

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 8142  
April 1, 2021

To our shareholders,

Hiroyuki Koga,  
President and Representative Director  
**TOHO Co., Ltd.**  
9, 5-chome, Koyochi-nishi,  
Higashinada-ku, Kobe, Hyogo, Japan

## Notice of the 68th Ordinary General Meeting of Shareholders

You are cordially notified of the 68th Ordinary General Meeting of Shareholders of TOHO Co., Ltd. (the “Company”), which will be held as described below.

In consideration of the on-going situation regarding the novel coronavirus (COVID-19), please consider exercising your voting rights in advance via the Internet or in writing (please send by mail). (See page 2 for details)

**1. Date and time:** Tuesday, April 20, 2021, at 10:00 a.m. (doors open at 9:15 a.m.)

**2. Place:** Banquet Hall Kairaku,  
B1, Main Building, Kobe Portopia Hotel  
10-1, 6-chome, Minatojima Nakamachi, Chuo-ku, Kobe, Hyogo, Japan

**3. Agenda:**

**Matters to be reported:**

1. Business Report and Consolidated Financial Statements for the 68th fiscal year (from February 1, 2020 to January 31, 2021), independent auditor’s report on the Consolidated Financial Statements and Audit & Supervisory Board report
2. Non-consolidated Financial Statements for the 68th fiscal year (from February 1, 2020 to January 31, 2021)

**Matters to be resolved:**

**Proposal 1:** Election of Eight (8) Directors

**Proposal 2:** Election of One (1) Audit & Supervisory Board Member

### Procedures for Exercise of Voting Rights

Please exercise your voting rights via one of the following methods.

- Attending the meeting:

**Date and time of meeting: 10:00 a.m. on Tuesday, April 20, 2021**

You are kindly requested to present the enclosed voting card to the receptionist.

We recommend that you arrive early as the reception area will become crowded shortly before the meeting commences.

In addition, please bring this notice for the purpose of saving resources.

Please be informed that any persons other than a shareholder entitled to exercise voting right, such as a proxy who is not a shareholder of the Company, may not attend the meeting.

- Not attending the meeting:

➤ Exercise of voting rights via post

**Voting deadline: To arrive no later than 6:00 p.m. on Monday, April 19, 2021**

Please indicate your approval or disapproval to the proposals on the enclosed voting card and return it so that it will be received by the voting deadline above.

➤ Exercise of voting rights via the Internet

**Voting deadline: No later than 6:00 p.m. on Monday, April 19, 2021**

Please exercise your voting rights by visiting the dedicated voting rights exercise website (<https://www.web54.net>) and follow the on-screen instructions to indicate your approval or disapproval to the proposals.

A Smart Voting system is available if you wish to exercise your voting rights by smartphone.

Note:

\* If nothing is marked in either the approval or disapproval column of the voting card, it shall be deemed as an intention of approval.

\* In such instances whereupon you have exercised your voting rights in writing and via the Internet, only the vote via the Internet shall be deemed effective. If you have exercised your voting rights more than once via PC, smartphone, or cell phone, only the last vote shall be deemed effective.

- 
- The documents listed below are posted via the Internet on the Company website pursuant to the provisions of laws and regulations, and Article 16 of the Company's Articles of Incorporation. Accordingly, these documents are omitted from the Reference Documents attached to this notice.

- Consolidated Statements of Changes in Equity and Notes to Consolidated Financial Statements
- Non-consolidated Statements of Changes in Equity and Notes to Non-consolidated Financial Statements

The scope of documentation of the Consolidated Financial Statements and Non-consolidated Financial Statements that have been audited by the Accounting Auditor and the Audit & Supervisory Board Members includes not only the reference documents in this notice, but also the Consolidated Statements of Changes in Equity, Notes to Consolidated Financial Statements, Non-consolidated Statements of Changes in Equity and Notes to Non-consolidated Financial Statements that are posted on the Company website below.

- This notice (Notice of the 68th Ordinary General Meeting of Shareholders) is posted on the Company website before it is mailed, with the intention of providing information in a timely manner.
- If any amendments are made to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such amendments will be posted on the Company website.

(Company website: <https://www.to-ho.co.jp>)

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

#### Proposal 1: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this meeting. In that regard, the Company proposes the election of eight (8) Directors, including four (4) Outside Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position in the Company	Attendance at meetings of the Board of Directors
1	Hiroyuki Koga <span>Reelection</span>	President and Representative Director	100% (17/17)
2	Toshiaki Sato <span>Reelection</span>	Director	100% (17/17)
3	Toshihiro Awada <span>Reelection</span>	Director	100% (17/17)
4	Kuniharu Okuno <span>New candidate</span>	Standing Adviser	–
5	Yasuyuki Nakai <span>Reelection</span> <span>Outside</span> <span>Independent</span>	Director	100% (17/17)
6	Yoshitaka Oshima <span>Reelection</span> <span>Outside</span> <span>Independent</span>	Director	94.1% (16/17)
7	Naobumi Sato <span>New candidate</span> <span>Outside</span> <span>Independent</span>	–	–
8	Hiroshi Harada <span>New candidate</span> <span>Outside</span> <span>Independent</span>	–	–

Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
1	<p><b>Hiroyuki Koga</b> (May 5, 1957)</p> <p><u>Reelection</u></p> <p>Number of the Company's shares held: 3,720 shares</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Years served as Director: 4 years (at the conclusion of this general meeting of shareholders)</p>	<p>Apr. 1976      Joined the Company</p> <p>Feb. 1995      General Manager of Okayama Branch, Distributor Division, the Company</p> <p>Sep. 2001      Senior Manager of Branches in Chugoku Region and General Manager of Okayama Branch, Distributor Division, the Company</p> <p>Feb. 2008      Executive Officer in charge of Shikoku Region, Senior Manager of Branches in Chugoku Region and General Manager of Hiroshima Branch, Distributor Division, the Company</p> <p>Aug. 2008      Executive Officer, General Manager of Chugoku and Shikoku Sales Department, Senior Manager of Branches in Chugoku Region and General Manager of Hiroshima Branch, TOHO Food Service Co., Ltd.</p> <p>Mar. 2011      President and Representative Director, TOHO Gunma Co., Ltd.</p> <p>Mar. 2015      President and Representative Director, Showa Shokuhin Co., Ltd.</p> <p>Oct. 2015      President and Representative Director, TOHO Kita Kanto Co., Ltd.</p> <p>Mar. 2017      Executive Officer, the Company</p> <p>Apr. 2017      President and Representative Director, the Company (incumbent)</p>	
	<p>[Reasons for nomination as candidate for Director]</p> <p>Hiroyuki Koga has extensive insight in corporate management and sales strategy gained from his broad experience in the sales department of a group company, and from engaging in the management of the group since 2011 as a representative director of group companies. The Company believes that he is qualified to make decisions regarding important management matters and execute business fully utilizing his strong experience-based leadership, and accordingly proposes his reelection as a Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
2	<p>Toshiaki Sato (September 23, 1959)</p> <p><u>Reelection</u></p> <p>Number of the Company's shares held: 3,900 shares</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Years served as Director: 8 years (at the conclusion of this general meeting of shareholders)</p>	Apr. 1982	Joined the Company
		Jul. 2004	General Manager of Affiliates Management Department, the Company
		Apr. 2007	General Manager of Management Planning Office and General Manager of Affiliates Management Department, the Company
		Aug. 2008	General Manager of Group Strategy Department, the Company
		Mar. 2011	President and Representative Director, TOHO Business Service Co., Ltd.
		Apr. 2013	Director, General Manager of Finance & Accounting Department, the Company
		Mar. 2015	Audit & Supervisory Board Member, TOHO Cash & Carry Co., Ltd.
			Audit & Supervisory Board Member, TOHO Store Co., Ltd.
		Mar. 2016	Audit & Supervisory Board Member, TOHO Food Service Co., Ltd. (incumbent)
		May 2016	Audit & Supervisory Board Member, TOHO Kita Kanto Co., Ltd.
		Mar. 2018	Director, TOHO Business Service Co., Ltd.
		Mar. 2019	Audit & Supervisory Board Member, TOHO Business Service Co., Ltd. (incumbent)
		Mar. 2020	Audit & Supervisory Board Member, TOHO CONSTRUCTION Co., Ltd.
		Feb. 2021	Director in charge of Finance & Accounting Department, Group Strategy Department, Human Resources Department, Compliance Office, Corporate Communications Department, the Company (incumbent)
	<p>[Reasons for nomination as candidate for Director]</p> <p>Toshiaki Sato has extensive experience, achievements, and insight related to management, M&amp;A strategy, as well as accounting and finance from serving as the person responsible for corporate administration in addition to accounting and finance for the Company and its group companies, and from engaging in the management of the group since 2011 as a representative director of the group's shared services company. The Company believes that he is qualified to promote the improvement of operational efficiency at each group company, and accordingly proposes his reelection as a Director.</p>		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
3	Toshihiro Awada (April 25, 1960)  <div>Reelection</div> Number of the Company’s shares held: 3,200 shares  Attendance at meetings of the Board of Directors: 17/17  Years served as Director: 2 years (at the conclusion of this general meeting of shareholders)	Apr. 1983	Joined the Company
		Apr. 2003	General Manager of Sales Planning Office, Distributor Division, the Company
		Apr. 2007	Executive Officer, General Manager of Nationwide Chainstores Sales Department and in charge of System Sales Department, Distributor Division, the Company
		Aug. 2008	Director, General Manager of Nationwide Chainstores Sales Department and General Manager of System Sales Department, TOHO Food Service Co., Ltd.
		Feb. 2009	Director, Executive Officer, General Manager of Metropolitan Area Chainstores Sales Department and General Manager of Tokyo Branch, TOHO Food Service Co., Ltd.
		Feb. 2010	Director, Executive Officer, in charge of East Japan and Nationwide Chainstores Sales Department and General Manager of Okinawa Sales Department, TOHO Food Service Co., Ltd.
		Feb. 2012	President and Representative Director, TOHO Food Service Co., Ltd.
		Mar. 2019	Standing Adviser, the Company Audit & Supervisory Board Member, TOHO Cash & Carry Co., Ltd. (incumbent) Audit & Supervisory Board Member, TOHO Store Co., Ltd. (incumbent) Audit & Supervisory Board Member, TOHO Kita Kanto Co., Ltd. (incumbent)
		Apr. 2019	Director in charge of Marketing Headquarters and Quality Management Department, the Company (incumbent)
		Jun. 2019	Director, Kansai Allied Coffee Roasters Co., Ltd. (incumbent)
[Reasons for nomination as candidate for Director] Toshihiro Awada has gained wide-ranging experience in the sales departments and the planning departments at group companies. Since 2012, he has engaged in the management of the group as a representative director of a group company that plays a central role in the distributor (commercial-use food wholesaler) business division, from which he possesses extensive experience and achievements in the business and management of the Company. The Company believes that he is qualified to promote the Company group’s product development and quality improvement, and accordingly proposes his reelection as a Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
4	<p>Kuniharu Okuno (September 26, 1961)</p> <p><u>New candidate</u></p> <p>Number of the Company's shares held: 1,300 shares</p>	<p>Mar. 1984      Joined the Company</p> <p>Feb. 2006      General Manager of Sales Planning Office, A-Price Division, the Company</p> <p>Aug. 2008      General Manager of Human Resources and General Affairs Department, TOHO Business Service Co., Ltd.</p> <p>Mar. 2011      Director, General Manager of Human Resources and General Affairs Department, TOHO Business Service Co., Ltd.</p> <p>Feb. 2012      President and Representative Director, TOHO Cash &amp; Carry Co., Ltd.</p> <p>Mar. 2019      President and Representative Director, TOHO Business Service Co., Ltd. Director, TOHO CONSTRUCTION Co., Ltd.</p> <p>Mar. 2020      Audit &amp; Supervisory Board Member, TSURUGAYA Co., Ltd. (incumbent)</p> <p>Mar. 2021      Standing Adviser, the Company (incumbent) Audit &amp; Supervisory Board Member, TOHO CONSTRUCTION Co., Ltd. (incumbent)</p>	
	<p>[Reasons for nomination as candidate for Director]</p> <p>Kuniharu Okuno has gained wide-ranging experience in the sales planning department and the human resources and general affairs department of group companies, and since 2012, he has engaged in the management of the group as a representative director of a group company that plays a central role in the cash &amp; carry (commercial foods cash wholesaling) business division, from which he possesses extensive experience and achievements in the business and management of the Company. The Company believes that he is qualified to promote the Company group's human resources strategy and compliance management, and accordingly proposes his election as a Director.</p>		
5	<p>Yasuyuki Nakai (June 7, 1954)</p> <p><u>Reelection</u> <u>Outside</u> <u>Independent</u></p> <p>Number of the Company's shares held: 900 shares</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Years served as Outside Director: 4 years (at the conclusion of this general meeting of shareholders)</p>	<p>Apr. 1978      Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>Oct. 2000      General Manager, Kyoto Corporate Business Office-II, Sumitomo Mitsui Banking Corporation</p> <p>Oct. 2002      General Manager, Kyoto Corporate Business Office-IV, Sumitomo Mitsui Banking Corporation</p> <p>Jun. 2003      Senior Assistant General Manager of Head Office, Sumitomo Mitsui Banking Corporation Seconded to Mitsui Mutual Life Insurance Company (currently TAIJU LIFE INSURANCE COMPANY LIMITED)</p> <p>Oct. 2007      Seconded to Nitta Gelatin Inc.</p> <p>Jun. 2008      Transferred to Nitta Gelatin Inc.; Executive Officer and General Manager of Corporate Planning Division, Nitta Gelatin Inc.</p> <p>Jun. 2013      Standing Audit &amp; Supervisory Board Member, Nitta Gelatin Inc.</p> <p>Apr. 2017      Director, the Company (incumbent)</p> <p>Feb. 2018      Adviser, LASERCK CORPORATION (incumbent)</p>	
	<p>[Reasons for nomination as candidate for Outside Director]</p> <p>The Company proposes the reelection of Yasuyuki Nakai as an Outside Director because he has held various important positions at financial institutions and at a business company over the course of many years, has been involved in corporate management as an audit &amp; supervisory board member, and has extensive experience and exceptional insight, and the Company would like to make the most of his abilities in the management of the Company.</p>		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
6	<p>Yoshitaka Oshima (February 22, 1952)</p> <p><u>Reelection</u> <u>Outside</u> <u>Independent</u></p> <p>Number of the Company's shares held: 500 shares</p> <p>Attendance at meetings of the Board of Directors: 16/17</p> <p>Years served as Outside Director: 2 years (at the conclusion of this general meeting of shareholders)</p>	<p>Apr. 1975      Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2005      Joined Bando Chemical Industries, Ltd.</p> <p>Apr. 2008      Executive Officer, General Manager, Management Information System Division, Bando Chemical Industries, Ltd.</p> <p>Apr. 2009      Executive Officer, Chief Financial Officer, Bando Chemical Industries, Ltd.</p> <p>Apr. 2016      Adviser, Bando Chemical Industries, Ltd.</p> <p>Aug. 2018      President, Consulting Oshima Co., Ltd. (incumbent)</p> <p>Apr. 2019      Director, the Company (incumbent)</p> <p>Jun. 2020      Director, TECNOS JAPAN INCORPORATED (Audit and Supervisory Committee Member) (incumbent)</p>	
	<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Although Yoshitaka Oshima has not been involved in the management of a company as a director or audit &amp; supervisory board member, he holds wide-ranging knowledge in corporate management and corporate finance, which he gained through extensive practical experience as an executive officer and a chief financial officer at a heavy and chemical industry corporation. The Company would like to make the most of such experience and knowledge in the management of the Company, and accordingly proposes his reelection as an Outside Director.</p>		
7	<p>Naobumi Sato (May 20, 1956)</p> <p><u>New candidate</u> <u>Outside</u> <u>Independent</u></p> <p>Number of the Company's shares held: — shares</p>	<p>Apr. 1979      Joined The Daiwa Bank, Ltd. (currently Resona Bank, Limited).</p> <p>Dec. 2000      General Manager of No. 1 Sales Division, Shibuya Branch, The Daiwa Bank, Ltd.</p> <p>Apr. 2004      Executive Officer, Head of Integration Promotion Office, Planning Department, Resona Holdings, Inc.</p> <p>Mar. 2006      Senior Managing Executive Officer in Charge of Systems Division and Administration Planning Division, The Kinki Osaka Bank, Ltd. (currently Kansai Mirai Bank, Limited)</p> <p>Jun. 2006      Representative Director and Senior Managing Executive Officer in Charge of Systems Division, Administration Planning Division, Risk Management Division and Accident Prevention Office, The Kinki Osaka Bank, Ltd.</p> <p>Apr. 2008      Vice President, Representative Director, Executive Officer, The Kinki Osaka Bank, Ltd.</p> <p>Jun. 2010      Standing Audit &amp; Supervisory Board Member, Resona Bank, Limited</p> <p>Apr. 2013      President and Representative Director, DACS Co., Ltd. (incumbent)</p> <p>Jun. 2019      Part-time Audit &amp; Supervisory Board Member, ASAHI SEIKO CO., LTD. (incumbent)</p>	
	<p>[Reasons for nomination as candidate for Outside Director]</p> <p>The Company proposes the election of Naobumi Sato as an Outside Director because he has extensive experience and exceptional insight gained through many years served in a managerial capacity of financial institutions and other business companies, and the Company would like to make the most of this experience and insight in the management of the Company.</p>		



Candidate No.	Name (Date of birth)	Career summary, position and responsibility, and important concurrent posts	
8	<b>Hiroshi Harada</b> (May 18, 1956)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">New candidate</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>  Number of the Company's shares held: – shares	Apr. 1981      Joined Kobe City Government Apr. 2006      Executive Director and Head of General Affairs Division, Foundation for Biomedical Research and Innovation at Kobe Apr. 2008      Director of General Affairs Division, Kobe City Waterworks Bureau Apr. 2012      Director and General Manager of Corporate Division, Kobe City Hospital Organization Apr. 2015      Mayor of Hyogo Ward, Kobe City Apr. 2017      President and Representative Director, KOBE HARBORLAND Co., Ltd. (incumbent)	
	[Reasons for nomination as candidate for Outside Director]  The Company proposes the election of Hiroshi Harada as an Outside Director because he has extensive knowledge and experience gained through many years of service in public administration and as a corporate manager in business companies, and the Company would like to make the most of this experience and insight in the management of the Company.		

- Notes:
1. There are no special interests between the candidates and the Company.
  2. Yasuyuki Nakai, Yoshitaka Oshima, Naobumi Sato and Hiroshi Harada are candidates for Outside Director.
  3. The Company has entered into agreements with Outside Director Yasuyuki Nakai as of April 18, 2017, and with Outside Director Yoshitaka Oshima as of April 17, 2019, to limit their liability for damages under Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 of the same Act, and if they are reelected as Directors as proposed, the Company plans to renew the aforementioned agreements with them. The maximum amount of liability for damages under this agreement is the amount provided for under laws and regulations. If Naobumi Sato and Hiroshi Harada are elected as Directors as proposed, the Company plans to enter into the same limited liability agreements with them.
  4. The Company has submitted notification to the Tokyo Stock Exchange that Yasuyuki Nakai and Yoshitaka Oshima have been appointed as independent officers as provided for by the aforementioned Exchange, and the Company plans to submit notification for another term, if they are reelected as Directors as proposed. If Naobumi Sato and Hiroshi Harada are elected as Directors as proposed, the Company plans to submit notification to the Tokyo Stock Exchange concerning their appointments as independent officers as provided for by the aforementioned Exchange.
  5. The Company has entered into a directors and officers liability insurance (hereinafter, referred to as "D&O Insurance") agreement with an insurance company, through which damages (excluding damages stipulated in the disclaimer in the insurance agreement) will be compensated for in the event that a Director, Audit & Supervisory Board Member, or other such person becomes liable for damages that arise from their duties. The Company bears the entire cost of insurance premiums for the D&O Insurance. Should all candidates be elected and assume the role of Director, the Company plans to insure all Directors with the D&O Insurance. The term of the D&O Insurance agreement is one (1) year, and the Company plans to renew this agreement upon a resolution by the Board of Directors prior to the expiration of said term.

**Proposal 2: Election of One (1) Audit & Supervisory Board Member**

The term of office of Audit & Supervisory Board Member Shiro Inoue will expire at the conclusion of this meeting. In that regard, the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has consented to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position and important concurrent posts	
<b>Toru Nakajima</b> (January 27, 1960)  <div style="border: 1px solid black; padding: 2px; display: inline-block;">New candidate</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>  Number of the Company's shares held: — shares	Apr. 1983	Joined Taiyo Kobe Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
	Oct. 2003	General Manager, Matsudo Branch, Sumitomo Mitsui Banking Corporation
	Apr. 2006	Head of Retail Department, Chiba Block Region, Sumitomo Mitsui Banking Corporation
	Apr. 2010	Head of Loan Business Department, Sumitomo Mitsui Banking Corporation
	Apr. 2013	Executive Officer, Head of Retail Business Division, The Minato Bank, Ltd.
	Apr. 2014	Executive Officer, Head of Sales Planning Division and Head of Asia Office, Sales Planning Division, The Minato Bank, Ltd.
	Apr. 2015	Managing Executive Officer, The Minato Bank, Ltd.
	Jun. 2018	President and Representative Director, Kobe Minato Service Co., Ltd. (incumbent)
	Apr. 2021	Senior Adviser, Kobe Minato Service Co., Ltd. (planned)
[Reasons for nomination as candidate for Outside Audit & Supervisory Board Member] The Company proposes the election of Toru Nakajima as an Outside Audit & Supervisory Board Member because he has, over many years, held important positions at financial institutions and has extensive experience and exceptional insight from serving in a managerial capacity at business companies, and the Company would like to make the most of this experience and insight for strengthening the auditing system of the Company.		

- Notes:
1. There are no special interests between the candidate and the Company.
  2. Toru Nakajima is a candidate for Outside Audit & Supervisory Board Member.
  3. If Toru Nakajima is elected as an Audit & Supervisory Board Member as proposed, the Company plans to conclude an agreement with him to limit his liability for damages under Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the amount provided for under laws and regulations.
  4. If Toru Nakajima is elected as an Audit & Supervisory Board Member as proposed, the Company plans to submit notification to the Tokyo Stock Exchange concerning his appointment as an independent officer as provided for by the aforementioned Exchange.
  5. The Company has entered into a directors and officers liability insurance (hereinafter, referred to as "D&O Insurance") agreement with an insurance company, through which damages (excluding damages stipulated in the disclaimer in the insurance agreement) will be compensated for in the event that a Director, Audit & Supervisory Board Member, or other such person becomes liable for damages that arise from their duties. The Company bears the entire cost of insurance premiums for the D&O Insurance. Should Toru Nakajima be elected and assume the role of Audit & Supervisory Board Member, the Company plans to insure all Directors with the D&O Insurance. The term of the D&O Insurance agreement is one (1) year, and the Company plans to renew this agreement upon a resolution by the Board of Directors prior to the expiration of said term.

## **[Reference] Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members**

The Company's Nomination Advisory Committee has outlined the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members as follows, and designates outside officers that do not fall under any of the items below as independent Outside Directors or independent Outside Audit & Supervisory Board Members. Also, to avoid any concerns regarding independence after an individual assumes office that are caused by a prolonged term of office, the number of consecutive years in office is, in principle, eight years.

- (1) An officer or employee of a group company
  - A person from the Company group
  - A person whose first- to second-degree relative was a Director, Audit & Supervisory Board Member, Senior Officer, Executive Officer, or an Official of a group company in the previous five years
- (2) A person with connections to a major customer
  - A Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of a customer group whose transaction amount accounts for 2% or more of the most recent year-end consolidated sales of the Company. Or a person who held any of the aforementioned positions in the previous three years
  - A Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of a financial institution group from which borrowings account for 1% or more of the most recent year-end consolidated total assets of the Company. Or a person who held any of the aforementioned positions in the previous three years
- (3) A person who provides specialist services (attorney at law, certified public accountant, certified public tax accountant, patent attorney, judicial scrivener, consultant, etc.)
  - A person who has received ¥5 million or more per year in remuneration from a group company in the previous two years
- (4) A person employed by an audit firm that conducts statutory audits of the Company, or a person who was in charge of the auditing services of a group company in the previous three years
- (5) Major Shareholder, etc.
  - A major shareholder (in the event that the shareholder is a corporation, a Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of said corporation) with 5% or more of the voting rights in the Company (in the event that the shareholder is a corporation, the total voting rights of the corporate group that said corporation belongs to)
  - A Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of a corporation with which the Company has a relationship of mutually exchanging Directors, Audit & Supervisory Board Members, and Executive Officers. Or a person who held any of the aforementioned positions in the previous three years
  - A Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of a corporation that is in competition with a group company. Or a person who holds 3% or more of the shares in a competing corporation (in the event that the shareholder is a corporation, a Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of said corporation)
  - A person with any other significant interest in a group company (in the event that the entity with a significant interest is a corporation, a Director, Audit & Supervisory Board Member, Officer, Executive Officer, or employee of said corporation)