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(Stock Exchange Code 6617)

June 12, 2023

Date of commencement of electronic provision measures: June, 7, 2023

**To Shareholders with Voting Rights:**

Takashi Ichinose  
President and Representative Director  
TAKAOKA TOKO CO., LTD.  
5-6-36, Toyosu, Koto-ku, Tokyo, Japan

**NOTICE OF CONVOCATION OF  
THE 11TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially notified of the 11th Annual General Meeting of Shareholders of TAKAOKA TOKO CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

When convening this general meeting of shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures as “NOTICE OF CONVOCATION OF THE 11TH ANNUAL GENERAL MEETING OF SHAREHOLDERS” on the following websites on the Internet.

1. The Company website (Japanese only):  
<https://www.ttkk.co.jp/ir/stockinfo/notification/>
2. Tokyo Stock Exchange (TSE) website:  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

\* To view the information, please access the website shown above, input the issue name (company name) or securities code, and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.

3. *Netto de shoshu* (web-based convocation notices) (Japanese only):  
<https://s.srdb.jp/6617>

If you are unable to attend the meeting, you can exercise your voting rights via the Internet or in writing. Please kindly review the Reference Documents for the General Meeting of Shareholders as stated below and exercise your voting rights by no later than 5:00 p.m. on Wednesday, June 28, 2023, Japan time,.

**1. Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. Japan time

**2. Place:** Conference room, 2nd floor, GAKUSHIKAIKAN  
3-28 Kandanishiki-cho, Chiyoda-ku, Tokyo, Japan

**3. Meeting Agenda:**

**Matters to be reported:** The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 11th Fiscal Year (April 1, 2022 - March 31, 2023), and report on results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements

**Proposals to be resolved:**

**Proposal 1:** Distribution of Surplus

**Proposal 2:** Election of 7 Directors (excluding those who are Audit and Supervisory Committee members)

**Proposal 3:** Revocation of Election of 1 Substitute Director who is an Audit and Supervisory Committee member

**Proposal 4:** Election of 1 Substitute Director who is an Audit and Supervisory Committee member

**Proposal 5:** Revision of the Framework for Compensation under the Performance-linked Stock Compensation Plan for Directors (excluding those who are Audit and Supervisory Committee members)

(Request)

- ◎ When attending the meeting, please hand in the enclosed Voting Rights Exercise Form at the reception desk.

(Notes)

- ◎ The documents sent to shareholders also serves as the paper-based documents stating matters subject to the electronic provision measures to be delivered in response to a request for delivery of documents. Meanwhile, the following matters are excluded from the delivered documents in accordance with the provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation. Accordingly, the said documents constitute only part of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor in the preparation of the Audit Report.
  - (1) Systems for ensuring that the directors perform their duties in accordance with laws, regulations, and the Article of Incorporation and other systems for ensuring the properness of business activities and the outline of the operation of the systems
  - (2) Consolidated Statements of Changes in Net Assets of the Consolidated Financial Statements
  - (3) Notes to the Consolidated Financial Statements of the Consolidated Financial Statements
  - (4) Non-consolidated Statements of Changes in Net Assets of the Non-consolidated Financial Statements
  - (5) Notes to the Non-consolidated Financial Statements of the Non-consolidated Financial Statements
- ◎ If any amendments are made to matters subject to the electronic provision measures, such amendments will be posted on the respective websites where the matters are posted.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Distribution of Surplus

The Company believes that the payment of a stable dividend is a basic prerequisite for meeting shareholder expectations. Therefore, we make it a policy to make continuous dividend payments, while endeavoring to secure a stable management base such as reinforced financial conditions.

With respect to the dividend for the current fiscal year, in consideration of the business results, business environment, and other factors, the Company proposes the following:

1. Type of dividend property  
Cash
2. Allocation of dividend property to shareholders and the total amount thereof  
25 yen per share for common stock  
Total amount of dividend: 405,401,025 yen
3. Effective date of distribution of surplus  
June 30, 2023

(Notes) 1. In accordance with Article 453 of the Companies Act, the total dividend amount is calculated by deducting 60,264 treasury shares from the total number of issued shares.

2. The total annual dividend will be 55 yen per share, inclusive of the interim dividend of 30 yen per share. The total dividend amount will be 891,892,335 yen, inclusive of the total interim dividend amount of 486,491,310 yen.

**Proposal 2: Election of 7 Directors (excluding those who are Audit and Supervisory Committee members)**

The terms of office of all Directors (excluding those who are Audit and Supervisory Committee members) (7 persons) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 7 Directors (excluding those who are Audit and Supervisory Committee members) is proposed.

The Company confirmed that the Audit and Supervisory Committee has no particular opinions on this proposal.

The candidates are as follows:

(Japanese syllabary order)

No.	Name	Current positions and responsibilities in the Company
1	(Reappointment) Takashi Ichinose	President and Representative Director CKO (Reform/Kaizen area)
2	(Reappointment) Akira Uemura	Outside Director Independent Director Director
3	(Reappointment) Yoshinori Kaneko	Outside Director Director
4	(Reappointment) Yasuhiro Mishima	Outside Director Independent Director Director
5	(Reappointment) Kunihiko Mizumoto	Director and Managing Executive Officer CTO (Technology area), CQO (Quality area) In charge of Supply Chain Reform, Quality Management Division, and Purchasing Management Division
6	(New Appointment) Yoshihito Morishita	Outside Director
7	(Reappointment) Tatsuya Wakayama	Director and Managing Executive Officer CHRO (Human Resource/Platform area) In charge of Reorganization of Production Base, Internal Audit Department, Legal Department, Corporate Affairs Department, Employee Relations & Human Resources Department

No.	Name (Date of birth)	Career summary and positions	Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
1	Takashi Ichinose (September 27, 1962)  <Reappointment>	September 2011 General Manager of Shibuya Sub-Branch, Tokyo Branch, Tokyo Electric Power Company, Incorporated June 2014 President, Tepco Town Planning Co., Ltd. (Seconded from Tokyo Electric Power Company, Incorporated) June 2017 General Manager of Internal Audit Department, Tokyo Electric Power Company Holdings, Incorporated April 2018 Executive Officer, General Manager of Internal Audit Department, Tokyo Electric Power Company Holdings, Incorporated April 2019 Executive Officer, General Manager of Organization, Employee Relations & Human Resources Office, Strategic Unit for Human Resources Empowerment, Tokyo Electric Power Company Holdings, Incorporated April 2021 Managing Executive Officer of the Company June 2021 President and Representative Director of the Company (to present) Chairman of Toshiba Toko Meter Systems Co., Ltd. (to present) [Significant concurrent position(s)] Chairman of Toshiba Toko Meter Systems Co., Ltd. [Responsibilities in the Company] CKO (Reform/Kaizen area)	300 [3,000]
[Reason for nomination as candidate for Director] Mr. Takashi Ichinose has extensive experience and broad knowledge gained through his career as a corporate manager, including his years of service as President of Tepco Town Planning Co., Ltd. He has also a high level of expertise in the power industry, having served as Executive Officer at Tokyo Electric Power Company Holdings, Incorporated. For the above reasons, he is well qualified to promote "Takaoka Toko Group 2030 Vision & Mid-term Management Plan 2023" with his strong leadership. Therefore, we propose his re-election as a Director.			
2	Akira Uemura (September 19, 1954)  <Reappointment> <Outside Director> <Independent Director>	April 2008 Executive Officer and General Manager of Industrial Business Division, Hitachi Software Engineering Co., Ltd. (currently Hitachi Solutions, Ltd.) April 2009 Executive Officer and General Manager of Telecommunications and Industrial Business Division, Hitachi Software Engineering Co., Ltd. (currently Hitachi Solutions, Ltd.) April 2010 Vice-President Executive Officer, Nippon Securities Technology Co., Ltd. May 2010 President, Nippon Securities Technology Co., Ltd. June 2019 Adviser, Nippon Securities Technology Co., Ltd. June 2020 Director of the Company (to present)	300 [-]
[Reason for nomination as candidate for Outside Director and Outline of Expected Roles] Mr. Akira Uemura has a high level of expertise in the IT industry, extensive experience and broad knowledge gained through his career as a corporate manager, including his years of service as President of Nippon Securities Technology Co., Ltd. If he is elected as Outside Director, he is expected to provide advice and supervision on corporate management based on his expertise, etc. noted above. We therefore propose his re-election as an Outside Director. His term of office as an Outside Director of the Company will be 3 years at the conclusion of this General Meeting of Shareholders.			

No.	Name (Date of birth)	Career summary and positions	Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
3	Yoshinori Kaneko (May 17, 1963)  <Reappointment> <Outside Director>	October 2011 General Manager of Facilities Department, Saitama Branch, Tokyo Electric Power Company, Incorporated July 2013 General Manager of Musashino Sub-Branch, Tama Branch, Tokyo Electric Power Company, Incorporated July 2015 General Manager of Corporate Planning Office, Power Grid Company; Corporate Planning Office, Corporate Management & Planning Unit, Tokyo Electric Power Company, Incorporated April 2016 Director and Vice President in charge of management reform; General Manager of Business Planning Office, TEPCO Power Grid, Incorporated June 2016 Director and Vice President in charge of management reform, TEPCO Power Grid, Incorporated June 2017 Director and Nominating Committee Member of Tokyo Electric Power Company Holdings, Incorporated Representative Director and President, TEPCO Power Grid, Incorporated (to present) Director of the Company (to present) [Significant concurrent position(s)] Representative Director and President, TEPCO Power Grid, Incorporated	200 [-]
[Reason for nomination as candidate for Outside Director and Outline of Expected Roles] Mr. Yoshinori Kaneko currently serves as Representative Director and President of TEPCO Power Grid, Incorporated. He has a high level of expertise in the power industry and extensive experience and broad knowledge as a corporate manager including overseas business expansion. If he is elected as Outside Director, he is expected to provide advice and supervision on corporate management based on his expertise, etc. noted above. We therefore propose his re-election as an Outside Director. His term of office as an Outside Director of the Company will be 6 years at the conclusion of this General Meeting of Shareholders.			
4	Yasuhiro Mishima (October 11, 1950)  <Reappointment> <Outside Director> <Independent Director>	January 1999 General Manager of Molding Department, Tsutsumi Plant, Toyota Motor Corporation January 2002 Senior Vice-President of Toyota Motor Thailand Co., Ltd. May 2009 Standing Advisor of Futaba Industrial Co., Ltd. June 2009 Representative Director and President of Futaba Industrial Co., Ltd. June 2016 Advisor of Futaba Industrial Co., Ltd. Director of the Company (to present)	2,600 [-]
[Reason for nomination as candidate for Outside Director and Outline of Expected Roles] Mr. Yasuhiro Mishima has extensive experience and broad knowledge gained through his career as a corporate manager in the manufacturing industry, including overseas business expansion, and his years of service as Representative Director and President of Futaba Industrial Co., Ltd. If he is elected as Outside Director, he is expected to provide advice and supervision on corporate management based on his experience, etc. noted above. We therefore propose his re-election as an Outside Director. His term of office as an Outside Director of the Company will be 7 years at the conclusion of this General Meeting of Shareholders.			

No.	Name (Date of birth)	Career summary and positions		Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
5	Kunihiko Mizumoto (November 22, 1961)  <Reappointment>	April 1986 June 2013  April 2014  June 2015 June 2017 June 2018 June 2020 June 2021 June 2022  [Responsibilities in the Company] CTO (Technology area), CQO (Quality area) In charge of Supply Chain Reform, Quality Management Division, and Purchasing Management Division	Joined Toko Electric Corporation Senior General Manager; General Manager of Environment Solution Business Division and attached to Management Integration preparation Office, Toko Electric Corporation Executive Officer; Deputy General Manager of Energy Solution Business Division of the Company Executive Officer; General Manager of Energy Solution Business Division of the Company Managing Executive Officer; General Manager of Energy Solution Business Division of the Company Director and Managing Executive Officer; General Manager of Electric Equipment Business Division of the Company Managing Executive Officer; General Manager of Electric Equipment Business Division of the Company Managing Executive Officer; General Manager of Power Equipment & System Business Division of the Company Director and Managing Executive Officer of the Company (to present)	1,014 [5,700]
[Reason for nomination as candidate for Director] Mr. Kunihiko Mizumoto has extensive experience and broad knowledge gained over many years through his acquaintance with all business areas, including Energy Solution Business. He also has a personality appropriate for performing duties for the management of the Company. In view of the superb management skills he has cultivated through his experience, we propose his re-election as a Director.				

No.	Name (Date of birth)	Career summary and positions		Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
6	Yoshihito Morishita (March 14, 1962)  <New Appointment> <Outside Director>	June 2015 July 2015 April 2016 June 2017  April 2019 June 2019 April 2023	General Manager of Accounting Department, Tokyo Electric Power Company, Incorporated General Manager of Accounting Office, Corporate Management & Planning Unit; Business Solution Company, Tokyo Electric Power Company, Incorporated Managing Director in charge of accounting and corporate debenture, TEPCO Power Grid, Incorporated; Accounting Office, Corporate Management & Planning Unit Managing Executive Officer, Tokyo Electric Power Company Holdings, Incorporated Director, TEPCO Fuel & Power, Incorporated (part time) Director, TEPCO Power Grid, Incorporated (part time) Director, TEPCO Energy Partner, Incorporated (part time) Counselor, Tokyo Electric Power Company Holdings, Incorporated Director and Audit Committee Member, Tokyo Electric Power Company Holdings, Incorporated Counselor, Tokyo Electric Power Company Holdings, Incorporated (to present)	          - [-]
<p>[Reason for nomination as candidate for Outside Director and Outline of Expected Roles]</p> <p>Mr. Yoshihito Morishita has a high level of expertise in the power industry and extensive experience and broad knowledge as a corporate manager gained through his service as Director and Audit Committee Member of Tokyo Electric Power Company Holdings, Incorporated. If he is elected as Outside Director, he is expected to provide advice and supervision on corporate management based on his expertise, etc. noted above. We therefore propose his election as an Outside Director.</p>				



No.	Name (Date of birth)	Career summary and positions	Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
7	Tatsuya Wakayama (August 25, 1961)  <Reappointment>	<p>April 1986      Joined TAKAOKA ELECTRIC MFG. CO., LTD. April 2014      General Manager of Kyushu Branch, Social Infrastructure Sales Group Manager of Kyushu Branch, TAKAOKA ELECTRIC MFG. CO., LTD.</p> <p>June 2015      General Manager of Chubu Branch of the Company June 2017      General Manager of Corporate Planning Department of the Company June 2018      Executive Officer, General Manager of Corporate Planning Department of the Company June 2020      Managing Executive Officer, General Manager of Corporate Planning Department of the Company June 2021      Director and Managing Executive Officer, General Manager of Corporate Planning Department of the Company June 2022      Director and Managing Executive Officer of the Company (to present)</p> <p>[Responsibilities in the Company] CHRO (Human Resource/Platform area) In charge of Reorganization of Production Base, Internal Audit Department, Legal Department, Corporate Affairs Department, Employee Relations &amp; Human Resources Department</p>	4,783 [4,300]
<p>[Reason for nomination as candidate for Director] Mr. Tatsuya Wakayama has extensive experience and broad knowledge gained through his acquaintance with the corporate planning area in addition to the front-line sales field as a branch manager. He also has a personality appropriate for performing duties for the management of the Company. In view of the superb management skills he has cultivated through his experience, we propose his re-election as a Director.</p>			

(Notes)

1. Mr. Takashi Ichinose, a candidate for Director, serves as Chairman of Toshiba Toko Meter Systems Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship in the sales of equipment, etc.
2. Mr. Yoshinori Kaneko, a candidate for Outside Director, has served as an executive (currently Representative Director and President) of TEPCO Power Grid, Incorporated, a specified associated service provider for the Company with which the Company has a business relationship in the sales of power equipment and equipment, etc. since April 2016. In addition, he once served as a non-executive Director of Toshiba Toko Meter Systems Co., Ltd., which is a subsidiary of the Company.
3. No special interests exist between the Company and the candidates for Directors other than 1 and 2 of these Notes.
4. Mr. Yoshihito Morishita, a candidate for Outside Director, once served as an executive or a non-executive Director of TEPCO Power Grid, Incorporated, a specified associated service provider for the Company.
5. The Company has reported to the Tokyo Stock Exchange Mr. Akira Uemura and Mr. Yasuhiro Mishima, candidates for Outside Directors, as independent officers unlikely to have conflicts of interest with the general shareholders in accordance with its regulations.
6. Liability limitation agreements with Directors  
In accordance with Article 427, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that the Company may conclude liability limitation agreements with its Directors (excluding Executive Directors and the Like) and that the maximum amount of liability shall be the amount stipulated by laws and regulations.  
The Company has concluded liability limitation agreements with Mr. Akira Uemura, Mr. Yoshinori Kaneko, and Mr. Yasuhiro Mishima, candidates for Outside Directors. If their re-election is approved as proposed, the Company will reenter into the same agreements with them. The Company will conclude the agreements with the same contents with Mr. Yoshihito Morishita, a candidate for Outside Director, if his election is approved as proposed.
7. Directors and officers liability insurance contract  
In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance with an insurance company. If the appointment of each candidate is approved as proposed, each of them will be the insured under the insurance contract, which is to be renewed during their terms of office.

Please refer to page 35 of the Business Report (Japanese original version) for the outline and other contents of the insurance contract.

8. Improper cases were found in some products including transformer devices of the Company in the fiscal year 2022, which was during their terms of office for three Outside Directors: Mr. Akira Uemura, Mr. Yoshinori Kaneko, and Mr. Yasuhiro Mishima. They had expressed opinions from the viewpoint of compliance to the Board of Directors, etc., before this incident, although the three Outside Directors were not aware of the fact until the fact was discovered. After discovery of this incident, they performed their duties such as giving their statements towards the appropriateness and validity of the fact-finding survey conducted by the Risk Response Division and customer service, actively expressed constructive opinions for measures to strengthen the governance on quality/compliance based on their experience and knowledge, as well as asking the Company to take corrective action for preventing recurrence.

**Proposal 3:** Revocation of Election of 1 Substitute Director who is an Audit and Supervisory Committee member

Mr. Noriaki Taketani was elected as Substitute Audit and Supervisory Committee member at the 10th Annual General Meeting of Shareholders (held on June 29, 2022). The period during which the resolution related to the appointment is effective, as stipulated in Article 20 of the Articles of Incorporation of the Company, is to be until the time of the commencement of the 12th Annual General Meeting of Shareholders (to be held in 2024) with respect to the last business year ending within two years from the adoption of the resolution. However, Mr. Taketani has expressed his intent to resign from the position of Substitute Audit and Supervisory Committee member at the time of the commencement of this General Meeting of Shareholders. Accordingly, the revocation of his election is proposed.

The Audit and Supervisory Committee has previously given its approval to this proposal.

**Proposal 4:** Election of 1 Substitute Director who is an Audit and Supervisory Committee member

To prepare for the contingency in which the number of Directors who are Audit and Supervisory Committee members falls below that required by laws and regulations, we propose the election of 1 Substitute Director who is an Audit and Supervisory Committee member.

However, the election may be revoked by a resolution of the Board of Directors with the consent of the Audit and Supervisory Committee, provided that such revocation is made before the assumption of office.

In addition, the Audit and Supervisory Committee has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Career summary and positions		Number of shares of the Company held [Number of other shares to be distributed based on the stock compensation plan]
Yoshihito Morishita (March 14, 1962)  <Outside Director>	June 2015  July 2015  April 2016  June 2017  April 2019  June 2019  April 2023	General Manager of Accounting Department, Tokyo Electric Power Company, Incorporated General Manager of Accounting Office, Corporate Management & Planning Unit; Business Solution Company, Tokyo Electric Power Company, Incorporated Managing Director in charge of accounting and corporate debenture, TEPCO Power Grid, Incorporated; Accounting Office, Corporate Management & Planning Unit Managing Executive Officer, Tokyo Electric Power Company Holdings, Incorporated Director, TEPCO Fuel & Power, Incorporated (part time) Director, TEPCO Power Grid, Incorporated (part time) Director, TEPCO Energy Partner, Incorporated (part time) Counselor, Tokyo Electric Power Company Holdings, Incorporated Director and Audit Committee Member, Tokyo Electric Power Company Holdings, Incorporated Counselor, Tokyo Electric Power Company Holdings, Incorporated (to present)	- [-]
<p>[Reason for nomination as candidate for Substitute Outside Director who is an Audit and Supervisory Committee member and Outline of Expected Roles]</p> <p>Mr. Yoshihito Morishita has experience and broad knowledge in corporate management and auditing in general gained through his service as Director and Audit Committee Member of Tokyo Electric Power Company Holdings, Incorporated and has also acquired considerable knowledge about finance and accounting through the performance of duties as General Manager of Accounting Department of that company. If he is elected as Outside Director, he is expected to provide advice, audit, and supervision on corporate management based on his expertise, etc. noted above. We therefore propose his election as a Substitute Outside Director who is an Audit and Supervisory Committee member.</p>			

(Notes)

1. No special interests exist between the Company and Mr. Yoshihito Morishita, the candidate for Substitute Outside Director.
2. Mr. Yoshihito Morishita has once served as an executive or a non-executive Director of TEPCO Power Grid, Incorporated, a specified associated service provider for the Company.
3. Mr. Yoshihito Morishita will assume the office of Director (excluding that who is an Audit and Supervisory Committee member) if Proposal 2 is approved as proposed. However, if the number of Directors who are Audit and Supervisory Committee members falls below that required by laws and regulations, he will resign as Director and assume the office of Director who is an Audit and Supervisory Committee member.
4. Liability limitation agreements with Directors  
In accordance with Article 427, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that the Company may conclude liability limitation agreements with its Directors (excluding Executive Directors and the Like) and that the maximum amount of liability shall be the amount stipulated by laws and regulations. The Company will conclude the above agreements with Mr. Yoshihito Morishita if he is elected as proposed in Proposal 2.
5. Directors and officers liability insurance contract  
In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance with an insurance company. If Proposal 2 is approved as proposed, Mr. Yoshihito Morishita will be the insured under the insurance contract, which is to be renewed during his terms of office. Please refer to page 35 of the Business Report (Japanese original version) for the outline and other contents of the insurance contract.

[Reference]

Listed below shows the expertise and experience of the candidates for Director (excluding those who are Audit and Supervisory Committee members) and Directors who are Audit and Supervisory Committee members.

Name	Corporate Management	Human Resources	Finance	Information Technology Digital	Manufacture, Technology Research and Development Quality Assurance	Investment M&A	Sales Marketing	Global Management	Legal Affairs
Takashi Ichinose	<input type="radio"/>	<input type="radio"/>							
Tatsuya Wakayama	<input type="radio"/>	<input type="radio"/>					<input type="radio"/>		
Kunihiko Mizumoto	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>			
Yoshinori Kaneko	<input type="radio"/>							<input type="radio"/>	
Yoshihito Morishita	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>			
Yasuhiro Mishima	<input type="radio"/>				<input type="radio"/>			<input type="radio"/>	
Akira Uemura	<input type="radio"/>			<input type="radio"/>					
Yoshinori Kurosawa	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>			<input type="radio"/>	
Yuichiro Takada	<input type="radio"/>		<input type="radio"/>						
Kishiko Wada	<input type="radio"/>								<input type="radio"/>

**Proposal 5:** Revision of the Framework for Compensation under the Performance-linked Stock Compensation Plan for Directors (excluding those who are Audit and Supervisory Committee members)

(1) Reasons for the Proposal and deeming it appropriate

The introduction of the Performance-linked Stock Compensation plan, the “Board Benefit Trust” for Directors (excluding Outside Directors) and Executive Officers of the Company (hereinafter referred to as the “Plan”) was approved at the 5th Annual General Meeting of Shareholders (held on June 26, 2017). Subsequently, in accordance with our transition into a company with an audit and supervisory committee, the amount of the Plan for Directors of the Company (excluding those who are Audit and Supervisory Committee members and Outside Directors; the same applies hereinafter unless otherwise noted) was approved at the 8th Annual General Meeting of Shareholders (held on June 29, 2020). Additionally, with the enforcement of the Act Partially Amending the Companies Act (Act No. 70 of 2019) on March 1, 2021, a framework for the maximum number of shares (number of points) for Directors in the Plan was approved at the 9th Annual General Meeting of Shareholders (held on June 28, 2021; the resolution at the 9th Annual General Meeting of Shareholders is hereinafter referred to as the “Original Resolution”), and the Plan accordingly has been in effect since.

The Company has decided to review the Plan so that it will properly function as an incentive to increase the corporate value of the Company over the medium- to long-term and further promote the sharing of value with shareholders. Specifically, we propose that the maximum number of points per fiscal year be reviewed in light of the objectives mentioned above and, in line with this, that a specific method for calculating the amount of the compensation and the like under the Plan be specified without setting a maximum amount of money to be contributed to the Trust by the Company, in consideration of the impact of stock price fluctuations on the number of shares to be acquired by the Trust, and hereby seek shareholders’ approval.

This proposal, as is the case with the Original Resolution, aims to clarify the interconnection between Directors’ compensation and the Company’s business performance, and to raise awareness of Directors about contributing to improvement of medium- to long-term business performance and an increase in corporate value by sharing with shareholders not only benefits from rising share prices but also risks of stock price decline. We believe that the content of this proposal is deemed as appropriate as it is consistent with the policy for determining the details of compensation for individual Directors (see below).

This proposal is submitted for shareholders’ approval of a specific method for calculating the amount of remuneration under the Plan and the details of the Plan for the purpose of providing remuneration to the Company’s Directors separately from the amount of remuneration for Directors (excluding those who are Audit and Supervisory Committee members) (180 million yen at maximum per year (including 30 million yen at maximum for Outside Directors)) that was approved at the 8th Annual General Meeting of Shareholders (held on June 29, 2020). Decisions on the details of the Plan shall be delegated to the Board of Directors within the framework described in the following Paragraph (2).

The number of Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors) who are covered by the Plan will be 3 if Proposal 2 is approved by resolution as proposed.

The Company confirmed that the Audit and Supervisory Committee has expressed its opinions on this proposal that the review of this Plan is appropriate based on the purpose, content, and other matters of the Plan.

(2) The specific method for calculating the amount of compensation and the like in the Plan and specific details (The main amendments are underlined.)

Under the Plan, money contributed by the Company is used as funds to acquire the Company’s shares through a trust (“Trust”), and the Company’s shares and money equivalent to the value of the Company’s shares converted at market value (“Company Shares and the Like”) at the time of their retirements are to be provided to Directors and the Like (Note 1) through the Trust at the time of their respective retirements. (Note 1) Directors and the Like shall mean Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors), Executive Officers, and Executive Fellows. The same shall apply hereinafter.

i) Individuals covered by the Plan	Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors), Executive Officers, and Executive Fellows (Note 2) (Note 2) The proposal with respect to the addition of Executive Fellows to individuals covered by the Plan will be submitted for approval at the Board of Directors meeting to be held on June 29, 2023.
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<p>ii) Amount of the Trust</p>	<p><u>Funds necessary for the Trust to acquire in advance, for which the number of shares necessary to provide to Directors and the Like for each Applicable Period are reasonably estimated, in principle, until the time when the Plan is terminated.</u> (Note 3) (Note 4)</p> <p>(Note 3) The Company has introduced the Plan for the period of three fiscal years from the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2020 (“Initial Applicable Period”; Initial Applicable Period and its subsequent three fiscal year periods are collectively called “Applicable Period”) and for each subsequent applicable period. The Company contributed the necessary amount of money (total of 180 million yen including that for Executive Officers) to acquire the Company’s shares for the purpose of providing the Company shares and the Like to Directors and the Like under the Plan for the Initial Applicable Period and established the Trust for retired Directors and the Like who fulfill the certain requirements as beneficiary. The Trust acquired 95,700 shares of the Company with funds contributed by the Company during Initial Applicable Period.</p> <p>(Note 4) With regard to additional contribution in the future; if there are residual shares of the Company (excluding the Company's shares equivalent to the number of points granted to Directors and the Like and not yet provided to Directors and the Like with the Company’s shares and the Like) and money (“Residual Shares and the Like”) in the trust assets, the Residual Shares and the Like shall be applied to the fund for benefits. <u>Additional contribution shall be calculated in consideration of Residual Shares and the Like.</u> Any decisions by the Company about additional contributions shall be disclosed in a timely and proper manner.</p>
<p>iii) Maximum number of Company Shares and the Like to be provided</p>	<p>Points, the number of which is to be determined in consideration of their respective positions, degrees of achievement and the like, shall be granted every fiscal year based on the stock benefit rules for Officers. The points granted shall be converted at the rate of one share of common stock of the Company for one point when Company Shares and the Like are provided in accordance with Item v) below. (Note 5)</p> <p>The total number of points to be granted to Directors per fiscal year shall be limited to <u>18,000</u> points (<u>43,000</u> points in total, including those for Executive Officers and Executive Fellows). (Note 6)</p> <p>(Note 5) If a stock split, gratis allotment of shares or consolidation of shares and the like is conducted with respect to the Company’s shares after this proposal is approved, the maximum number of points and the points granted or the conversion rate shall be reasonably adjusted according to the ratio and the like of such change.</p> <p>(Note 6) The number of shares equivalent to the maximum number of points per fiscal year to be granted to Directors and the Like (<u>43,000 shares</u> in total, including those for Executive Officers and Executive Fellows) is approximately <u>0.27%</u> of the total number of issued shares (<u>as of March 31, 2023</u>, after deduction of treasury shares).</p>

<p>iv) Method of acquiring the Company's Shares and the number of shares to be acquired</p>	<p>The Trust shall acquire the Company's shares through stock exchange markets or by purchasing treasury shares the Company has disposed of, using the funds contributed as per Item ii) above. (Note 7)</p> <p>The maximum number of points to be granted to Directors and the Like is <u>18,000</u> points per fiscal year (<u>43,000</u> points in total, including those for Executive Officers and Executive Fellows). Therefore, the maximum number of the Company's shares for Directors to be acquired by the Trust during each Applicable Period shall be <u>54,000</u> shares (<u>129,000</u> shares in total, including those for Executive Officers and Executive Fellows).</p> <p>(Note 7) An acquisition of the Company's shares by this Trust is not specifically planned at this stage. If the Company decides to make an additional contribution to acquire the Company's shares using funds from this Trust in the future, the details shall be disclosed in a timely and proper manner.</p>
<p>v) Provision of the Company Shares and the Like and the specific method for calculating the amount of compensation and the like under the Plan</p>	<p>If Directors and the Like retire and meet the requirements for beneficiaries as prescribed in the stock benefit rules for Officers, those Directors and the Like shall, after their respective retirements, receive benefits from the Trust in the form of Company's shares calculated according to Item iii) above, by completing the prescribed procedures for the determination of beneficiaries. (Note 8)</p> <p>(Note 8) If Directors and the Like meet the requirements for beneficiaries as prescribed in the stock benefit rules for Officers, the Company shall provide money equivalent to the value of the Company's shares converted at market value at the time of their retirements for a certain percentage of the number of points granted to relevant Directors and the Like in lieu of provision of Company's shares. The Trust may sell the Company's shares to provide such monetary benefit.</p> <p>Even Directors and the Like who have been granted points may not be able to receive the benefits if their dismissal is approved at the General Meeting of Shareholders, they step down due to illegal acts during their terms of office, or they engage in inappropriate behavior, etc. that could cause damages for the Company.</p> <p>The amount of compensation and the like to be provided to Directors and the Like shall be based on the amount calculated by multiplying the total number of points granted to Directors and the Like by the book value per share of the Company's shares held by the Trust. (However, if a stock split, gratis allotment of shares or consolidation of shares and the like is conducted with respect to the Company's shares, the points granted shall be reasonably adjusted according to the ratio and the like of such change.)</p>
<p>vi) Treatment of dividends</p>	<p>Dividends from the Company's shares held in the trust account shall be received by the Trust and shall be appropriated for the acquisition of the Company's shares and the payment of trust fees and the like for the trustee of the Trust. Any dividends and the like remaining in the Trust upon termination of the Trust shall be distributed to Directors and the Like in office at that time in proportion to the number of points they respectively hold, in accordance with the provisions of the stock benefit rules for Officers.</p>

■ Outline of the Policy for Determining the Details of Compensation and the Like for Individual Directors (effective from June 29, 2023)

The Company has stipulated the policy for determining the details of compensation and the like for individual Directors (excluding those who are Audit and Supervisory Committee members) (hereinafter referred to as the "Policy") in accordance with the resolution by the Board of Directors. The outline of the Policy is as follows:

Compensation for Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors) consists of three types of compensation: fixed monetary compensation (non-performance-linked compensation), variable monetary compensation (performance-linked compensation), and stock-based compensation. Compensation for Outside Directors is fixed monetary compensation.

With respect to monetary compensation for Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors), the Company has set the base amounts of monetary compensation by position group (Chairman, President, Director and Senior Managing Executive Officers,



Director and Managing Executive Officers). Approximately 65% of the base amount of monetary compensation is guaranteed as the minimum amount by fixed monetary compensation. The Company determined the amount of fixed monetary compensation for Outside Directors according to their duties.

Approximately 35% of the base amount of monetary compensation, variable portion of compensation other than fixed monetary compensation, is set as variable monetary compensation. The Company has developed a system in which the amount of variable monetary compensation increases or decreases depending on results of the Company-wide and individual performance, with the aim of using variable monetary compensation as short-term incentives for consistent achievement of business plans and expansion of earnings, etc. in each fiscal year.

The Company's performance is evaluated based on changes in consolidated net sales, consolidated operating profit and the profit attributable to shareholders of the parent Company compared to the initial plan and the previous fiscal year.

Individual performance is evaluated based on performance rating for performance targets set by each Director. Stock-based compensation is provided as medium- to long-term incentives for sustainable growth, enhancement of corporate value, etc., and for the purpose of sharing a sense of profit with shareholders.

Under the stock compensation plan of the Company, the Company's shares and money equivalent to the value of the Company's shares converted at market value (hereinafter referred to as "Company Shares and the Like") are to be provided to Directors (excluding those who are Audit and Supervisory Committee members and Outside Directors) at the time of their respective retirements. Points shall be granted every fiscal year based on the stock benefit rules for Officers by multiplying the number of points, which is to be determined in consideration of their respective positions (Chairman (Director), President (Director), Director and Senior Managing Executive Officers, Director and Managing Executive Officers), by coefficients calculated based on performance indicators compared to the initial plan and the previous years. The points granted shall be converted at the rate of one share of common stock of the Company for one point when the Company Shares and the Like are provided.

For Chairman and Representative Director, President and Representative Director, the composition of compensation shall be approximately 55% fixed monetary compensation, 30% variable monetary compensation, and 15% stock-based compensation; for Director and Senior Managing Executive Officers, Director and Managing Executive Officers, the composition of compensation shall be approximately 60% fixed monetary compensation, 30% variable monetary compensation, and 10% stock-based compensation. The ratio shall vary depending on business performance and other factors.

Location of the venue for the 11th Annual General Meeting of Shareholders

Place **Conference room, 2nd floor, GAKUSHIKAIKAN** 3-28 Kandanishiki-cho, Chiyoda-ku, Tokyo, Japan  
TEL: 03-3292-5936



**Access to the venue**  
 1-minute walk from Jimbocho Station (Exit A9), Toei Mita line  
 3-minute walk from Jimbocho Station (Exit A7), Toei Shinjuku line/Tokyo Metro Hanzomon line  
 5-minute walk from Takebashi Station (Exit 3a), Tokyo Metro Tozai line

株式会社 東光高岳

**UD FONT** The Company has adopted universal design font designed to increase readability and prevent misreading.

