

**Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 125th Ordinary General Meeting of Shareholders of Niterra Co., Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.**

Securities Code: 5334

June 3, 2025

(Date of initiating measures for providing  
information in electronic format: May 27, 2025)

**Dear Shareholders**

Shinichi Odo  
Representative Director and  
Chairman of the Board

**Niterra Co., Ltd.**

1-1-1 Higashisakura, Higashi-ku, Nagoya, Japan

## **NOTICE OF CONVOCAION OF THE 125th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The 125th Ordinary General Meeting of Shareholders of Niterra Co., Ltd. (the “Company”) is to be held as follows.

In convening this General Meeting of Shareholders, the Company has taken measures for provision of information contained in the reference documents for the General Meeting of Shareholders, etc. (the “Matters for Electronic Provision Measure”) in electronic format. Matters for Electronic Provision Measure are posted on the Company’s website on the Internet below.

The Company’s Website

<https://www.niterragroup.com/ir/events/shareholders.html> (In Japanese)

In addition to the website above, the Matters for Electronic Provision Measure are also posted on the website of the Tokyo Stock Exchange (TSE). Access the following TSE website (TSE Listed Company Information Service), enter and search for the Company’s name (Niterra Co., Ltd.) or security code (5334), and select "Basic Information" and " Documents for public inspection/PR information".

TSE website (TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (In Japanese)

**Instead of attending the meeting, you may otherwise exercise your voting rights via the Internet or in writing. Please read the attached REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS provided below. You are requested to exercise your Voting Rights before 5:00 p.m., on Tuesday, June 24, 2025.**

- 1. Time and Date:** 10:00 a.m., Wednesday, June 25, 2025
- 2. Place:** Main conference room, Office Building "N-FOREST", Komaki Plant  
2808, Iwasaki, Komaki, Aichi

**3. Objectives of the Meeting:**

- Reports:**
1. Reports on Business Report and Consolidated Financial Statements, as well as Results of the Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for Fiscal 2024 (From April 1, 2024, to March 31, 2025)
  2. Reports on Non-Consolidated Financial Statements for Fiscal 2024 (From April 1, 2024, to March 31, 2025)

**Agenda:**

- Proposal No. 1:** Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 2:** Revision of Amount of Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 3:** Revision of Performance-Linked Stock Remuneration System for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), etc.

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◎The following documents have been posted only on the Company's website on the Internet and the TSE website (TSE Listed Company Search) based on the provisions of laws and regulations and the Company's Articles of Incorporation, and are not stated in the documents delivered to shareholders requesting written documents. The Audit and Supervisory Committee and the Accounting Auditor have audited the documents subject to audit, including the following items.

- "Overview of the System to Ensure the Appropriateness of Business Activities and the Operating Status of the System" in the Business Report
- "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
- "Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-Consolidated Financial Statements

◎If any amendment is made to the Matters for Electronic Provision Measure, the amended information will be disclosed on the Company's Web site and TSE website (TSE Listed Company Search) above.

## REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

### Proposals and Items of Reference

#### Proposal No. 1: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all of the current seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. As such, we hereby propose the election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members).

In order to achieve sustainable growth and enhance corporate value over the medium to long term, the Company believes it is important to ensure that the Board of Directors is composed of diverse human resources with different backgrounds that include specialized knowledge, experience, etc. In addition, as Outside Directors constitute a majority of the Board of Directors, the Company places great emphasis on strengthening supervisory functions of the Board of Directors while securing transparency for decision-making processes.

Based on the aforementioned belief, in order to ensure the reasonableness and the transparency of the process, the selection of candidates for Directors is determined at the Board of Directors through the deliberation of Nomination Committee, an advisory body for the Board of Directors in which a majority of the members are Independent Outside Directors.

The candidates for Directors are as follows:

No.	Name		Current positions at the Company	Assignments
1	Shinichi Odo	Re-appointed	Representative Director and Chairman of the Board	—
2	Takeshi Kawai	Re-appointed	Representative Director and President, Chief Operating Officer	Head of All Divisions, Well-Being Strategy Group, and Group Internal Audit Headquarters / General Manager of Global Strategy Div.
3	Keiji Suzuki	Newly appointed	Executive Officer	In charge of Corporate Strategy Dept. and Business Infrastructure Strategy Dept., Corporate Strategy Group / General Manager of Technology / Head of Business Implementation Div. / In charge of Platform Development Center and Energy Business Div.
4	Miwako Doi	Re-appointed Outside Director Independent Director	Outside Director	—
5	Chiharu Takakura	Re-appointed Outside Director Independent Director	Outside Director	—
6	Takayoshi Mimura	Re-appointed Outside Director Independent Director	Outside Director	—
7	Hisanori Makaya	Re-appointed Outside Director Independent Director	Outside Director	—

No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
1	 Shinichi Odo (April 3, 1954)	<p>Apr. 1977    Joined NGK SPARK PLUG CO., LTD. (currently, Niterra Co., Ltd.)</p> <p>Feb. 2003    General Manager of Overseas Aftermarket Sales &amp; Marketing Dept., Sales &amp; Marketing Div., Automotive Components Group, NGK SPARK PLUG CO., LTD.</p> <p>Jul. 2005    President, NGK Spark Plugs (U.S.A.), Inc. (currently, Niterra North America, Inc.)</p> <p>Jun. 2007    Director, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2010    Managing Director, NGK SPARK PLUG CO., LTD.</p> <p>Jun. 2011    Representative Director and President, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2012    Representative Director and President, Chief Executive Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2016    Representative Director, Chairman of the Board and President, Chief Executive Officer, NGK SPARK PLUG CO., LTD.</p> <p>Apr. 2019    Representative Director and Chairman of the Board, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>May 2020    Chairman, Japan Auto Parts Industries Association, Inc.</p>	37,944 shares
<Attendance at Board of Directors Meetings in Fiscal 2024> 12/12			
<p><b>【Reason for appointment as a candidate for Director】</b></p> <p>Mr. Odo led the way in establishing a global business infrastructure for many years in automotive components businesses as an officer in sales divisions and a key overseas group company. Since his appointment as Representative Director and President in June 2011, he has led the previous long-term management plan and achieved business expansion for the Group. Since April 2019, he has been involved in the Company's management from the perspective of the Group's sustainable growth and the strengthening of corporate governance as Representative Director and Chairman of the Board. The Company has continuously selected Mr. Odo as a candidate for Director based on the judgment that he has extensive management experience at the Company and insights into the global business operations.</p>			

No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
2	 Takeshi Kawai (October 13, 1962)	Apr. 1987    Joined NGK SPARK PLUG CO., LTD. (currently, Niterra Co., Ltd.) Feb. 2011    General Manager of Sensor Engineering Dept. II, Sensor Div., Automotive Components Group, NGK SPARK PLUG CO., LTD. Apr. 2012    Corporate Officer, NGK SPARK PLUG CO., LTD. Apr. 2015    Managing Officer, NGK SPARK PLUG CO., LTD. Jun. 2015    Director and Managing Officer, NGK SPARK PLUG CO., LTD. Apr. 2016    Director and Senior Managing Officer, NGK SPARK PLUG CO., LTD. Apr. 2019    Representative Director and President, Chief Operating Officer, NGK SPARK PLUG CO., LTD. (up to the present)	19,650 shares
		<Assignments> Head of All Divisions, Well-Being Strategy Group, and Group Internal Audit Headquarters / General Manager of Global Strategy Div.  <Attendance at Board of Directors Meetings in Fiscal 2024> 12/12	
		<b>【Reason for appointment as a candidate for Director】</b> Mr. Kawai has been engaged in the engineering division in the sensor business for many years and led the expansion of the division by developing new products and increasing domestic and overseas sales. Beginning in April 2016, he served as an officer in the Business Planning Management Division which has overall control of all business divisions. He has extensive management experience and knowledge of the Company's engineering and business operations. The Company has continuously selected Mr. Kawai as a candidate for Director based on the fact that, since he assumed the position of Representative Director and President in April 2019, he has been implementing organizational and system reforms aimed at optimizing the business portfolio, implementing measures to further strengthen the internal combustion engine business and achieve growth in the non-internal combustion engine business, and leading the Group to achieve the medium- to long-term management targets.	



No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
4	 Miwako Doi (June 2, 1954)	<p>Apr. 1979    Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)</p> <p>Jul. 2005    Senior Fellow, Corporate Research &amp; Development Center, Toshiba Corporation</p> <p>Jul. 2008    Chief Fellow, Corporate Research &amp; Development Center, Toshiba Corporation</p> <p>Apr. 2014    Auditor (part-time), National Institute of Information and Communications Technology, an Incorporated Administrative Agency (currently, a National Research and Development Agency) (up to the present)</p> <p>Jun. 2015    Outside Director, Nomura Research Institute, Ltd.</p> <p>Apr. 2017    Executive Director (part-time), Nara Institute of Science and Technology</p> <p>Jun. 2019    Outside Director, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr. 2020    Vice President (part-time), Tohoku University</p> <p>Jun. 2020    Outside Director, SUBARU CORPORATION (up to the present)            Outside Director, NGK SPARK PLUG CO., LTD. (currently, Niterra Co., Ltd.) (up to the present)</p> <p>&lt;Significant Positions Concurrently Held&gt;            Auditor (part-time), National Institute of Information and Communications Technology            Outside Director, SUBARU CORPORATION</p> <p>&lt;Attendance at Board of Directors Meetings in Fiscal 2024&gt;            12/12</p> <p>&lt;Years served as an Outside Director of the Company&gt;            5 years (at the conclusion of this General Meeting of Shareholders)</p>	4,106 shares
<p><b>【Reason for appointment as a candidate for Outside Director and expected roles】</b>            Ms. Doi has abundant experience and an outstanding track record as a researcher in the information and communication fields. In addition, her involvement in the launch of new businesses at operating companies has giving her considerable insight on business development. Based on her experience and insight, she has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. She has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has selected Ms. Doi as a candidate for Outside Director with the expectation that, after her appointment, she will continue to oversee business execution by the Company's management team and provide advice to the team based on her experience and insight described above. Although Ms. Doi has not contributed to corporate management in a capacity other than as Outside Director, for the reasons above, the Company has determined that she will be able to appropriately fulfill the duties of Outside Director.</p> <p><b>【Regarding the independence of the candidate for Outside Director】</b>            The Group has a mutual business relationship with Tohoku University, for which Ms. Doi served as Vice President until March 2025, primarily in the consigning of research. However, in both transactions, the value is extremely small at less than 0.1% of the Group's sales revenue and university's total operating revenue. In addition, there is no business relationship between the Group and Nara Institute of Science and Technology, for which she served as Executive Director until March 2025. For the reasons above, we deem that her independence is sufficiently assured given that the election criteria for independent directors set by the Company is met. Accordingly, the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of her continued appointment as Independent Outside Director, upon approval of her re-election.</p>			

No.	Name (Date of Birth)	Brief Personal History, Positions and Significant Positions Concurrently Held	Number of Shares Held
5	 Chiharu Takakura (December 22, 1959)	<p>Apr. 1983 Joined the Ministry of Agriculture, Forestry and Fisheries</p> <p>May 1992 Obtained an MBA from Georgetown University (U.S.A.)</p> <p>Aug. 1993 Consultant, Sanwa Research Institute Corp. (currently, Mitsubishi UFJ Research and Consulting Co., Ltd.)</p> <p>Jul. 1999 Planning Manager, Human Resources Division., Pfizer Japan Inc.</p> <p>Oct. 2006 General Manager of Human Resources Department, Human Resources and Communication Division, Novartis Pharma K.K.</p> <p>Jul. 2014 Corporate Fellow, General Manager, Global Human Resources Dept., Ajinomoto Co., Inc.</p> <p>Apr. 2020 HR Advisor, ROHTO PHARMACEUTICAL CO., LTD.</p> <p>Jun. 2020 Director, Head of Well-being Management Promotion Division, ROHTO PHARMACEUTICAL CO., LTD.</p> <p>Jun. 2021 Outside Audit and Supervisory Board Member, NGK SPARK PLUG CO., LTD. (currently, Niterra Co., Ltd.)</p> <p>Apr. 2022 Director, Chief Human Resource Officer, ROHTO PHARMACEUTICAL CO., LTD.</p> <p>Jun. 2022 Outside Director, NGK SPARK PLUG CO., LTD. (up to the present)</p> <p>Jun. 2023 Outside Director, Nomura Real Estate Holdings, Inc. (up to the present) Outside Director, Mitsui Sumitomo Insurance Company, Limited (up to the present)</p>	1,558 shares
		<p>&lt;Significant Positions Concurrently Held&gt;            Outside Director, Nomura Real Estate Holdings, Inc.            Outside Director, Mitsui Sumitomo Insurance Company, Limited</p> <p>&lt;Attendance at Board of Directors Meetings in Fiscal 2024&gt;            12/12</p> <p>&lt;Years served as an Outside Director of the Company&gt;            3 years (at the conclusion of this General Meeting of Shareholders)</p>	
		<p><b>【Reason for appointment as a candidate for Outside Director and expected roles】</b>            After obtaining her MBA at Georgetown University (U.S.A.), Ms. Takakura worked as a consultant in organization building and human resources development, following which she was engaged in the promotion of human capital management and organizational reform at many global companies, including international pharmaceuticals companies. As such, she has a wealth of experience and considerable insight concerning human capital management and global organizational management. At the Company, based on her experience and insight, she has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. She has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has selected Ms. Takakura as a candidate for Outside Director with the expectation that, after her appointment, she will continue to oversee business execution by the Company's management team and provide advice to the team based on the experience and knowledge described above.</p> <p><b>【Regarding the independence of the candidate for Outside Director】</b>            There is no business relationship between the Group and ROHTO PHARMACEUTICAL CO., LTD. for which Ms. Takakura served as Director and Chief Human Resource Officer until June 2023, and the election criteria for independent directors set by the Company is met. As such, the independence of Ms. Takakura is sufficiently assured, and the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of her continued appointment as Independent Outside Director, upon approval of her re-election.</p>	

No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
6	 Takayoshi Mimura (June 18, 1953)	Apr. 1977 Joined Terumo Corporation Jun. 2002 Executive Officer, Terumo Corporation Jun. 2003 Director and Executive Officer, Terumo Corporation Jun. 2004 Director and Senior Executive Officer, Terumo Corporation Jun. 2007 Director and Managing Executive Officer, Terumo Corporation Apr. 2008 Director and Managing Executive Officer, responsible for Hospital Company and Sales Supervisory Dept., Terumo Corporation Jun. 2009 Director and Managing Executive Officer, Representative of China/Asia, Terumo Corporation Apr. 2010 Director and Managing Executive Officer, Chief Representative of China, Terumo Corporation Jun. 2010 Director and Senior Managing Executive Officer, Terumo Corporation Aug. 2011 President and CEO, Terumo (China) Holdings Co., Ltd. Apr. 2017 Chairman of the Board, Terumo Corporation Jun. 2021 Chairman, the Japan Federation of Medical Devices Associations Apr. 2022 Director and Corporate Advisor, Terumo Corporation Jun. 2022 Corporate Advisor, Terumo Corporation Outside Director, AUTOBACS SEVEN CO., LTD. (scheduled to retire on June 24, 2025) Outside Director, Mitsui Chemicals, Inc. (up to the present) Jun. 2023 Outside Director, Niterra Co., Ltd. (up to the present)	1,503 shares
<Significant Positions Concurrently Held> Outside Director, Mitsui Chemicals, Inc.  <Attendance at Board of Directors Meetings in Fiscal 2024> 12/12  <Years served as an Outside Director of the Company> 2 years (at the conclusion of this General Meeting of Shareholders)			
<p><b>【Reason for appointment as a candidate for Outside Director and expected roles】</b>            Mr. Mimura has been engaged in corporate management from the viewpoint of business execution and supervision over many years, including successively holding positions as an officer responsible for the business operation and Chairman of the Board in operating companies. As such, he has great insight into business management and corporate governance. He also has a wealth of experience in global business, business development, and M&amp;A from his involvement in areas such as business expansion through the development of overseas markets and M&amp;A. At the Company, based on his experience and insight, he has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. He also has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has selected Mr. Mimura as a candidate for Outside Director with the expectation that, after his appointment, he will continue to oversee business execution by the Company's management team and provide advice to the team based on the experience and insight described above.</p> <p><b>【Regarding the independence of the candidate for Outside Director】</b>            There is no business relationship between the Group and Terumo Corporation for which Mr. Mimura served as Corporate Advisor until December 2023, and the election criteria for independent directors set by the Company is met. As such, the independence of Mr. Mimura is sufficiently assured, and the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of his continued appointment as Independent Outside Director, upon approval of his re-election.</p>			

No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments and Significant Positions Concurrently Held	Number of Shares Held
7	 <p data-bbox="288 544 488 607">Hisanori Makaya (May 2, 1958)</p>	<p data-bbox="528 219 1286 689">           Apr. 1982 Joined Fuji Photo Film Co., Ltd. (currently, FUJIFILM Holdings Corporation)            Jun. 2015 Corporate Vice President, FUJIFILM Corporation            Dec. 2016 Director and Corporate Vice President, FUJIFILM Corporation            Jun. 2017 Director and Senior Vice President, Fuji Xerox Co., Ltd. (currently, FUJIFILM Business Innovation Corp.)            Jun. 2019 Director and Executive Vice President, Fuji Xerox Co., Ltd.            Apr. 2021 President and CEO, Representative Director, FUJIFILM Business Innovation Corp.            Apr. 2022 Chairman and Director, FUJIFILM Business Innovation Corp.            Jun. 2024 Outside Director, Niterra Co., Ltd. (up to the present)         </p> <p data-bbox="264 696 1286 819">           &lt;Significant Positions Concurrently Held&gt;            Outside Director, YASKAWA Electric Corporation (scheduled to take office on May 28, 2025)            Outside Director, ENEOS Holdings, Inc. (scheduled to take office on June 26, 2025)         </p> <p data-bbox="264 853 1066 909">           &lt;Attendance at Board of Directors Meetings in Fiscal 2024&gt;            10/10 (after assuming office as an Outside Director on June 25, 2024)         </p> <p data-bbox="264 943 1026 999">           &lt;Years served as an Outside Director of the Company&gt;            1 year (at the conclusion of this General Meeting of Shareholders)         </p>	1,019 shares
<p data-bbox="276 1037 1193 1070"><b>【Reason for appointment as a candidate for Outside Director and expected roles】</b></p> <p data-bbox="264 1077 1441 1451">Mr. Makaya has been engaged in business portfolio reform through organizational reform, new business creation, and M&amp;A in the corporate planning division of operating companies for many years. He has also been engaged in global business operation as an executive officer in business divisions and operating subsidiaries. As such, he has extensive experience and considerable insight concerning corporate management, business development, M&amp;A, and global business. At the Company, based on his experience and insight, he has overseen business execution by the Company's management team and provided advice to the team as an Outside Director. He also has been playing a key role in strengthening the Company's corporate governance by actively speaking out at the Company's Board of Directors' Meetings in order to enhance transparency in decision-making. The Company has selected Mr. Makaya as a candidate for Outside Director with the expectation that, after his appointment, he will continue to oversee business execution by the Company's management team and provide advice to the team based on the experience and insight described above.</p> <p data-bbox="276 1485 1050 1518"><b>【Regarding the independence of the candidate for Outside Director】</b></p> <p data-bbox="264 1525 1441 1738">The Group has a business relationship with FUJIFILM Business Innovation Corp., for which Mr. Makaya served as Chairman and Director until June 2024, and its subsidiaries, primarily involving multifunction devices and software. However, in both transactions, the value is extremely small at less than 0.1% of each company's net sales. For the reasons above, we deem that his independence is sufficiently assured given that the election criteria for independent directors set by the Company is met. Accordingly, the Company intends to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange of his continued appointment as Independent Outside Director, upon approval of his re-election.</p>			

Notes:

1. Each candidate has no special interest in the Company.
2. The number of shares of the Company held by each candidate includes the shares that each candidate holds in Executive Stock Ownership Association.
3. Ms. Miwako Doi, Ms. Chiharu Takakura, Mr. Takayoshi Mimura and Mr. Hisanori Makaya are candidates for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
4. Ms. Chiharu Takakura served as Outside Audit and Supervisory Board Member before assuming office as Outside Director on June 24, 2022. Adding one (1) year of service as an Outside Audit and Supervisory Board Member, her term of office will be four (4) years in total.
5. Mitsui Sumitomo Insurance Company, Limited where Ms. Chiharu Takakura has been serving as Outside Director since June 23, 2023 received a business improvement order on December 26, 2023 from the Financial Services Agency as well as a cease and desist order and surcharge payment order on October 31, 2024 from the Japan Fair Trade Commission, for acts that are considered to violate the Antimonopoly Act. In addition, the said company received a business improvement order on March 24, 2025 from the Financial Services Agency, for inappropriate conduct under the Act on the Protection of Personal Information and the Unfair Competition Prevention Act. She has consistently made proposals from legal compliance and customer-oriented perspectives at the said company's Board of Directors meetings. Even after these administrative actions were issued, she has fulfilled her duties, including making proposals to prevent recurrence when overhauling the business operation.
6. Mr. Takayoshi Mimura currently serves as Outside Director at AUTOBACS SEVEN CO., LTD. At the conclusion of the said company's Ordinary General Meeting of Shareholders scheduled for June 24, 2025, he will retire from the position.
7. Ms. Miwako Doi, Ms. Chiharu Takakura, Mr. Takayoshi Mimura and Mr. Hisanori Makaya have already concluded a liability limitation agreement with the Company as Outside Directors, which limits compensation for damages to the minimum liability amount established by laws and regulations, in accordance with the Articles of Incorporation. Upon approval of their re-election as Outside Directors, the Company intends to continue the said agreements with them.
8. The Company has entered into a directors and officers liability insurance contract with an insurance company with the Company's and the domestic subsidiaries' Directors, Audit and Supervisory Board Members, Executive Officers, and other important employees under the Companies Act as the insured. This insurance contract will cover any damages including legal damages and litigation expenses that may arise due to the insured assuming liability for the execution of their duties or receiving a claim for the pursuit of such liability. If the appointment of the candidates is approved, they will each become the insured under the insurance contract. The Company plans to renew the insurance contract with similar contents on June 30, 2025.

**Opinion of the Audit and Supervisory Committee Concerning Proposal No. 1**

Concerning the election of Directors (excluding Directors who are Audit and Supervisory Committee Members), the Audit and Supervisory Committee reviewed under the standards for audit and other matters by Audit and Supervisory Committee whether the Board of Directors had set the election criteria correctly and whether the Board of Directors had followed proper processes, including deliberations by the Nomination Committee. As a result, the Committee concluded that the content of Proposal No. 1 is appropriate.

(Reference)

### Criteria for Independence of Outside Directors

In addition to the qualifications of outside directors specified in the Companies Act and the criteria on the independence of independent directors specified by financial instrument exchanges, the Company adopted its own Election Criteria of Independent Directors\* set forth below and elects only persons who meet all of those criteria as independent outside directors.

1. Persons who in the preceding three (3) years have not served as a director, audit and supervisory board member, executive, manager, or other employee (including Corporate Officers but excluding outside directors and outside audit and supervisory board members; referred to as “Directors, etc.”) of a trading partner with which transactions accounted for 2% or more of the consolidated net sales of the Company, its subsidiaries or affiliate companies (referred to as the “Group”) or the trading partner’s consolidated net sales in any of the preceding three (3) years.
2. Persons who are not currently principal shareholders of the Group, or who are not Directors, etc. of a company one of whose principal shareholder is the Group (a principal shareholder holds 10% or more of voting rights).
3. Persons who have not been employed by a principal lender of the Group in the preceding three (3) years (a principal lender is a financial institution or other financial creditor that is essential for the procurement of capital by the Group and on which the Group relies to a degree that it is irreplaceable).
4. Persons who are not attorneys, certified public accountants, consultants, or providers of other professional services who currently receive remuneration from the Group.
5. Persons who have not received donations of ¥10 million or more from the Group in any of the preceding three (3) years. \*\*
6. Persons who are not Directors, etc. of companies or subsidiaries of such companies, to which Directors, etc. have been seconded by the Group.
7. Persons who are not relatives within two (2) degrees of consanguinity of a current or former Directors, etc. of the Group.
8. Persons who are not likely to give rise to substantive conflicts of interest with the Group on a regular basis.

Notes:

\* However, in cases where there are grounds for a clear explanation of independence that can be provided to third parties against a backdrop of corporate merger or other unintended circumstances, even when these criteria are not met, approval may be given after giving consideration to the opinions of Independent Directors.

\*\* However, even in cases where a donation of ¥10 million or more is made, if there are grounds for a clear explanation of the lack of impact resulting from such donation on the judgement of the independence of the candidate Independent Directors that can be provided to third parties, for example, the case that the donation was made to a different professor in the same research lab or a different research lab at the same university with which the candidate Independent Directors is affiliated, approval may be given after giving consideration to the opinions of Independent Directors.

**[Reference]** Director Candidates' Skills and Expertise (at the conclusion of this General Meeting of Shareholders)

Name	Position	Independence	Gender	Corporate management	Finance/Accounting	Governance/ Legal/Risk management	Human capital	Global business	Technology/ R&D	Business development/ M&A
Shinichi Odo	Representative Director and Chairman of the Board		Male	○				○		○
Takeshi Kawai	Representative Director and President, Chief Operating Officer		Male	○					○	○
Keiji Suzuki	Director, Executive Officer		Male	○					○	○
Miwako Doi	Outside Director	●	Female						○	○
Chiharu Takakura	Outside Director	●	Female				○	○		
Takayoshi Mimura	Outside Director	●	Male	○				○		○
Hisanori Makaya	Outside Director	●	Male	○				○		○
Kenji Isobe	Director, Standing Audit and Supervisory Committee Member		Male		○	○	○			
Fumiko Nagatomi	Outside Director, Audit and Supervisory Committee Member	●	Female			○				
Christina L. Ahmadjian	Outside Director, Audit and Supervisory Committee Member	●	Female			○		○		
Hideyo Uchiyama	Outside Director, Audit and Supervisory Committee Member	●	Male	○	○	○				

\*The "Position" in the above matrix represents the candidates' positions when the appointment of the candidates is approved at this General Meeting of Shareholders.

## Reason for Selection of Skills

Skill	Reason for selection
Corporate management	As the automobile industry enters a period of great change, the Group is aiming for an optimal business portfolio structure. As such, corporate management skills are required in order for the Board of Directors to oversee strong decision-making by management and decide on management policies that balance enhancing corporate value with solving social issues from a medium- and long-term perspective.
Finance/Accounting	As we promote medium- and long-term profit growth and strengthened shareholder returns, finance and accounting skills are required in order for the Board of Directors to oversee the sound implementation of the financial reporting system and the formulation and implementation of financial strategies for realizing growth investments that are balanced with financial soundness and investments that will strengthen the management infrastructure.
Governance/Legal/Risk management	As we aim to further enhance governance, skills in the areas of governance, legal, and risk management are required in order for the Board of Directors to oversee the establishment and implementation of governance and risk management systems that promote compliance and adequately respond to risks that hinder business operations.
Human capital	As we aim to develop human resources that embody the “Niterrera Way,” human capital skills are required in order for the Board of Directors to oversee the formulation and implementation of human resources strategies focused on promoting human capital investment efforts, including development of human resources, optimization of personnel placement, and organizational and system reforms.
Global business	As we expand our businesses in the global market and utilize global production and sales systems to enter new business areas, global business skills are required in order for the Board of Directors to oversee businesses from a multifaceted perspective with an understanding of strategies and risks in the global market.
Technology/R&D	As we aim to expand businesses centered on ceramics technology and acquire new core competencies, technological development and R&D are important business activities. As such, technology and R&D skills are required in order for the Board of Directors to oversee the identification of technology and R&D focus areas and the allocation of management resources to achieve them.
Business development/M&A	As we aim for growth and new business creation through business development utilizing our core competencies and the achievement of synergy with other companies through M&A, etc., business development and M&A skills are required in order for the Board of Directors to oversee the appropriate allocation of management resources, business continuity decisions, and M&A aligned with the medium- and long-term strategies.

### **[Reference Information Concerning Proposal No. 2 and Proposal No. 3]**

If Proposal No. 2 and Proposal No. 3 are approved at this General Meeting of Shareholders, it has been decided at this time to revise the remuneration system for Directors (excluding Directors who are Audit and Supervisory Committee Members) by increasing the percentage of remuneration linked to performance, and to continue the existing stock remuneration system with a partial revision, in order to provide additional motivation to contribute to improving the Company's business performance on a medium- to long-term basis and growing the corporate value.

Proposal No. 2 seeks to revise the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) paid in cash by increasing the bonus portion, which is linked with the Company's single-year business performance, etc., and decreasing the fixed remuneration portion, with a view to further incentivizing Directors (excluding Directors who are Audit and Supervisory Committee Members) to improve the Company's business performance.

Proposal No. 3 seeks to continue the existing performance-linked stock remuneration system with the following revisions: (1) revision of the upper limits of cash contributions and number of shares granted in order to increase the percentage of performance-linked stock remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), etc., and (2) revision of the performance indicators used for evaluation of the degree of achievement of targets, etc. in order to promote efforts aimed at achieving the targets of the performance indicators established in the medium-term management plan and human capital management efforts aimed at achieving sustainable growth for the Group, and to provide further incentive to increase stock price.

If Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the "Policy on Decisions Concerning the Details of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)" will be revised as described under [Reference] on page 21.

**Proposal No. 2: Revision of Amount of Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members)**

With the resolution of the 122nd Ordinary General Meeting of Shareholders held on June 24, 2022, the total amount of remuneration of the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) became “within 60 million yen per month” (excluding the total amount of bonuses; including 13 million yen per month for Outside Directors) and the total amount of bonuses became “within 180 million yen per year,” and these have remained unchanged until now.

At this time, with a view to further incentivizing Directors (excluding Directors who are Audit and Supervisory Committee Members) to improve the Company’s performance, we would like to revise the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) as follows, in order to increase the bonus portion, which is linked with the Company’s single-year business performance, etc., and decrease the fixed remuneration portion. Bonuses will not be paid to Outside Directors in positions independent of business execution.

Total amount of remuneration (excluding total bonuses)	Within 47 million yen per month (including 13 million yen per month for Outside Directors)
Total amount of bonuses	Within 260 million yen per year

An outline of the “Policy on Decisions Concerning the Details of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)” at the Company is provided in the Business Report. If Proposal No. 2 and Proposal No. 3 are approved, the content will be revised to the content on page 21. The Company believes this proposal to be appropriate based on the fact that its content is in line with the said policy to be revised, and the fact that the Board of Directors reached the decision after consulting in advance with and respecting the recommendations of the Remuneration Committee, an advisory body for the Board of Directors established by the Company at its discretion, in which a majority of the members are Independent Outside Directors.

If Proposal No. 1, “Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members),” is approved as originally proposed, the Company will have seven (7) Directors (including four (4) Outside Directors; excluding Directors who are Audit and Supervisory Committee Members).

### **Proposal No. 3: Revision of Performance-Linked Stock Remuneration System for Directors (Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), etc.**

#### 1. Reason for the Proposal and Revision of the System

The performance-linked stock remuneration system (hereinafter the “System”) for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) and the Company’s Corporate Officers (excluding Employment-type Corporate Officers; hereinafter, together with Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), “Directors, etc.”) which grants and pays (hereinafter, the “Granting, etc.”) the Company’s shares and cash equivalent to the market value of the Company’s shares (hereinafter “the Company’s shares, etc.”) according to their positions and the degree of achievement of performance targets etc. set forth in the medium- and long-term management plan, etc., was approved by shareholders at the 122nd Ordinary General Meeting of Shareholders held on June 24, 2022. The purpose of the System is to clarify the link between the remuneration of Directors, etc. and the value of the Company’s share, and to incentivize them to contribute to the improvement of the Company’s medium- to long-term performance and to increasing corporate value, so as to have them share interests with shareholders.

With the conclusion of the medium-term management plan that was applicable from FY2021 to FY2024, the Company plans to formulate a new medium-term management plan that is applicable from FY2025 to FY2029. This proposal requests the approval of shareholders to continue the existing performance-linked stock remuneration system with the following revisions made when formulating the new medium-term management plan: (1) revision of the upper limits of cash contributions and number of the Company’s shares granted in order to increase the percentage of performance-linked stock remuneration for Directors, etc., and (2) revision of the performance indicators used for evaluation of the degree of achievement of targets, etc. in order to promote human capital management efforts aimed at achieving sustainable growth for the Group and efforts aimed at achieving the targets set for each performance indicator in the medium-term management plan, and to further incentivize Directors, etc. to increase the Company’s stock price.

This proposal seeks to provide performance-linked stock remuneration to Directors, etc. based on the System, separately from the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) (total amount of remuneration (excluding the total amount of bonuses) within 47 million yen per month (including 13 million yen per month for Outside Directors), and total amount of bonuses within 260 million yen per year) for which approval is requested in Proposal No. 2, “Revision of Amount of Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members).”

An outline of the “Policy on Decisions Concerning the Details of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)” at the Company is provided in the Business Report. If Proposal No. 2 and Proposal No. 3 are approved, the content will be revised to the content on page 21. The Company believes this proposal to be appropriate based on the fact that its content is in line with the said policy to be revised, and the fact that the Board of Directors reached the decision after consulting in advance with and respecting the recommendations of the Remuneration Committee, an advisory body for the Board of Directors established by the Company at its discretion, in which a majority of the members are Independent Outside Directors.

Following the revision, the number of Directors subject to the System will be three (3) if Proposal No. 1, “Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members),” is approved as originally proposed. In addition, as described above, Corporate Officers are also subject to the System, and at the conclusion of this General Meeting of Shareholders, twenty-one (21) Corporate Officers (excluding Directors) will be subject to this System following the revision.

## 2. Amount of Remuneration and Content of the System Following Revision

### (1) Outline of the System

The System is a performance-linked stock remuneration system in which shares of the Company are acquired through a trust using cash contributed by the Company, and Directors, etc. of the Company are granted, etc. the Company's shares, etc. through the trust according to the position and the degree of achievement of performance targets, etc., based on the share granting regulations established by the Company.

1) Persons to whom the Granting, etc. of the Company's shares, etc. in this proposal is applicable	<ul style="list-style-type: none"> <li>· Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)</li> <li>· Corporate Officers of the Company (excluding Employment-type Corporate Officers)</li> </ul>
2) Applicable period of the System	<ul style="list-style-type: none"> <li>· The applicable period will be five (5) fiscal years from the fiscal year ending on March 31, 2026 to the fiscal year ending on March 31, 2030</li> </ul>
3) Upper limit of cash contributed by the Company, upper limit of the Company Shares acquired by Directors, etc. and impact that the shares referred to in this proposal on the total number of issued shares	
Upper limit of cash contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> <li>· Applicable to five (5) fiscal years; total of 3.4 billion yen</li> </ul>
Upper limit of the number of the Company's shares, etc. acquired by Directors, etc. and method of acquisition of shares of the Company (as stated in (2) and (3) below)	<ul style="list-style-type: none"> <li>· The upper limit of the number of shares will be 800,000 shares in total over five (5) fiscal years, and the proportion to the total number of issued shares (as of March 31, 2025, excluding treasury stock), is approximately 0.40%.</li> <li>· As shares of the Company are to be acquired from the stock market, dilution will not occur.</li> </ul>
4) Contents of conditions for achievement of performance targets (as stated in (3) below)	<ul style="list-style-type: none"> <li>· Medium-term performance indicators Vary in the range of 0% to 200% according to the degree of achievement of targets set for each performance indicator in the new medium-term management plan. Performance indicators used for evaluation of the degree of achievement of targets will be consolidated revenue and profit attributable to owners of the parent. However, Corporate Officers who do not serve concurrently as Directors will be evaluated based on performance targets, etc. established for each of the divisions of which they are in charge.</li> <li>· Shareholder value indicators Vary in the range from 0% to 200% according to the performance indicator used for evaluation of shareholder value. The performance indicator used for evaluation of shareholder value will be relative total shareholder return (hereinafter, "TSR"), which is calculated by comparing the Company's TSR during the applicable period to that of peer group companies.</li> <li>· Non-financial indicators Vary in the range from 0% to 200% according to the degree of achievement of non-financial targets during the period of the new medium-term management plan. The performance indicator used for evaluation of the degree of achievement of targets will be employee engagement.</li> </ul>
5) Timing of Granting, etc. of the Company's shares, etc. to Directors, etc. (as stated in (4) below)	<ul style="list-style-type: none"> <li>· Upon the completion of the applicable period</li> </ul>

## (2) Upper limit of cash contributed by the Company

The System will be applicable to the five (5) fiscal years from the fiscal year ending on March 31, 2026 to the fiscal year ending on March 31, 2030 (hereinafter referred to as the “Applicable Period”) corresponding to the period covered by the new medium-term management plan.

For the five (5) fiscal years, which is the Applicable Period, the Company will contribute cash with the upper limit of 3.4 billion yen in total as trust funds, and set a trust (hereinafter referred to as the “Trust”) with a trust term corresponding to the Applicable Period, with Directors, etc. who satisfy the beneficiary requirements as beneficiaries. The Trust, in accordance with the instructions of the trust administrator, will acquire shares of the Company from the stock market, using the trust funds. The upper limit of the trust funds is calculated by adding trust fees and trust expenses to the fund for acquiring shares, taking into account the current level of remuneration for Directors, etc.

During the Applicable Period, the Company will award points to Directors, etc. (as stated in (3) below) every year, and Granting, etc. of the Company’s shares, etc. corresponding to the number of points awarded will be made through the Trust at the predetermined point in time (as stated in (4) below).

At the expiration of the trust term of the Trust, subject to approval by the General Meeting of Shareholders, by modifying the trust term and making additional contributions to the Trust in lieu of setting a new Trust, the Trust may be continued.

If additional contributions are to be made, if there are Company shares (excluding shares that are equivalent to the points awarded to Directors, etc. and that have not yet been granted, etc.; hereinafter referred to as “remaining shares”) and cash (together with the remaining shares, hereinafter referred to as “remaining shares, etc.”) remaining in the trust assets at the time of continuation, the total amount of the value of the remaining shares, etc. and the additional contributions to the Trust to be made by the Company shall be within 3.4 billion yen.

## (3) Calculation method and upper limit of the Company’s shares, etc. to be granted to Directors, etc.

Directors, etc. in office during the Applicable Period (including those persons who newly became Directors, etc. after the commencement date of the Applicable Period) will be awarded points (hereinafter referred to as “Awarded Points”) as the premise for the Granting, etc. of the Company’s shares, etc. on June 1 of every year during the trust term (the first time in this Applicable Period will be June 1, 2026).

The number of Awarded Points will be determined according to the positions of Directors, etc. and the degree of achievement of performance targets\*. Granting, etc. of the Company’s shares, etc. will be made, in principle, after the end of the Applicable Period according to the cumulative Awarded Points (hereinafter referred to as the “Number of Cumulative Points”). One share of the Company will be granted per point. However, in the event that shares of the Company undergo a share split, reverse share split, etc. during the trust term and the total number of shares of the Company will increase or decrease, the number of shares of the Company to be granted per point will be adjusted according to the split ratio, reverse split ratio, etc. of shares of the Company.

\*The degree of achievement of performance targets, etc. will be set based on medium-term performance indicators, shareholder value indicators, and non-financial indicators.

### 1) Medium-term performance indicators

Vary in the range of 0% to 200% according to the degree of achievement of the targets set for each performance indicator in the new medium-term management plan. Performance indicators used for evaluation of the degree of achievement of targets will be consolidated revenue and profit attributable to owners of the parent. However, Corporate Officers who do not serve concurrently as Directors will be evaluated based on performance targets, etc. established for each of the divisions of which they are in charge.

### 2) Shareholder value indicators

Vary in the range from 0% to 200% according to the performance indicator used for evaluation of shareholder value. The performance indicator used for evaluation of shareholder value will be relative TSR, which is calculated by comparing the Company’s TSR during the Applicable Period to that of peer group companies.

### 3) Non-financial indicators

Vary in the range from 0% to 200% according to the degree of achievement of non-financial targets during the period of the new medium-term management plan. The performance indicator used for evaluation of the degree of achievement of targets will be employee engagement.

(Reference)

- Peer group companies are companies in similar industries selected in advance by the Company and defined in the share granting regulations.

- Relative TSR is calculated based on the following formula.

Relative TSR = the Company’s TSR during the Applicable Period ÷ average TSR of peer group companies selected by the Company

- Employee engagement is measured by the employee engagement survey that the Company conducts to its employees.

The upper limit of the total number of shares of the Company granted, etc. to Directors, etc. according to the number of awarded points is 800,000 shares in the five (5) years of the Applicable Period. This upper limit of the number of granted shares is determined based on the most recent stock price, etc. in consideration of the upper limit of trust funds stated in (2) above.

(4) Method and timing of Granting, etc. of the Company's shares, etc. to Directors, etc.

Directors, etc. who satisfy the beneficiary requirements (in principle, they must have served as Directors, etc. during the Applicable Period and have been awarded points based on the share granting regulations, and they must not have committed any serious misconduct, violations of laws and regulations, etc. during their term in office) will be granted, in approximately July (July 2030) immediately after the end of the Applicable Period in principle, shares of the Company corresponding to the Number of Cumulative Points calculated based on (3) above, by undertaking the required procedures for beneficiary determination, such as submitting certain documents to the Company pursuant to the trust agreement and reaching the benefit determination date stipulated separately in the share granting regulations.

Directors, etc. will be granted the number of shares of the Company corresponding to 50% of the Number of Cumulative Points (shares of less than one trading unit will be rounded up), and concerning the remaining points, the Directors, etc. will be paid cash equivalent to the market value of the shares of the Company corresponding to the remaining points after conversion into cash in the Trust.

If a Director, etc. who satisfies the beneficiary requirements retires during a trust term due to expiry of his/her term of office or for reasons other than expiry of term (except when the retirement is due to personal circumstances or dismissal based on justifiable grounds for dismissal), the Director, etc. will implement the necessary procedures and, without delay, he/she will be granted, etc. shares of the Company corresponding to 50% of the Number of Cumulative Points at retirement (shares of less than one trading unit will be rounded up), and, concerning the remaining points, he/she will receive payment of cash equivalent to the market value of the shares of the Company corresponding to the remaining points after conversion into cash in the Trust.

In addition, if a Director, etc. passes away during a trust term, the heir to the Director, etc. will receive payment of cash equivalent to the market value of the shares of the Company that correspond to the Number of Cumulative Points at that point in time after conversion into cash in the Trust.

(5) Malus and clawback system

If a Director, etc. commits serious misconduct, violates laws or regulations, etc. during his/her term of office, or if the Board of Directors resolves to make post-closing adjustments to financial statements due to significant accounting errors or fraud, the said Director, etc. will forfeit the right to Granting, etc. of the Company's shares, etc. Further, if, after having already received the Granting, etc. of the Company's shares, etc., it is revealed that a Director, etc. has committed serious misconduct or violated laws or regulations, etc. during his/her term of office, or if the Board of Directors resolves to make post-closing adjustments to financial statements due to significant accounting errors or fraud, the Company may demand that the said Director, etc. return a sum of money calculated using the method stipulated in the share granting regulations.

(6) Voting rights for shares of the Company in the Trust

Concerning the shares of the Company in the Trust, in order to secure objectivity in management, voting rights will not be exercised during the trust term.

(7) Other contents of the System

Concerning other contents regarding the System, the Company requests that the determination be left to the discretion of the Board of Directors each time the Trust is set, the trust agreement is modified or additional contribution to the Trust is made.

**[Reference]** Outline of the “Policy on Decisions Concerning the Details of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)”

Below is an outline of the “Policy on Decisions Concerning the Details of Individual Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)” after the planned revisions if Proposal No. 2 and Proposal No. 3 are approved as originally proposed.

(i) Basic policy

Remuneration for Directors (excluding directors who are Audit and Supervisory Committee members) is paid based on the policy of providing them with additional motivation to contribute to improving the Company’s business performance on a medium- to long-term basis and growing the corporate value, while ensuring they have a shared interest with shareholders by holding company shares themselves. The remuneration consists of fixed remuneration paid in the form of cash; bonuses, which are linked with the Company’s single-year business performance, etc.; and performance-linked stock remuneration paid in accordance with each person’s position and degree of achievement of performance targets, etc. set in the medium-term management plan and others. Remuneration of Outside Directors (excluding Directors who are Audit and Supervisory Committee members) comprises only fixed remuneration.

(ii) Remuneration structure

Type of remuneration, etc.	Summary	Percentage guideline*
Fixed remuneration (monetary remuneration)	Fixed remuneration is determined holistically according to the position and responsibilities, by taking into account peers’ levels, the Company performance, and the level of employee salaries, and then paid monthly in cash.	50%
Bonuses (monetary remuneration)	Bonuses are determined by multiplying the base amount for each position by coefficients corresponding to (i) the consolidated single-year degree of achievement of the targets set for each performance indicator that reflect the results of sales activities and (ii) the degree of achievement of non-financial indicators that reflect the results of efforts aimed at achieving sustainable growth and improving corporate value. They are paid at a certain time each year in cash. The base amount for each position, the performance indicators used for evaluation of the degree of achievement of targets, and the target values for each indicator are determined by the Board of Directors, with due respect for the recommendations of the Remuneration Committee, at the time of formulation of the medium-term management plan in order to ensure consistency with the said plan, and are appropriately reviewed in response to environmental changes.	30%
Performance-linked stock remuneration (non-monetary remuneration)	Non-monetary remuneration is based on a performance-linked stock remuneration system, a highly transparent and objective officer remuneration system that is deeply interconnected with the Company’s performance, in order to provide further motivation to contribute to the improvement of the Company’s medium- to long-term performance and to increasing corporate value. Under the system, the Board Incentive Plan (BIP) Trust is adopted, where points are given to Directors (excluding Directors who are Audit and Supervisory Committee members) based on their position and the level of achievement against the targets set in the medium-term management plan. Points are calculated according to the method stipulated in the share granting regulations, which were determined by the Board of Directors after the deliberation of the Remuneration Committee. After the end of the period, shares of the Company and money in the	20%

	<p>amount equivalent to the market value of the shares are to be given or granted based on granted points.</p> <p>The degree of achievement of performance targets, etc. is set based on medium-term performance indicators, shareholder value indicators, and non-financial indicators.</p> <p>The indicators and their values are set with due respect for the recommendations of the Remuneration Committee to ensure consistency with the medium-term management plan.</p>	
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\*This is a percentage guideline based on 100% achievement of the target for each evaluation indicator. The percentage of each type of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) is set after the Remuneration Committee verifies the validity based on position and responsibilities, with reference to the remuneration structure, etc. of other companies.

(iii) Malus and clawback system

With regard to bonuses and performance-linked stock remuneration, a malus and clawback system will be established which retracts the right to the payment or granting of shares or requires the reduction or return of remuneration when certain conditions apply, including serious misconduct, violation of laws or regulations, etc., significant accounting errors or fraud, or resignation for personal reasons.

(iv) Decision method for individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Decisions concerning the specific details of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) will be delegated to the Representative Director and Chairman of the Board and the Representative Director and President based on a resolution of the Board of Directors. The Representative Director and Chairman of the Board and the Representative Director and President hold the authority to make decisions within the remuneration limits determined by the General Meeting of Shareholders, based on the management environment and the Company's business performance, and taking into account the responsibilities, performance, etc. of each individual Director. To ensure that the said authority can be appropriately exercised by the Representative Director and Chairman of the Board and the Representative Director and President, the Board of Directors will refer the original proposals to the Remuneration Committee to receive recommendations. Having been delegated the above, the Representative Director and Chairman of the Board and the Representative Director and President must make decisions concerning the specific details of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) with due respect for the said recommendations. With regard to performance-linked stock remuneration, the number of points granted to each individual Director will be calculated according to the method stipulated in the share granting regulations determined in advance by the Board of Directors.

**Opinion of the Audit and Supervisory Committee Concerning Proposal No. 2 and Proposal No. 3**

Concerning the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), the Audit and Supervisory Committee reviewed under the standards for audit and supervision by Audit and Supervisory Committee whether the Board of Directors had set the election criteria correctly and whether the Board of Directors had followed proper processes, including deliberations by the Remuneration Committee. As a result, the Committee concluded that the content of Proposal No. 2 and Proposal No. 3 is appropriate.