

These documents have been translated from a part of Japanese originals for reference purposes only.  
In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code: 5186)

June 9, 2025

(Commencement date of electronic provision of reference documents: June 3, 2025)

**To Shareholders with Voting Rights:**

Seiichi Kitamura  
President and Representative Director  
Nitta Corporation  
4-26 Sakuragawa 4-chome, Naniwa-ku,  
Osaka, Japan

**NOTICE OF THE 96TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders,

We hereby notify of the 96th Ordinary General Meeting of Shareholders of Nitta Corporation (the “Company”) to be held as described below.

The Company, when convening this general meeting of shareholders, provides information contained in the reference documents for this general meeting of shareholders, etc. electronically. The matters to be provided electronically are posted on the Company’s website.

The Company’s website: [https://www.nittagroup.com/en/investment/library/to\\_shareholders/](https://www.nittagroup.com/en/investment/library/to_shareholders/)

The matters to be provided electronically are also posted on the websites below.

TSE website (TSE Listed Company Search):

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

(Access the TSE website above, enter the Company’s name (Nitta Corporation) or securities code (5186), and select “Basic information” and then “Documents for public inspection/PR information” for reference.)

Website for the reference documents for the general meeting of shareholders

<https://d.sokai.jp/5186/teiji/>

Instead of attending the meeting in person, you may also exercise your voting rights in writing or via the Internet, etc. (available Japanese language version only). Please refer to the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Wednesday, June 25, 2025 JST in accordance with the guidance on pages 3.

- |                                |   |
|--------------------------------|---|
| <b>1 Date and Time:</b>        | Thursday, June 26, 2025 at 10:00 a.m.   |
| <b>2 Venue:</b>                | Conference room, 11th floor of the Company’s head office, 4-26 Sakuragawa 4-chome, Naniwa-ku, Osaka, Japan  |
| <b>3 Meeting Agenda:</b>       |   |
| <b>Matters to be reported:</b> | <ol style="list-style-type: none"><li>1. The Business Report, Consolidated Financial Statements for the Company’s 96th Fiscal Year (from April 1, 2024 to March 31, 2025) and results of audits by the Accounting Auditor and the Audit &amp; Supervisory Board of the Consolidated Financial Statements</li><li>2. Non-consolidated Financial Statements for the Company’s 96th Fiscal Year (from April 1, 2024 to March 31, 2025)</li></ol> |

**Proposals to be resolved:**

**<Company's Proposals>**

**Proposal No. 1:** Distribution of Surplus

**Proposal No. 2:** Election of Eight Directors

**Proposal No. 3:** Election of One Audit & Supervisory Board Member

**Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member

**<Shareholder's Proposals>**

**Proposal No. 5:** Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

**Proposal No. 6:** Distribution of Surplus

**Proposal No. 7:** Approval of the Amount of Remuneration for the Restricted Share-based Remuneration Plan

**Proposal No. 8:** Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors

**Other Matters Regarding This Notice of Convocation**

Pursuant to the relevant laws and regulations and the provision of the Articles of Incorporation, among the matters to be provided electronically, the following matters are posted on the websites above, and are not included in the paper copy to be sent to shareholders who have requested it. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit, including the following matters. (1) "Company's System and Policies" of the Business Report, (2) "Consolidated Statements of Changes in Net Assets" and "Notes to the Consolidated Financial Statements," and (3) "Non-consolidated Statements of Changes in Net Assets" and "Notes to the Non-consolidated Financial Statements"

**Note:**

If any revisions are made to the matters provided electronically, the revised versions will be posted on the websites above.

## Procedures for Exercise of Voting Rights

- Attending the meeting

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.

Please be advised that persons other than shareholders of the Company such as proxies and persons accompanying shareholders are not permitted to attend the meeting.

- Not attending the meeting

- Exercise of voting rights via the Internet, etc.

Please see “Procedures for Exercise of Voting Rights via the Internet, etc.” described below (Japanese language version only), and exercise your voting rights by 5:30 p.m. on Wednesday, June 25, 2025 JST. Please see “Smart Exercise” for the exercise by smartphone.

- Exercise of voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail. The completed form must reach us by 5:30 p.m. on Wednesday, June 25, 2025 JST. If neither approval nor disapproval is indicated for each proposal on the Voting Rights Exercise Form, the voting shall be deemed and treated as indicating approval for the Company’s proposals and as indicating disapproval for the shareholder’s proposals.

\* If you have exercised your voting rights both via the Internet, etc. and in writing, only the vote via the Internet, etc. shall be deemed effective. If you have exercised your voting rights more than once via the Internet, etc., only the last vote shall be deemed effective.

# Reference Documents for the General Meeting of Shareholders

<Company's Proposals (Proposals 1 to 4)>

## **Proposal No. 1: Distribution of Surplus**

Distribution of surplus shall be conducted as follows.

### **Matters concerning the year-end dividend:**

The Company considers shareholder return an important management issue, and follows the basic policy of providing appropriate shareholder return in line with business results, at the same time strengthening and enriching corporate quality.

In addition, during the period from FY2023 through the end of Phase 2 (FY2023–FY2027) of the SHIFT2030 medium- to long-term business plan, the Company will follow the basic policy and meet shareholder expectations through continued stable, steady increases in dividends (of at least 10 yen/share per year) targeting a consolidated payout ratio of at least 30% and a dividends-on-equity (DOE) ratio of at least 2.5%.

In accordance with the policies, the Company proposes the payment of the year-end dividends for its 96th fiscal year as follows.

- 1 Type of dividend assets  
Cash
- 2 Allocation of dividend assets and the total amount of dividends  
74 yen per share of common stock of the Company (including an ordinary dividend of 69 yen and a commemorative dividend of 5 yen)  
Total amount of dividends: 2,057,770,614 yen  
(Note) The Company's annual dividends for the current fiscal year are 140 yen per share of common stock of the Company, including interim dividends.
- 3 Effective date of distribution of surplus  
June 27, 2025

**Proposal No. 2: Election of Eight Directors**

The terms of all eight current Directors will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of eight Directors.

The Nomination and Remuneration Committee has given advice on this Proposal.

The candidates are as follows:

No.		Name	Positions and responsibilities at the Company, and significant concurrent positions
1	Reappointed	Yasunori Ishikiriya	Chairperson, Representative Director and Executive Officer Member of Nomination and Remuneration Committee
2	Reappointed	Seiichi Kitamura	President, Representative Director and Executive Officer Member of Nomination and Remuneration Committee
3	Reappointed	Toyohiro Hagiwara	Director and Managing Executive Officer In charge of affiliated companies Vice President and Representative Director, Gates Unitta Asia Company
4	Reappointed	Atsushi Izumi	Director and Executive Officer General Manager, Nitta Moore Div.
5	Reappointed	Koichi Kakegami	Director and Executive Officer General Manager of Corporate Center and in charge of strategic management, management administration, and purchasing
6	Reappointed (Outside) (Independent)	Hiroe Toyoshima	Director Chairperson of Nomination and Remuneration Committee Lawyer, Nakamoto & Partners Outside Director (Audit and Supervisory Committee Member), Nitto Fuji Flour Milling Co., LTD. Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC CORPORATION
7	Reappointed (Outside) (Independent)	Takehisa Ikeda	Director Member of Nomination and Remuneration Committee
8	Reappointed (Outside) (Independent)	Tomoyuki Ono	Director Member of Nomination and Remuneration Committee President, Ono CPA Office Outside Director, Member of the Board, Audit and Supervisory Committee Member, ROHM Co., Ltd.

Reappointed: Candidate for reappointed Director

Outside: Candidate for Outside Director

Independent: Candidate for an independent officer to be reported to the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
1	 <p>Yasunori Ishikiriya (June 8, 1956) Reappointed</p>	<p>April 1981    Joined the Company</p> <p>April 2013    Deputy General Manager, Industrial Products Div. of the Company</p> <p>June 2015    Director and Executive Officer, General Manager, Industrial Products Div. of the Company</p> <p>June 2018    Director and Managing Executive Officer, General Manager, Industrial Products Div. of the Company</p> <p>December 2019    President, Representative Director and Executive Officer, Member of Nomination and Remuneration Committee of the Company</p> <p>April 2025    Chairperson, Representative Director and Executive Officer, Member of Nomination and Remuneration Committee of the Company (to present)</p>	24,615
<p>(Reasons for nomination as a candidate for Director)</p> <p>Mr. Yasunori Ishikiriya was involved in product development and quality control, which are the core of manufacturing, in the belt and rubber products division for many years and has experience of working at an overseas subsidiary. He was appointed President and Representative Director in December 2019, and has led the formulation and implementation of the medium- to long-term business plan “SHIFT2030.” He became Chairperson and Representative Director in April, 2025. The Board of Directors believes that utilizing his insight and experience for deliberations on important management matters at the Board of Directors and the oversight of business execution can contribute to the enhancement of the Group’s corporate value. Therefore, the Company reappointed him as a candidate for Director.</p>			

(Note) No special interests exist between Mr. Yasunori Ishikiriya and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
2	 Seiichi Kitamura (January 11, 1962) Reappointed	April 1984    Joined the Company April 2012    Department Manager, Development Sales Unit, Sales Div. of the Company December 2019    Executive Officer, Deputy General Manager, Industrial Products Div. of the Company April 2021    Executive Officer, General Manager, Industrial Products Div. of the Company June 2021    Director and Executive Officer, General Manager, Industrial Products Div. of the Company June 2023    Director and Managing Executive Officer, General Manager, Industrial Products Div. of the Company April 2024    Representative Director and Senior Managing Executive Officer, responsible for Corporate Center and Industrial Products Div., Member of Nomination and Remuneration Committee of the Company April 2025    President, Representative Director and Executive Officer, Member of Nomination and Remuneration Committee of the Company (to present)	10,207
(Reasons for nomination as a candidate for Director) Mr. Seiichi Kitamura was involved in product development and production control in the belt and rubber products division. He also has experience of engaging in the management of an overseas subsidiary in the United States and even experience in sales. He was appointed President and Representative Director in April 2025, and has led the implementation of the medium- to long-term business plan “SHIFT2030” by leveraging his wealth of professional insight and experience. The Board of Directors believes that utilizing his insight and experience for deliberations on important management matters at the Board of Directors and the oversight of business execution can contribute to the enhancement of the Group’s corporate value. Therefore, the Company reappointed him as a candidate for Director.			


(Note) No special interests exist between Mr. Seiichi Kitamura and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
3	 <p>Toyohiro Hagiwara (January 16, 1961) Reappointed</p>	<p>April 1983    Joined the Company</p> <p>July 2014    Department Manager, Global Marketing &amp; Sales Dept., Industrial Products Div. of the Company</p> <p>June 2018    Executive Officer, Deputy General Manager, Industrial Products Div. of the Company</p> <p>December 2019    Executive Officer, General Manager, Industrial Products Div. of the Company</p> <p>June 2020    Director and Executive Officer, General Manager, Industrial Products Div. of the Company</p> <p>April 2021    Director and Executive Officer, in charge of affiliated companies of the Company</p> <p>June 2021    Vice President and Representative Director, Gates Unitta Asia Company (to present)</p> <p>April 2024    Director and Managing Executive Officer, in charge of affiliated companies of the Company (to present)</p>	10,614
<p>(Reasons for nomination as a candidate for Director)</p> <p>Mr. Toyohiro Hagiwara has been involved in customer development both in Japan and overseas and the management of an overseas subsidiary, contributing to the global expansion of the Group and accumulating insight and experience of international business. He was appointed Director and General Manager of Industrial Products Div. in June, 2020, and has also been an officer in charge of affiliated companies, which contribute well to the Company's profit, since June 2021. The Board of Directors believes that utilizing his insight and experience for recommendations on the Group's important management matters and the oversight of business execution can contribute to the enhancement of corporate value. Therefore, the Company reappointed him as a candidate for Director.</p>			


(Note) No special interests exist between Mr. Toyohiro Hagiwara and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
4	 <p>Atsushi Izumi (February 17, 1963) Reappointed</p>	<p>April 1985    Joined the Company</p> <p>April 2011    Department Manager, Products Development Dept., Nitta Moore Div. of the Company</p> <p>April 2019    Senior Department Manager, Products Development Dept., Nitta Moore Div. of the Company</p> <p>April 2021    Executive Officer, General Manager, Nitta Moore Div. of the Company</p> <p>June 2023    Director and Executive Officer, General Manager, Nitta Moore Div. of the Company (to present)</p>	7,171
<p>(Reasons for nomination as a candidate for Director)</p> <p>Mr. Atsushi Izumi has been engaged in developing products and manufacturing technologies in the hose and tube products division for many years, and possesses high-level insight and experience of the products. He also has experience of engaging in the management of an overseas subsidiary as its top executive. He was appointed Director and General Manager of hose and tube products division in June 2023 and has led the business expansion and productivity improvement of the division. The Board of Directors believes that utilizing his insight and experience for recommendations on the Group's important management matters and the oversight of business execution can contribute to the enhancement of corporate value. Therefore, the Company reappointed him as a candidate for Director.</p>			


(Note) No special interests exist between Mr. Atsushi Izumi and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
5	 Koichi Kakegami (February 2, 1964) Reappointed	April 1987    Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation)	4,069
		April 2007    Joined the Company	
		April 2013    Department Manager, Management Administration Dept. of the Company	
		April 2021    Senior Department Manager, Management Administration Dept. of the Company	
		June 2023    Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, general affairs and CSR promotion, purchasing, and DX Promotion of the Company	
		April 2024    Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, general affairs and CSR promotion, purchasing, and global promotion of the Company	
		April 2025    Director and Executive Officer, General Manager of Corporate Center, in charge of management strategy, management administration, and purchasing of the Company	
(Reasons for nomination as a candidate for Director) Mr. Koichi Kakegami had been involved in sales at a major financial institution for many years and had supported finance and accounting of the client corporations. After joining the Company, he has accumulated insight and experience in a variety of areas such as legal affairs and risk management as well as management, finance and accounting and IR across the Group. He has also concurrently served as an officer of the Company's subsidiary and has been engaged in its management. He was appointed Director and General Manager of Corporate Center in June 2023, and has led the improvement of the Company's value through his professional insight and abundant experience. The Board of Directors believes that utilizing his insight and experience for recommendations on the Group's important management matters and the oversight of business execution can contribute to the enhancement of corporate value. Therefore, the Company reappointed him as a candidate for Director.			


(Note) No special interests exist between Mr. Koichi Kakegami and the Company.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
6	 <p>Hiroe Toyoshima (September 28, 1967) Reappointed (Outside) (Independent)</p> <p>Term of office as an Outside Director: 5 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2024:</p> <p>Board of Directors meetings – 13/13 times</p> <p>Nomination and Remuneration Committee – 6/6 times</p> <p>S.C.R. Committees* meetings – 4/4 times</p> <p>* Means Sustainability Committee, Compliance Committee and Risk Management Committee</p>	<p>April 1998 Registered as lawyer (completed legal training courses of 50th term)</p> <p>April 1998 Joined Nakamoto &amp; Partners</p> <p>November 2005 Registered as licensed attorney in the State of New York (USA)</p> <p>April 2009 Partner, Nakamoto &amp; Partners (to present)</p> <p>October 2015 Outside Director, Sanesu Co. Ltd. (until March 2018)</p> <p>June 2020 Outside Director, Member of Nomination and Remuneration Committee of the Company</p> <p>June 2020 Outside Director (Audit and Supervisory Committee Member), Nitto Fuji Flour Milling Co., LTD. (to present)</p> <p>June 2023 Outside Director, Chairperson of Nomination and Remuneration Committee of the Company (to present)</p> <p>June 2023 Member of the Board of Directors (Audit and Supervisory Committee Member), NIDEC CORPORATION (to present)</p>	None
<p>(Reasons for nomination as a candidate for Outside Director and expected roles)</p> <p>Ms. Hiroe Toyoshima is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. She has wealth of experience as a lawyer and professional insight of corporate legal affairs and contracts for international business transactions. Since June 2020, she has been actively providing her opinions and questions for deliberations of the Group's important management matters at meetings of the Board of Directors and other committees as Outside Director of the Company, contributing to the improvement of the effectiveness of the Board of Directors and so on. Although she has not been involved in corporate management other than by holding office as an outside director, the Board of Directors believes that, due to the above reasons, she would be able to continue to properly oversee the Group's management and contribute to the enhancement of corporate value as Outside Director. Therefore, the Company reappointed her as a candidate for Outside Director.</p> <p>Furthermore, the Company has designated Ms. Hiroe Toyoshima as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Ms. Hiroe Toyoshima is approved, the Company will continue to designate her as an independent officer.</p>			

- (Notes) 1. No special interests exist between Ms. Hiroe Toyoshima and the Company.
2. The Company has entered into an agreement with Ms. Hiroe Toyoshima to limit her liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with her should she be reelected.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
7	 <p>Takehisa Ikeda (November 12, 1958) Reappointed (Outside) (Independent)</p> <p>Term of office as an Outside Director: 4 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2024:</p> <p>Board of Directors meetings – 13/13 times</p> <p>Nomination and Remuneration Committee – 6/6 times</p> <p>S.C.R. Committees* meetings – 4/4 times</p> <p>* Means Sustainability Committee, Compliance Committee and Risk Management Committee</p>	<p>April 1983    Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>April 2011    Executive Officer and General Manager, Tokyo Corporate Banking Dept. VI, Sumitomo Mitsui Banking Corporation</p> <p>April 2013    Managing Executive Officer and Head, Nagoya Middle Market Banking Division, Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.), Sumitomo Mitsui Banking Corporation</p> <p>April 2015    Managing Executive Officer and Deputy Head of Wholesale Banking Unit (in charge of East Japan), Sumitomo Mitsui Banking Corporation</p> <p>May 2016    Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>June 2016    Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>April 2017    Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. (until May 2020) Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited</p> <p>June 2020    Representative Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited (until June 2022)</p> <p>June 2021    Outside Director, Member of Nomination and Remuneration Committee of the Company (to present)</p>	None
<p>(Reasons for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Takehisa Ikeda is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. He has been involved in sales at a major financial institution for many years and has helped with the formulation and implementation of corporate business strategies from the perspective of corporate finance. In recent years, he was also involved in management execution as an executive officer of the financial institution and has since been engaged in management as a director of a major leasing company. He possesses such wealth of business experience and professional insight of corporate finance. Since June 2021, he has been actively providing his opinions and questions for deliberations of the Group's important management matters at meetings of the Board of Directors and other committees as Outside Director of the Company, contributing to the improvement of the effectiveness of the Board of Directors and so on. Therefore, the Company reappointed him as a candidate for Outside Director.</p> <p>He had been a representative director and senior managing executive officer of Sumitomo Mitsui Finance and Leasing Company, Limited until June 2022, which has business relationships with the Company. However, since the annual transaction amount between two companies is less than 1% of the net sales of either company, it has no significance affecting the independence as an Outside Director of the Company. The Company has designated Mr. Takehisa Ikeda as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Takehisa Ikeda is approved, the Company will continue to designate him as an independent officer.</p>			

- (Notes) 1. No special interests exist between Mr. Takehisa Ikeda and the Company.
2. The Company has entered into an agreement with Mr. Takehisa Ikeda to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company
8	 <p>Tomoyuki Ono (February 17, 1960) Reappointed (Outside) (Independent)</p> <p>Term of office as an Outside Director: 2 years</p> <p>Attendance of the Board of Directors meetings, etc. for fiscal 2024:</p> <p>Board of Directors meetings – 13/13 times</p> <p>Nomination and Remuneration Committee – 6/6 times</p> <p>S.C.R. Committees* meetings – 4/4 times</p> <p>* Means Sustainability Committee, Compliance Committee and Risk Management Committee</p>	<p>April 1982    Joined Sumitomo Chemical Industry Company Limited (currently SUMITOMO CHEMICAL COMPANY, LIMITED)</p> <p>October 1989    Joined Eiwa Audit Corporation (currently KPMG AZSA LLC)</p> <p>March 1993    Registered as Certified Public Accountant</p> <p>August 1998    Joined Asahi &amp; Co. (currently KPMG AZSA LLC)</p> <p>June 2007    Partner, KPMG AZSA LLC (until June 2022)</p> <p>May 2021    Chairperson of Partners Meeting, KPMG AZSA LLC (until May 2022)</p> <p>July 2022    President, Ono CPA Office (to present)</p> <p>June 2023    Outside Director, Member of Nomination and Remuneration Committee of the Company (to present)</p> <p>June 2023    Outside Director (Audit and Supervisory Committee Member), ROHM Co., Ltd. (to present)</p>	None
<p>(Reasons for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Tomoyuki Ono is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act. Mr. Tomoyuki Ono has business experience in a major corporation, and has been engaged in audit for major corporations in Japan as a certified public accountant for many years and thus has abundant professional knowledge and experience. Since June 2023, he has been actively providing his opinions and questions for deliberations of the Group's important management matters at meetings of the Board of Directors and other committees as Outside Director of the Company, contributing to the improvement of the effectiveness of the Board of Directors and so on. Although he has not been involved in corporate management as a corporate officer, the Board of Directors believes that, due to the above reasons, he would be able to properly oversee the Group's management and contribute to the enhancement of corporate value as Outside Director. Therefore, the Company reappointed him as a candidate for Outside Director.</p> <p>Furthermore, the Company has designated Mr. Tomoyuki Ono as an independent officer under the rules of the Tokyo Stock Exchange and filed the designations with the Tokyo Stock Exchange. If the reelection of Mr. Tomoyuki Ono is approved, the Company will continue to designate him as an independent officer.</p>			

- (Notes) 1. No special interests exist between Mr. Tomoyuki Ono and the Company.
2. The Company has entered into an agreement with Mr. Tomoyuki Ono to limit his liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations. The Company shall continue the agreement with him should he be reelected.

(Outline of the directors and officers liability insurance policy that insures the candidates for Director)

The Company purchases a directors and officers liability insurance policy from an insurance company, which covers damages to be borne by the insured that may arise when the insured becomes liable in connection with the execution of his/her duties or receives claims related to the pursuit of such liability. All candidates for Director will be covered by the insurance policy if their election is approved. Furthermore, the Company plans to renew the policy with the same content when it is due for renewal.(Reference)

## Expertise and experience of the candidates for Director and Executive Officers of the Company (Skill Matrix)

The primary expertise and experience of the candidates for Director are as follows.

No.	Name	Expertise and experience					
		Corporate management / Organizational management	International	Sales and marketing	Manufacturing technology / R&D	Human resources / Legal affairs / Risk management	Business strategy / Finance and accounting
1	Yasunori Ishikiriya	●	●		●		
2	Seiichi Kitamura	●	●	●	●		
3	Toyohiro Hagiwara	●	●	●			
4	Atsushi Izumi	●	●		●		
5	Koichi Kakegami	●		●		●	●
6	Hiroe Toyoshima	●	●			●	
7	Takehisa Ikeda	●		●			●
8	Tomoyuki Ono	●				●	●

The Company has an executive officer system in place. The expertise and experience of Executive Officers not concurrently serving as Directors are as follows.

Rank	Name	Expertise and experience					
		Corporate management / Organizational management	International	Sales and marketing	Manufacturing technology / R&D	Human resources / Legal affairs / Risk management	Business strategy / Finance and accounting
Managing Executive Officer	Hiroki Suzuki	●	●	●			
Executive Officer	Yuji Hamada	●		●		●	
Executive Officer	Takafumi Ishizuka	●			●	●	
Executive Officer	Keiji Hirata	●		●	●	●	
Executive Officer	Takemasa Kurokawa	●			●		
Executive Officer	Fumi Kizuka	●				●	
Executive Officer	Atsuhito Wake	●	●	●			

### Proposal No. 3: Election of One Audit & Supervisory Board Member

The term of Audit & Supervisory Board Member Mr. Junichi Akai will expire at the close of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one Audit & Supervisory Board Member.

As Mr. Toshihiko Morishita will be elected as a substitute for Mr. Junichi Akai, the term of office of Mr. Morishita shall be up to the expiration of the term of office of the retired Audit & Supervisory Board Member (at the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2027), in accordance with the Articles of Incorporation of the Company.

The Nomination and Remuneration Committee has given advice and the Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company
 Toshihiko Morishita (November 20, 1966) Newly appointed	April 1989    Joined Toyo Rubber Co., Ltd. (currently Toyo Tire Corporation) October 2013    General Manager, Direct Sales Division 1, Toyo Rubber Co., Ltd. March 2017    Representative Director, President, Toyo Chemical Industrial Products Co., Ltd. November 2017    Representative Director, President, Nitta Chemical Industrial Products Co., Ltd. April 2020    Senior Department Manager, Strategic Management Department of the Company (to present)	300
(Reasons for nomination as a candidate for Audit & Supervisory Board Member) Mr. Toshihiko Morishita has many years of experience in sales and planning in the rubber industry. In addition, after engaging in management as President of the Group company, he worked on the planning and promotion of the medium - to long-term management plan and supported the Group companies at Corporate Center, Strategic Management Department. The Board of Directors has determined that he can utilize his abundant business knowledge and experience in auditing the Group, and thus has nominated him as a candidate for Audit & Supervisory Board Member.		

(Note) No special interests exist between Mr. Toshihiko Morishita and the Company.

(Outline of the directors and officers liability insurance policy that insures the candidate for Audit & Supervisory Board Member)


The Company purchases a directors and officers liability insurance policy from an insurance company, which covers damages to be borne by the insured that may arise when the insured becomes liable in connection with the execution of his/her duties or receives claims related to the pursuit of such liability. The candidate for Audit & Supervisory Board Member will be covered by the insurance policy if his/her election is approved. Furthermore, the Company plans to renew the policy with the same content when it is due for renewal.

**Proposal No. 4:** Election of One Substitute Audit & Supervisory Board Member

To prepare for any case where the number of Audit & Supervisory Board Members becomes less than the number required by laws and regulations, we propose the election of one Substitute Outside Audit & Supervisory Board Member.

The Nomination and Remuneration Committee has given advice and the Audit & Supervisory Board has given its consent to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company
 Satoko Nishimura (January 14, 1967) Candidate for Substitute Outside Audit & Supervisory Board Member	October 1989    Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC) August 1993    Registered as Certified Public Accountant March 2001    President, Satoko Nishimura CPA Office (to present) October 2002    Registered as certified tax accountant President, Satoko Nishimura Tax Accountant Office (to present) February 2023    Outside Director (Audit and Supervisory Committee Member), Zojirushi Corporation (to present) June 2023    Outside Director, Linical Co., Ltd. (to present)	None
(Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member) Ms. Satoko Nishimura has an expertise and a wealth of experience as a certified public accountant and certified tax accountant. The Company believes that she is capable of utilizing these experiences in the Group's audit operations. Therefore, the Company appointed her as a candidate for Substitute Outside Audit & Supervisory Board Member. Additionally, although she has not been directly involved in corporate management before, the Company believes that, due to the above reasons, she would be able to appropriately fulfill her duties as Outside Audit & Supervisory Board Member. Furthermore, she fulfills the requirements for independent officer stipulated by the Tokyo Stock Exchange. In the event that she assumes the position of Outside Audit & Supervisory Board Member, the Company will designate her as an independent officer and file the designation with the Tokyo Stock Exchange.		

- (Notes) 1. No special interests exist between Ms. Satoko Nishimura and the Company.
2. If Ms. Satoko Nishimura assumes the position of Outside Audit & Supervisory Board Member, the Company will enter into an agreement with her to limit her liabilities, in accordance with the provisions stipulated in Article 427, Paragraph 1 of the Companies Act. The maximum limit amount for damage liabilities stated in the agreement is the amount stipulated by laws and regulations.
3. The Company purchases a directors and officers liability insurance policy from an insurance company, which covers damages to be borne by the insured that may arise when the insured becomes liable in connection with the execution of his/her duties or receives claims related to the pursuit of such liability. Ms. Satoko Nishimura will be covered by the insurance policy if she assumes the position of Outside Audit & Supervisory Board Member.

**Proposal No. 5 and onwards are proposals made by a shareholder.**

**The summary and reason for the proposals have been translated from the original text of shareholder proposals.**

<Shareholder's Proposals>

**Proposal No. 5:** Amendment to the Articles of Incorporation Regarding Disclosure of Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(1) Summary of Proposal

Add the following provision to the Company's Articles of Incorporation.

(The underlined parts indicate the amendments.)

Before amendment	After amendment
<u>(Newly established)</u>	<u>Chapter 7 Disclosure</u> <u>(Disclosure Regarding Management Conscious of Cost of Capital and Stock Price)</u> <u>Article 43: As long as the Company remains a listed company, it shall verify the appropriateness of its initiatives and disclosures based on the "Key Points and Examples Considering The Investor's Point of View in Regard to Management Conscious of Cost of Capital and Stock Price" (hereinafter referred to as the "Key Points and Examples") published by the Tokyo Stock Exchange on February 1, 2024, and disclose the details of such initiatives in accordance with the items set forth in the Key Points and Examples in its Corporate Governance Report and on the Company's website.</u>

(2) Reason for Proposal

We agree with the purpose of the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" (hereinafter referred to as the "TSE Request") that the Tokyo Stock Exchange requested of all listed companies on the Prime and Standard Markets as of March 31, 2023. In addition, in order to ensure those responses to the TSE Request are not merely formalities but are highly effective, we believe it is important to continuously verify initiatives based on the "Key Points and Examples Considering the Investor's Point of View in Regard to Management Conscious of Cost of Capital and Stock Price" (hereinafter referred to as the "Key Points and Examples") published by the Tokyo Stock Exchange on February 1, 2024.

The Company has already disclosed its initiatives in response to the TSE Request, and we particularly commend the disclosure of its efforts to improve capital efficiency, such as quantitative targets for business ROIC and investment decisions conscious of the capital cost of 7% in Phase 2 of the SHIFT2030 Medium- to Long-Term Business Plan. However, the Company's PBR has remained around the 0.6x level, significantly below 1x, indicating that the stock market evaluates the Company's stock price below its liquidation value. According to the TSE Request, a PBR below 1x is one indication that the company has not achieved return on capital that exceeds its cost of capital, or that investors are not seeing enough growth potential. In order to appropriately respond to the TSE Request, the Company is required to take further initiatives and put them into practice.

The Company's main pillar of earnings comes not only from operating income, which is revenue earned by each business segment, but also from equity in earnings of affiliates, which is revenue from equity-method affiliates. Therefore, investors evaluate the Company by taking these affiliates into account. However, the Company's quantitative targets do not include disclosure of ROE, an indicator of the Company's overall capital efficiency. This is insufficient as a disclosure that considers the investor's point of view, the intended purpose of the TSE Request. In addition, while the Company discloses items related to cash allocation, it does not provide specific figures for shareholder returns, growth investment funds, or working capital. This represents an insufficient disclosure from the perspective of whether the balance sheet is in an efficient state, a viewpoint mentioned in the Key Points and Examples. We believe that by disclosing these specific details, the Company can better meet the expectations of shareholders and investors who take a medium- to long-term view, in line with the purpose of the TSE Request.

## **Opinion of the Board of Directors of the Company**

### **The Board of Directors of the Company **opposes this Shareholder's Proposal.****

The Shareholder's Proposal requests that a chapter be newly added to the Articles of Incorporation concerning initiatives related to the Tokyo Stock Exchange's request for "action to implement management that is conscious of cost of capital and stock price." However, under the Companies Act of Japan, the Articles of Incorporation shall stipulate the fundamental rules on the purpose, organization, activities, and other such matters of a company. Meanwhile, to implement management that is conscious of cost of capital and stock price, it is essential for a company to respond to changes in its market environment and business strategies in a prompt and flexible manner. Therefore, we believe that it is not appropriate to add the provision as proposed in the Shareholder's Proposal to the Articles of Incorporation, which are the fundamental rules of the company.

The Company announced its action to be taken to implement management that is conscious of cost of capital and stock price on November 2, 2023. At the same time, we formulated Phase 2 of the SHIFT2030 Medium- to Long-Term Business Plan and announced it on April 1, 2025.

According to the Tokyo Stock Exchange's request, a PBR below 1x is one indication that the company has not achieved return on capital that exceeds its cost of capital, or that investors are not seeing enough growth potential. In order to address this issue, we have set forth the following initiative policies to improve PBR: (i) growth strategy, (ii) improving capital efficiency, and (iii) strengthening shareholder returns.

In particular, to improve capital efficiency, the Company will reallocate resources by optimizing its business and product portfolio, improve business ROIC, and reduce cross-shareholdings, among other initiatives.

The Company will maximize corporate value by steadily implementing the growth strategy set forth in Phase of the SHIFT2030 Medium- to Long-Term Business Plan and by promoting management that emphasizes capital efficiency and shareholder returns.

In addition, we have recognized the fact that our profit structure is greatly affected by equity in earnings of affiliates is an important perspective for investors. Therefore, the Company will support the growth of equity-method affiliates, while disclosing their returns on capital.

As stated above, the Company has been actively undertaking concrete initiatives for "action to implement management that is conscious of cost of capital and stock price." We will also endeavor to disclose information

on our initiatives in a timely and appropriate manner so that shareholders and other stakeholders can understand progress made on such initiatives.

For the above reasons, the Board of Directors of the Company opposes the Shareholder's Proposal.

## **Proposal No. 6: Distribution of Surplus**

### **(1) Summary of Proposal**

#### **(i) Type of dividend assets**

Cash

#### **(ii) Allocation of dividend assets and the total amount of dividends**

The amount obtained by subtracting the dividend proposed by the Company (the “Company’s Proposed Dividend”) from 347 yen per share of the Company’s common stock shall be added to the Company’s Proposed Dividend and distributed as dividends.

The Company’s Proposed Dividend refers to the amount of dividend per share of the Company’s common stock based on the proposal for distribution of surplus, as proposed by the Board of Directors and approved at this Ordinary General Meeting of Shareholders. Furthermore, if the amount obtained by multiplying the net income per share for the 96th fiscal year by 100% (rounded down to the nearest whole number; hereinafter referred to as the “Actual EPS 100% Amount”) and subtracting the interim dividend of 66 yen differs from 347 yen, the aforementioned 347 yen shall be replaced with the amount obtained by subtracting the interim dividend of 66 yen from the Actual EPS 100% Amount.

The total dividend amount shall be the amount calculated by multiplying the aforementioned dividend amount per share of common stock by the number of shares eligible for dividend as of March 31, 2025.

#### **(iii) Effective date of distribution of surplus**

The business day following the date of this Ordinary General Meeting of Shareholders

Note that this proposal is being submitted as an additional proposal that is independent of, and compatible with, any proposal for distribution of surplus submitted by the Company at this Ordinary General Meeting of Shareholders.

### **(2) Reason for Proposal**

This proposal to distribute 347 yen per share of common stock as an annual dividend is based on the idea that the Company should distribute 100% of its net income, effectively achieving a dividend payout ratio of 100%. As of December 31, 2024, the Company holds 37.3 billion yen in cash, deposits, securities, and investment securities (bonds), and an additional 13.7 billion yen in strategic shareholdings. The total of these assets amounts to approximately 51.0 billion yen, equivalent to about 50% of the Company’s market capitalization as of March 31, 2025. The accumulation of cash assets beyond the Company’s operational needs leads to a decline in capital efficiency and impairment of corporate value. Furthermore, the Company’s PBR remains around 0.6x, significantly below 1x, indicating that the Company’s shares are valued below their liquidation value. It is unacceptable for shareholders to leave such undervaluation unaddressed.

The Company’s current dividend policy targets a consolidated payout ratio of at least 30% or higher and a dividend-on-equity (DOE) ratio of at least 2.5%, achieving continued stable, steady increases in dividends (of at least 10 yen/per share per year during the period). However, under this dividend policy, the Company’s

equity capital will continue to increase, leading to further accumulation of cash assets and a decline in capital efficiency. Therefore, to improve the situation of PBR being below 1x and to promote management that is more conscious of stock price performance, we propose that the Company return 100% of its net income to shareholders as dividends, thereby reducing cash assets, enhancing capital efficiency, and ultimately increasing shareholder value.

## **Opinion of the Board of Directors of the Company**

### **The Board of Directors of the Company **opposes this Shareholder's Proposal.****

Recognizing returns of profits to shareholders to be a key management topic, the Company has established the basic policy of paying appropriate dividends that reflect financial results while continuing to strengthen and enhance its corporate foundations. In addition, as part of the initiatives to implement management that is conscious of cost of capital and stock price, the Company modified its shareholder return policy to further clarify its approach of strengthening shareholder returns and disclosed the modified policy on November 2, 2023.

During the period from FY2023 through the end of Phase 2 (FY2023 through FY2027) of the SHIFT2030 Medium- to Long-Term Business Plan, the Company will follow the above basic policy and continue stable, steadily increases in dividends (of at least 10 yen/share per year during the period), targeting a consolidated payout ratio of at least 30% and a dividend-on-equity (DOE) ratio of at least 2.5%.

Based on this shareholder return policy, the Company plans to pay a total of 74 yen per share, including an ordinary dividend of 69 yen per share and a commemorative dividend for the 140th anniversary of founding of 5 yen per share, as the year-end dividend for FY2024, resulting in the annual dividend forecast of 140 yen per share.

In line with this shareholder return policy, the Company has been implementing a stable dividend policy over a certain period of time for shareholders and intends to aim to sustainably enhance returns of profits going forward. The Shareholder's Proposal proposes the Company distribute 100% of its net income per share for the current term, effectively achieving a dividend payout ratio of 100%. Although increasing dividends from a short-term perspective like this proposal may contribute to short-term shareholders' interest, it could also hinder the enhancement of the Company's corporate value over the medium to long term. Therefore, we believe that such dividend increases will not lead to the maximization of shareholder value over the medium to long term.

The Board of Directors of the Company believes that it is important for the Company to secure funds to support its future business development and growth, emphasizing the maximization of shareholder value from a medium- to long-term perspective. Short-term dividend increases have a risk of hurting medium- to long-term shareholders' interest and may impede the implementation of future growth investments and business strategies. Therefore, we have judged that it is vital to retain our existing dividend policy that aims for stable and steady increases in dividends, while maintaining a solid financial foundation.

For the above reasons, the Board of Directors of the Company opposes the Shareholder's Proposal.

## **Proposal No. 7: Approval of the Amount of Remuneration for the Restricted Share-based Remuneration Plan**

### **(1) Summary of Proposal**

At the Ordinary General Meeting of Shareholders held on June 25, 2020, it was approved that the maximum amount of remuneration for the Company's Directors shall be up to 300 million yen per year (including 30 million yen for Outside Directors). Separately, at the Ordinary General Meeting of Shareholders held on June 21, 2019, it was approved that share-based remuneration shall be limited to 100 million yen per year, with a maximum of 50,000 shares granted annually (Outside Directors are not eligible for the grant). However, it is now proposed that monetary remuneration claims be granted to the Company's Directors and Executive Officers eligible for the restricted share-based remuneration plan, in an amount not exceeding 300 million yen per year, for the purpose of granting up to 91,000 shares of restricted shares.

The specific timing and allocation of the grant will be determined by the Board of Directors. However, the plan shall be designed as a performance-linked incentive plan that includes metrics such as ROE and TSR (Total Shareholder Return), where, if the performance targets are fulfilled, restricted shares equivalent to three times of the fixed remuneration will be granted cumulatively over the next three years.

### **(2) Reason for Proposal**

We believe that one of the fundamental weaknesses of Japanese boards of directors is the low level of shareholdings by individual directors, which results in a lack of alignment with shareholders' perspectives. At the Company as well, each director holds only a limited number of shares, and the majority of their economic benefits consists of fixed base remuneration. While part of the remuneration is linked to performance, we believe that the core purpose of restricted share-based remuneration—sharing value with shareholders—is not being fully achieved. It is essential to provide directors with economic incentives that promote the sustainable enhancement of corporate value and to align their interests with those of shareholders, so that the benefits of increased corporate value can be shared together.

The guideline for effective share-based remuneration to promote value sharing between directors and shareholders is generally considered to be an amount equivalent to three times the fixed remuneration. Although the Company has introduced a restricted share-based remuneration plan, in the 95th fiscal year (from April 1, 2023 to March 31, 2024), Directors (excluding Outside Directors) received 128 million yen in fixed remuneration, while share-based remuneration amounted to only 40 million yen, just 31% of fixed remuneration. At this pace, it would take approximately 10 years for Directors to accumulate shareholdings equivalent to three times their fixed remuneration, the level considered effective for value sharing between directors and shareholders. Restricted share-based remuneration is meaningless if not granted during the Directors' term of office. Accordingly, it is necessary to grant such shares at a meaningful scale within a shorter time frame.

In Europe and the United States, nearly all major listed companies have adopted shareholding guidelines requiring executives to hold a certain amount of shares that is deemed necessary to ensure value-sharing with shareholders for a specified period of time. After a grace period of several years, it is common practice for top management to hold shares equivalent to three to five times their base remuneration, and even for outside

directors to hold shares equal to at least one time their remuneration. We believe that the Company's Directors and other members of management should also aim to achieve a level of share ownership that is in line with global standards, rather than remain bound by past norms. To that end, we propose that the Company should demonstrate its commitment through appropriate disclosure and formulate shareholding guidelines.

## **Opinion of the Board of Directors of the Company**

### **The Board of Directors of the Company opposes this Shareholder's Proposal.**

The Company's basic policy for Directors' remuneration plan is that the remuneration system will provide Directors with incentive to steadily achieve yearly performance targets and to promote appropriate management, and will make Directors sufficiently aware of sustainable improvement in corporate value over the medium to long term through the achievement of medium- to long-term business plan.

Remuneration for the Company's Directors excluding Outside Directors consists of fixed remuneration, performance-linked remuneration, and restricted share-based remuneration. The objective of the fixed remuneration is to pay the monetary remuneration as basic remuneration to ensure that recipients fully demonstrate qualities and abilities for driving corporate growth and meet their responsibilities. The performance-linked remuneration is monetary remuneration paid in accordance with each fiscal year's performance evaluation as an incentive to encourage appropriate management and the steady achievement of the fiscal year's performance targets. The restricted share-based remuneration is a remuneration plan introduced in FY2019, under which monetary remuneration claims are paid as assets in kind related to the granting of restricted shares, for the purpose of providing Directors with incentive to sustainably enhance the Company's corporate value, while promoting further value sharing between Directors and shareholders.

In addition, in order to ensure objectivity and transparency in determining remuneration, etc. for Directors, the Company has established the Nomination and Compensation Committee (the "Committee"), where Independent Outside Directors constitute the majority. Matters including the basic policy, remuneration plans, remuneration levels, and remuneration composition of Directors' remuneration are determined by the Board of Directors based on advice given by the Committee.

In determining the amount of remuneration for individual Directors, the Committee conducts comprehensive examinations on the details of such remuneration, including the consistency with the above-mentioned policy. Meanwhile, the Board of Directors determines the amount of remuneration for individual Directors in view of economic conditions and remuneration levels of other companies in the same industry and those of similar size, as well as the Company's business performance and business conditions based on the Committee's reports and advice.

The Shareholder's Proposal proposes that monetary remuneration claims be granted to the eligible Directors, etc., in an amount not exceeding 300 million yen per year, for the purpose of granting up to 91,000 shares of restricted shares. The plan shall be designed as a performance-linked incentive plan that includes metrics such as ROE and TSR (Total Shareholder Return), where, if the performance targets are fulfilled, restricted shares equivalent to three times the fixed remuneration will be granted cumulatively over the next three years.

However, the details of the Shareholder's Proposal deviate substantially from the Company's basic policy for Directors' remuneration, significantly skewing the balance among the basic remuneration, performance-

linked remuneration, and share-based remuneration paid as non-monetary remuneration, etc., with too much weight on share-based remuneration. Therefore, we believe the proposed plan is not appropriate for the remuneration system for Directors of the Company.

The Company reviews its corporate governance on a regular basis, and will continue examinations to find better measures on what Directors' remuneration should be from a perspective of making such remuneration an incentive to improve the Company's performance and to increase its corporate value over the medium to long term.

For the above reasons, the Board of Directors of the Company opposes the Shareholder's Proposal.

**Proposal No. 8:** Amendment of the Articles of Incorporation Regarding the Proportion of Outside Directors

(1) Summary of Proposal

The proposal is to amend Article 18 of the Company's Articles of Incorporation as follows to require that the majority of the Company's directors be outside directors.

(The proposed change is underlined.)

Before change	After the proposed change
(Number of directors) Article 18. The Company shall have no more than nine directors. <u>2 (Newly Established)</u>	(Number of directors) Article 18. The Company shall have no more than nine directors. <u>2 As long as the Company remains a listed company, a majority of the directors of the Company shall be outside directors as defined in Article 2, paragraph 1, item 15 of the Companies Act.</u>

(2) Reason for Proposal

We believe that board diversity and independence are essential to the management of today's listed companies. A board with diversity is able to make management decisions from a broader range of perspectives, resulting from differences in skills, experience, age, nationality, and gender.

Principle 4.8 of Japan's Corporate Governance Code states the following: "Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors." In addition, Principle 4.7 of the Corporate Governance Code states that one of the roles and responsibilities of independent outside directors is "Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders."

Currently, three of the Company's eight directors are outside directors. This meets the requirements of the principles of the Corporate Governance Code. However, we believe we would be better positioned to establish a more proactive governance structure if the majority of directors were outside directors. Doing so would increase capital efficiency and shareholder returns and more effectively contribute to the Company's sustainable growth and medium- to long-term corporate value.

In addition to their number, the qualifications of the outside directors must be such that they can contribute to the Company's sustainable growth and corporate value over the medium to long term. In this regard, the Company should consider appointing women and highly experienced and skilled analysts.

We believe that the appointment of “highly experienced and skilled analysts” is an effective way to bring the perspective of outside investors and shareholders to the board of directors, while at the same time contributing to the enhancement of corporate value through sound risk-taking. Although the board of directors of a listed company and investors/shareholders share the same goal of long-term enhancement of corporate value, unfortunately in Japan, they are often perceived as being in opposition to each other. Involving directors with the experience and skills mentioned above in board discussions and decision-making would make the relationship between the board and the stock market more constructive through sound risk-taking, capital allocation and better communication with the market. Often it is explained that bankers and accountants are responsible for the finance portion of the skills matrix, but we believe that, from the perspective of promoting “sound risk-taking”, expertise in accounting and debt markets alone is not sufficient, and that is where the significance of equity market professionals lies.

### **Opinion of the Board of Directors of the Company**

#### **The Board of Directors of the Company opposes this Shareholder’s Proposal.**

The Company established the Nomination and Compensation Committee, chaired by an independent outside director and consisting of a majority of independent outside directors, as an advisory body for the Board of Directors, to assure impartiality and fairness in selecting directors. The selection of candidates for the Board of Directors is determined by the Board of Directors based on the advice and proposals of the Nomination and Compensation Committee. The same procedure has been applied to the selection of the candidates to be presented to the 96th Ordinary General Meeting.

The Company has defined the requisite skills of the members of the Board so that the Board as a whole provides the required skills, knowledge, and experience, while ensuring diversity among its members. The Nomination and Compensation Committee selects candidates for the Board of Directors to strike a satisfactory balance between internal human resources familiar with the Company’s duties and outside human resources who provide highly specialized skills and experience. The Committee pays due consideration to the Japan’s Corporate Governance Code, as well as the Company’s succession plan and skill certification standards and makes recommendations and offers advice to the Board of Directors on such basis.

The composition of our Board of Directors has wide-ranging support among our shareholders. Each proposal for the election of directors at our June 2024 Ordinary General Meeting of Shareholders had an approval rate of 95% or better.

At the 96th Ordinary General Meeting, the composition of the Board of Directors proposed by the Company will consist of three independent outside directors among the eight directors. This meets the Corporate Governance Code requirement for prime market listed companies, requiring at least one-third of directors be comprised of independent outside directors. The three independent outside directors—a corporate executive, an attorney, and a certified public accountant—are highly specialized and experienced professionals who offer deep insights into corporate governance. One is a woman.

Our Board of Directors has confirmed and determined that the Board of Directors composed of the candidates proposed by the Company will maintain adequate independence; is ideally equipped to execute and supervise Company management and to achieve the goals of SHIFT2030, the Company's medium- and long-term management plan, in accordance with the Company's group philosophy; and will contribute to the Company's sustainable growth and enhancement of corporate value over the medium to long term. This is part of efforts to confirm that our governance structure serves the best interests of our shareholders.

We believe the inclusion of a provision in the Articles of Incorporation as proposed by this shareholder may, to the contrary, limit the scope of selection of director candidates and hinder efforts to identify the optimal composition of the Board of Directors.

For these reasons, the Board of Directors opposes this shareholder's proposal.