of Directors through deliberation in the Nomination and Compensation Committee.

Currently, there are 10 Directors (including 6 Outside Directors). If Proposal 2 is approved as proposed, there will be 11 Directors (including 6 Outside Directors) at the conclusion of this year’s Annual General Meeting of Shareholders.

Proposal 5: Revision of Amount of Compensation for Audit & Supervisory Board Members

With regard to the amount of compensation for Audit & Supervisory Board Members, it was approved at the 152nd Annual General Meeting of Shareholders held on June 22, 2018 to be 120 million yen or less per year. However, in consideration of various circumstances, including the fact that the roles required of Outside Audit & Supervisory Board Members are increasing in particular, such as ensuring sufficient audit time to conduct high-quality audits and collaborating with various stakeholders inside and outside the Company, as well as changes in economic conditions, the Company would like to revise the amount of compensation for Audit & Supervisory Board Members to be 130 million yen or less per year.

Currently, there are 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members). If Proposal 3 is approved as proposed, there will once again be 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members).

Proposal 6: Revision of Restricted Stock Compensation Plan for Directors

It was approved at the 152nd Annual General Meeting of Shareholders held on June 22, 2018, that the Company create a compensation plan to grant restricted stock (hereinafter the “Plan”) to Directors (excluding Outside Directors; hereinafter the “Directors Covered by the Plan”) in order to increase their incentive to contribute to the enhancement of corporate value over medium-to-long term as well as to further align their interests with those of shareholders, and that the amount of compensation for granting restricted stock be 100 million yen or less per year.

At this time, the Company proposes to revise the content of the Plan as described below, mainly for the purpose of making the management of subsidiaries that account for a large proportion of the Company’s consolidated business performance eligible for the Plan so that shareholders and officers responsible for the management of the Group will share their interests in the Company’s consolidated business performance more than ever, and that officers of such subsidiaries will be further motivated to contribute to the enhancement of corporate value of the Group as a whole, and for the purpose of activating personnel exchanges between the Company and such subsidiaries.

The proposed revision of the Plan allows for flexible determination of the requirements of service for Directors Covered by the Plan pertaining to the lifting of transfer restrictions (hereinafter the “Service Requirements”). Specifically, of the content of the contract for allocation of restricted stock to be concluded with Directors Covered by the Plan upon the allocation of restricted stock (hereinafter, the “Allocation Contract”), the Company will change the Service Requirements from “posts as Directors, Executive Officers who do not serve concurrently as Directors, Audit & Supervisory Board Members, Corporate Officers, Senior Advisors, Advisors, Counselors, or other equivalent positions of the Company” to “posts predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries.” This change enables a flexible design that enables Directors Covered by the Plan to continue to hold restricted stock without conflicting with Service Requirements in the event that Directors Covered by the Plan are transferred within the Group. If this proposal is approved as proposed, the Company plans to make the same changes to the Service Requirements of the restricted stock already granted to Directors Covered by the Plan under the Plan prior to the revision.

Furthermore, the amendments based on this proposal are limited to the Service Requirements described above and the necessary amendments associated therewith, and there will be no changes to the total number of the Company’s common stock to be issued or disposed of under the Plan (125 thousand shares per year), the total amount of monetary compensation claims to be paid for the allocation of restricted stock (100 million yen or less per year), and the transfer restriction period (within the range of 3 to 30 years), among others.

In addition, the conditions for granting restricted stock to Directors Covered by the Plan in this proposal have been determined by the Board of Directors through deliberation in the Nomination and Compensation Committee, taking into consideration the aforementioned purpose, the Company’s business conditions, the Company’s “Policy on Determination of Amount of Compensation, etc. of Directors and Audit & Supervisory Board Members” (please refer to Attachment 1 to the Company’s Business Report for the 158th Fiscal Year for the content of the policy), and various other circumstances, and are deemed to be appropriate.

Currently, there are 10 Directors (including 6 Outside Directors). If Proposal 2 “Election of 11 Directors” is approved as proposed, there will be 11 Directors (including 6 Outside Directors).

In addition, if the proposal regarding the Plan is approved as proposed at this General Meeting of Shareholders, the Company plans to introduce a similar restricted stock compensation plan for Directors of the Company’s subsidiaries and Executive Officers who do not concurrently serve as Directors of the Company’s subsidiaries.

The outline of the Allocation Contract after the revision is as follows.

[Outline of Allocation Contract]

(1) Transfer restriction period

The Directors Covered by the Plan shall not transfer, dispose of and pledge the common stock of the Company allocated under the Allocation Contract (hereinafter the “Allocated Stock”) during the period stipulated in advance by the Board of Directors of the Company within the range of 3 to 30 years after the date on which allocation is made under the Allocation Contract (hereinafter the “Transfer Restriction Period”) (hereinafter the “Transfer Restrictions”).

(2) Treatment in the event that a Director retires from or leaves his/her post

In the case where the Directors Covered by the Plan retire from or leave the posts predetermined by the Board of Directors of the Company among the positions of officers and employees of the Company or its subsidiaries before the expiration of the Transfer Restriction Period, the Company shall duly acquire the Allocated Stock without compensation except in the case of expiration of term of office, death, or any other legitimate reason for the Directors Covered by the Plan to retire from or leave their posts.

(3) Lift of the Transfer Restrictions

Notwithstanding the provision in (1) above, the Company shall lift the Transfer Restrictions for all of the Allocated Stock as of the time when the Transfer Restriction Period expires, on the condition that the Directors Covered by the Plan have been in the posts stipulated in (2) above continuously during the Transfer Restriction Period. However, in the case where said Directors Covered by the Plan retire from or leave the posts stipulated in (2) above before the Transfer Restriction Period expires due to expiration of term of office, death, or any other legitimate reason stipulated in (2) above, the number of the Allocated Stock for which the Transfer Restrictions are lifted and the timing of the lifting of the Transfer Restrictions shall be reasonably adjusted as necessary. Furthermore, the Company shall duly acquire without compensation the Allocated Stock for which the Transfer Restrictions have not been lifted at the time immediately after the lifting, in accordance with the provisions above, of Transfer Restrictions and the Allocated Stock for which other circumstances described in the Allocation Contract the same applies in the case where the said circumstances happen.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provision in (1) above, in the case where matters regarding merger contracts under which the Company becomes the absorbed company, share exchange agreements or share transfer plans under which the Company becomes a wholly owned subsidiary of another company, or any other organizational restructuring, etc., are approved at the General Meeting of Shareholders of the Company (or at a meeting of the Board of Directors of the Company in the case where approval by the General Meeting of Shareholders of the Company is not required for the said organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall lift, based on the resolution of the Board of Directors of the Company, the Transfer Restrictions before the effective date of the said organizational restructuring, etc., with regard to the Allocated Stock in the number reasonably determined by taking into account the period from the commencement date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc. Furthermore, in the case provided for above, the Company shall duly acquire without compensation the Allocated Stock for which the Transfer Restrictions have not been lifted, at the time immediately after the lifting of Transfer Restrictions.

(5) Other matters

Other matters regarding the Allocation Contract shall be determined by the Board of Directors of the Company.

(Reference) Policy regarding cross-holding of shares and the status of cross-shareholdings

[1] Policy regarding cross-holding of shares

We only adhere to a shareholding policy insofar as it is judged to contribute to the improvement of medium- and long-term corporate value of the Company and the Group from the perspectives of strengthening business relationships, maintaining the stability of transactions with financial institutions, and maintaining or strengthening cooperative business relationships.

When any stocks do not meet the purpose of our possession or are not recognized as being economically rational due to changes in the business environment or other factors, we will reduce them accordingly.

We will periodically verify the appropriateness of the purpose, the quantitative and qualitative benefits arising from business transactions, and the economic rationality of the risks held of all stocks that we possess. We report the results of this verification to the Board of Directors, and the content is examined carefully.

[2] Status of cross-shareholdings (investments in equity securities held for purposes other than pure investment)

Based on the above policy, in FY2024/3 we sold all our shareholding in 2 issues of listed stocks and part of our shareholding in 4 issues out of 22 issues of listed stocks. We newly purchased 1 issue of unlisted stocks. As of the end of FY2024/3, the Company has cross-holdings of shares in 47 companies, which is equivalent to 71.2 billion yen reported on the balance sheet. The amount reported on the balance sheet increased due to an increase in mark-to-market valuation resulting from a rise in share prices, although the Company advanced the sale of cross-held shares as planned.

		155 th FY (FY2021/3)	156 th FY (FY2022/3)	157 th FY (FY2023/3)	158 th FY (FY2024/3)
Number of issues of stocks (issues)	Unlisted stocks	28	27	26	27
	Listed stocks	26	25	22	20
	Total	54	52	48	47
Amount reported in Balance Sheet (100 million yen)	Unlisted stocks	13	13	13	19
	Listed stocks	645	653	576	692
	Total	659	666	589	712
Ratio of consolidated net assets (%)		26.9	23.7	19.0	19.0

[3] Status of cross-shareholdings (total of investments in equity securities held for purposes other than pure investment and deemed holdings of shares)

	155 th FY (FY2021/3)	156 th FY (FY2022/3)	157 th FY (FY2023/3)	158 th FY (FY2024/3)
Total amount of cross-shareholdings (100 million yen)	856	891	730	925
Ratio of consolidated net assets (%)	34.9	31.9	23.5	24.7

[4] Plans for reduction going forward

When any stocks do not meet the purpose of our possession or are not recognized as being economically rational due to changes in the business environment or other factors, we will expedite the sales of stocks after considering various conditions such as impacts on markets and financial strategy of issuers, etc.

The ratios of the balance of cross-shareholdings (excluding deemed holdings of shares) and the balance of cross-shareholdings (including deemed holdings of shares) to the consolidated net assets from FY2025/3 to FY2026/3 are expected to change as shown below.

Although we have not revised the plans for reduction, the ratio of the balance of cross-shareholdings to the consolidated net assets is expected to increase from the base figure released on May 11, 2023, due to the rise in share prices.

	159 th FY (FY2025/3)	160 th FY (FY2026/3)
Total amount of cross-shareholdings (excluding deemed holdings of shares) (100 million yen)	549	370
Ratio of consolidated net assets (%)	13.7	9.5
Total amount of cross-shareholdings (including deemed holdings of shares) (100 million yen)	761	582
Ratio of consolidated net assets (%)	19.1	14.9

Note: Plans for reduction are based on the information currently available to the Company and certain assumptions considered reasonable. Actual changes may differ from the plans due to various factors.

(Attachment 2 to the Company's Business Report for the 158th Fiscal Year)

Standards for Independence of Outside Directors/Audit & Supervisory Board Members

The independence of Outside Directors/Audit & Supervisory Board Members of the Company refers to such a person being independent from the Company's management without falling under any of the following:

1. A person executing the business, etc. ("Executing Person") of the Company (*1) and its affiliates (hereinafter, "the Group") and their relatives, etc. (*2);
2. A party for which the Group is a principal business partner (*3) or an Executing Person thereof;
3. A principal business partner of the Group (*4) or an Executing Person thereof;
4. A major shareholder of the Company (*5) or an Executing Person thereof;
5. A director and other Executing Person of an organization (*6) that has received a certain amount or more of donations or subsidies from the Group;
6. A consultant, certified public accountant or other accounting professional, or attorney or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director / audit & supervisory board member compensation from the Group (*7) (if the party receiving such consideration is a corporation, association or other entity, a person belonging to the said entity or a person who has belonged to the said entity in the past three years).

(*1) An Executing Person refers to those who conduct business operations or conducted business operations within the past three years, including directors (excluding Outside directors), executive officers and employees.

(*2) Relatives refer to relatives within the second degree of kinship of those who conduct important business operations, including directors (excluding Outside directors), executive officers and division managers.

(*3) A party for which the Group is a principal business partner refers to a business partner group (which means entities that belong to the consolidated group to which the direct business partner belongs; the same shall apply hereinafter) that supplies products and services to the Group, where the business partner group's trading amount with the Group exceeds 2% of the consolidated sales of the business partner group in the any of the recent past three fiscal years.

(*4) A principal business partner of the Group refers to those who fall under either of the following:

(1) A business partner group to whom the Group supplies products and services, where the Group's trading amount with such group exceeds 2% of the Group's consolidated sales in the any of the recent past three fiscal years.

(2) A financial institution group (which means entities that belong to the consolidated group to which the direct lender belongs) from which the Group has borrowed funds, where the total amount of the Group's borrowings from the financial institution group exceeds 2% of the Group's consolidated total assets at the end of the any of the recent past three fiscal years.

(*5) A major shareholder of the Company refers to those who directly or indirectly hold voting interests of 10% or more.

(*6) An organization that has received a certain amount or more of donations or subsidies from the Group refers to public interest incorporated foundations, public interest incorporated associations, non-profit organizations, etc. which receive donations or subsidies of over 10 million yen per year within any of the past three years from the Group.

(*7) A consultant, certified public accountant or other accounting professional, or attorney or other legal professional who has received a substantial amount of monetary compensation or other consideration other than director / audit & supervisory board member compensation from the Group refers to those who received such consideration other than director / audit & supervisory board member compensation of over 10 million yen from the Group in any of the recent past three fiscal years or those who belong to an entity which receives such consideration from the Group in amount exceeding 2% of the said entity's consolidated sales or gross income.

(Reference) Initiatives to Improve the Effectiveness of the Board of Directors

The Company conducts an effectiveness evaluation of the Board of Directors every year and publishes its outline to maintain and improve its effectiveness and optimize its corporate governance.

The overview of initiatives for FY2024/3 is as follows.

1. FY2024/3 initiatives based on the FY2023/3 effectiveness evaluation

In view of the effectiveness evaluation of FY2023/3, the Board of Directors has been engaged in initiatives for spending more time on reporting the implementation status of management strategies, matters related to return on capital and share price as well as status of initiatives related to sustainability and human capital, and enriched the discussion.

2. Overview of effectiveness evaluation process for FY2024/3 and evaluation results

Evaluation process	A questionnaire was distributed to all Directors and Audit & Supervisory Board Members, and the responses were studied in further detail in individual interviews, after which, the results, compiled and analyzed by the office, were reported and discussed at the Board of Directors.
Main evaluation items	<ul style="list-style-type: none">- Composition of the Board of Directors- Contents of discussions, resolutions, reports, etc.- Operation of the Board of Directors
Overview of evaluation results	<p>The Board of Directors engaged in productive discussions with Outside Directors and Audit & Supervisory Board Members actively offered their opinions, and we were able to confirm that the effectiveness of the board is generally satisfactory.</p> <p>On the other hand, there were some issues that needed to be addressed to improve the board's effectiveness. The main issues pointed out were:</p> <p>(1) Board composition issues</p> <ul style="list-style-type: none">- Discussion to further enhance diversity from a long-term perspective.- Further discussions on process of appointment of senior management. <p>(2) Board deliberation issues</p> <ul style="list-style-type: none">- Further enhancement of reports on initiatives related to sustainability and promotion of human capital management.- Explanation of individual proposals tied to portfolio management. <p>(3) Board operation issues</p> <ul style="list-style-type: none">- Further consideration regarding provision of information contributing to appropriate decision-making (technical terms, in-house jargon, etc.)- Discussions on the ideal way to serve as chairperson of the Board of Directors.
Actions to be taken	It was confirmed that the Company will further enhance the effectiveness through the discussions on the above issues at the Board of Directors for FY2025/3 and ongoing initiatives going forward.