

(Note) This is an English translation of the cover letter and attached reference documents for the annual general meeting of shareholders, which comprise a part of our notice of convocation of annual general meeting of shareholders originally written in Japanese, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 7846
March 11, 2022

To Our Shareholders,

Shu Itoh,
President and Director
PILOT Corporation
6-21, Kyobashi 2-chome,
Chuo-ku, Tokyo

Notice of Convocation of the 20th (FY2021) Annual General Meeting of Shareholders

We are pleased to announce the 20th (FY2021) Annual General Meeting of Shareholders of PILOT Corporation (the “Company”) to be held as described below.

To avoid the spread of the novel coronavirus disease (COVID-19) at this annual general meeting of shareholders, you are recommended to refrain from attending the meeting in person, and, instead, to exercise your voting rights beforehand in writing (by mail) or by electromagnetic means (via the Internet, etc.) if at all possible.

Please exercise your voting rights no later than 5:35 p.m. on Tuesday, March 29, 2022 (JST).

Details

- 1. Date and time:** Wednesday, March 30, 2022, at 10:00 a.m. (JST)
(The reception will start at 9:00 a.m. (JST))
- 2. Venue:** Conference Room, 6th floor, Head office of PILOT Corporation
6-21, Kyobashi 2-chome, Chuo-ku, Tokyo

3. Purpose of the meeting:

Matters to be reported:

1. The business report, the consolidated financial statements and audit reports on the consolidated financial statements by the financial auditor and the Audit & Supervisory Board for the 20th term (from January 1, 2021 to December 31, 2021)
2. The non-consolidated financial statements for the 20th term (from January 1, 2021 to December 31, 2021)

Matters to be resolved:

- Proposal 1:** Amendment to the Articles of Incorporation
- Proposal 2:** Election of nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 3:** Election of five (5) Directors Who Are Audit & Supervisory Committee Members
- Proposal 4:** Establishment of Amount of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)
- Proposal 5:** Establishment of Amount of Remuneration for Directors Who Are Audit & Supervisory Committee Members

Proposal 6: Determination of Amount and Details of Performance-Linked Share-Based Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

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- * If you attend the meeting in person, please present the enclosed voting card at the reception desk upon your arrival at the meeting.
 - * Notes to consolidated financial statements and notes to non-consolidated financial statements are not included in the attached documents to this Notice of Convocation, as they are posted on the Company's website on the Internet (<https://www.pilot.co.jp/>) in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation.
 - * Any corrections in the Reference Documents for the General Meeting of Shareholders, business report, non-consolidated financial statements, or consolidated financial statements will be posted on the Company's website (<https://www.pilot.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Amendment to the Articles of Incorporation

(1) Reasons for the proposal

- (i) The Company proposes to transition to a company with Audit & Supervisory Committee in order to improve the effectiveness of corporate governance through a clear division of roles – the Board of Directors shall supervise business execution from an objective perspective, and Executive Directors and Executive Officers shall make prompt and responsible decisions – and to build a management structure that enables sustainable growth and value creation by utilizing stakeholders’ opinions in management. In accordance with this change, the Company will newly establish the provisions concerning Audit & Supervisory Committee Members and the Audit & Supervisory Committee, and delete the provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board, which are necessary for the transition to a company with Audit & Supervisory Committee, and will also establish supplementary provisions as a transitional measure in connection with the deletion of the provision limiting the liability of Outside Audit & Supervisory Board Members.
- (ii) For the purpose of achieving rapid decision-making and flexible business execution, the Company will newly establish a provision that allows the Company to delegate important business execution decisions to Directors.
- (iii) In conjunction with the transition to a company with Audit & Supervisory Committee, the Company will make changes to the provisions concerning Directors with Title in order to clarify the positions and roles of Directors.
- (iv) In accordance with the enforcement of the amendment provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019), the Company will newly establish provisions to take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format and provisions to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who have requested delivery of paper-based documents, delete the provisions for Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, Etc., and establish supplementary provisions concerning the effective date, etc.
- (v) The number of articles will be adjusted in accordance with the new establishment and deletion of articles for other general matters.

The amendment to the Articles of Incorporation in this proposal shall take effect at the conclusion of this meeting.

(2) Details of the change

The details of the change are as follows.

(Portions to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 4. Organization</p> <p>In addition to the general meeting of shareholders and Directors, the Company shall have the following organizations:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Board Members</u></p> <p>(3) <u>Audit & Supervisory Board</u></p> <p>(4) <u>Financial Auditor</u></p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 14. <u>Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, Etc.</u></p> <p><u>When the Company convenes the general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 17. Number of Directors</p> <p>The number of Directors of the Company shall be <u>fifteen (15) or less.</u></p> <p>(Newly established)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 4. Organization</p> <p>In addition to the general meeting of shareholders and Directors, the Company shall have the following organizations:</p> <p>(1) Board of Directors</p> <p>(2) <u>Audit & Supervisory Committee</u></p> <p>(Deleted)</p> <p>(3) Financial Auditor</p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p>Article 14. <u>Measures for Providing Information in Electronic Format, Etc.</u></p> <p><u>1. When the Company convenes the general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 17. Number of Directors</p> <p>1. The number of Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> of the Company shall be <u>twelve (12) or less.</u></p> <p>2. <u>The number of Directors who are Audit & Supervisory Committee Members of the Company shall be six (6) or less.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 18. Method of Election</p> <p>1. Directors shall be elected at the general meeting of shareholders.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>Article 19. Term of Office</p> <p>The term of office of Directors shall expire at the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within one (1) year after their election.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Article 18. Method of Election</p> <p>1. Directors shall be elected at the general meeting of shareholders, <u>distinguishing between those who are Audit & Supervisory Committee Members and those who are not Audit & Supervisory Committee Members.</u></p> <p>2. (Unchanged)</p> <p>3. (Unchanged)</p> <p>Article 19. Term of Office</p> <p>1. The term of office of Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u> shall expire at the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within one (1) year after their election.</p> <p>2. <u>The term of office of Directors who are Audit & Supervisory Committee Members shall expire at the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within two (2) years after their election.</u></p> <p>3. <u>The term of office of Directors who are Audit & Supervisory Committee Members who are elected as the substitutes for Directors who are Audit & Supervisory Committee Members who retired before the expiration of their term of office shall expire at the expiration of the term of office of the retired Directors who are Audit & Supervisory Committee Members.</u></p> <p>4. <u>The effective term of a resolution for the election of substitute Audit & Supervisory Committee Members elected pursuant to Article 329, paragraph (3) of the Companies Act shall expire at the beginning of the annual general meeting of shareholders relating to the last fiscal year ending within two (2) years after their election unless shortened by such resolution.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 20. Convocation of Board of Directors Meetings</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. Notice of convocation of a Board of Directors meeting shall be given to <u>each Director and Audit & Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of urgent necessity.</p> <p>4. A Board of Directors meeting may be held without following the procedures for convocation if all <u>Directors and Audit & Supervisory Board Members</u> agree to hold such meeting.</p> <p>Article 23. Representative Director and Directors with Title</p> <p>1. The Board of Directors shall appoint Representative Director by its resolution.</p> <p>2. The Board of Directors may, by its resolution, appoint one (1) President and Director, <u>and one (1) or a small number of Senior Managing Director(s) and Managing Director(s). The Board of Directors may also appoint Director and Chairman, Director and Vice President, and Director and Advisor as necessary.</u></p> <p>3. (Omitted)</p> <p>(Newly established)</p>	<p>Article 20. Convocation of Board of Directors Meetings</p> <p>1. (Unchanged)</p> <p>2. (Unchanged)</p> <p>3. Notice of convocation of a Board of Directors meeting shall be given to <u>each Director</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of urgent necessity.</p> <p>4. A Board of Directors meeting may be held without following the procedures for convocation if all <u>Directors</u> agree to hold such meeting.</p> <p>Article 23. Representative Director and Directors with Title</p> <p>1. The Board of Directors shall appoint Representative Director <u>from among Directors (excluding Directors who are Audit & Supervisory Committee Members)</u> by its resolution.</p> <p>2. The Board of Directors may, by its resolution, appoint one (1) President and Director <u>from among Directors (excluding Directors who are Audit & Supervisory Committee Members).</u></p> <p>3. (Unchanged)</p> <p><u>Article 25. Delegation of Decisions on Important Business Execution</u></p> <p><u>Pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate the decisions on important business execution (excluding the matters listed in the items of paragraph (5) of the same Article) to Directors.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 25. Remuneration, Etc.</u> Remuneration, bonuses, and other <u>economic benefits</u> received from the Company in consideration for the execution of duties by Directors (<u>hereinafter “Remuneration, Etc.”</u>) shall be determined by resolution of the general meeting of shareholders.</p>	<p><u>Article 26. Remuneration, Etc.</u> Remuneration, bonuses, and other <u>economic benefits</u> received from the Company in consideration for the execution of duties by Directors shall be determined by resolution of the general meeting of shareholders, <u>distinguishing between Directors who are Audit & Supervisory Committee Members and Directors who are not Audit & Supervisory Committee Members.</u></p>
<p><u>Article 26. Limitation of Liability of Outside Directors</u> (Omitted)</p>	<p><u>Article 27. Limitation of Liability of Outside Directors</u> (Unchanged)</p>
<p style="text-align: center;"><u>CHAPTER V AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</u></p>	<p style="text-align: center;"><u>CHAPTER V AUDIT & SUPERVISORY COMMITTEE</u></p>
<p><u>Article 27. Number of Audit & Supervisory Board Members</u> <u>The number of Audit & Supervisory Board Members of the Company shall be four (4) or less.</u></p>	<p>(Deleted)</p>
<p><u>Article 28. Method of Election</u> <u>1. Audit & Supervisory Board Members shall be elected at the general meeting of shareholders.</u> <u>2. A resolution for the election of Audit & Supervisory Board Members shall be adopted by a majority of the voting rights of the shareholders present at the general meeting of shareholders where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</u></p>	<p>(Deleted)</p>
<p><u>Article 29. Term of Office</u> <u>1. The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the annual general meeting of shareholders relating to the last fiscal year ending within four (4) years after their election.</u> <u>2. The term of office of Audit & Supervisory Board Members elected as the substitutes for Audit & Supervisory Board Members who retired before the expiration of their term of office shall expire at the expiration of the term of office of the retired Audit & Supervisory Board Members.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 30. Convocation of Audit & Supervisory Board Meetings</u></p> <p>1. Notice of convocation of an <u>Audit & Supervisory Board meeting</u> shall be given to <u>each Audit & Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of urgent necessity.</p> <p>2. <u>An Audit & Supervisory Board meeting</u> may be held without following the procedures for convocation if <u>all Audit & Supervisory Board Members</u> agree to hold such meeting.</p> <p><u>Article 31. Authority of the Audit & Supervisory Board</u></p> <p>1. <u>The Audit & Supervisory Board</u> shall decide matters relating to the execution of duties by <u>Audit & Supervisory Board Members</u> in addition to matters specifically provided for by laws and regulations or these Articles of Incorporation.</p> <p>2. <u>The decisions set forth in the preceding paragraph shall not preclude the exercise of the authority of the Audit & Supervisory Board Members.</u></p> <p><u>Article 32. Standing Audit & Supervisory Board Members</u></p> <p><u>The Audit & Supervisory Board shall, by its resolution, appoint Standing Audit & Supervisory Board Members.</u></p> <p><u>Article 33. Audit & Supervisory Board Rules</u></p> <p>Matters relating to <u>the Audit & Supervisory Board</u> shall be governed by <u>the Audit & Supervisory Board Rules</u> established by <u>the Audit & Supervisory Board</u>, in addition to laws and regulations or these Articles of Incorporation.</p> <p><u>Article 34. Remuneration, Etc.</u></p> <p><u>Remuneration, etc. of the Audit & Supervisory Board Members shall be determined by a resolution of the general meeting of shareholders.</u></p> <p><u>Article 35. Limitation of Liability of Outside Audit & Supervisory Board Members</u></p> <p><u>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with Outside Audit & Supervisory Board Members to limit their liability for damages arising from negligence of their duties. However, the maximum amount of liability under such agreement shall be the amount prescribed by laws and regulations.</u></p>	<p><u>Article 28. Convocation of Audit & Supervisory Committee Meetings</u></p> <p>1. Notice of convocation of an <u>Audit & Supervisory Committee meeting</u> shall be given to <u>each Audit & Supervisory Committee Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of urgent necessity.</p> <p>2. <u>An Audit & Supervisory Committee meeting</u> may be held without following the procedures for convocation if <u>all Audit & Supervisory Committee Members</u> agree to hold such meeting.</p> <p><u>Article 29. Authority of the Audit & Supervisory Committee</u></p> <p><u>The Audit & Supervisory Committee shall decide matters relating to the execution of duties by Audit & Supervisory Committee Members</u> in addition to matters specifically provided for by laws and regulations or these Articles of Incorporation.</p> <p>(Deleted)</p> <p><u>Article 30. Standing Audit & Supervisory Committee Members</u></p> <p><u>The Audit & Supervisory Committee may, by its resolution, appoint Standing Audit & Supervisory Committee Members.</u></p> <p><u>Article 31. Audit & Supervisory Committee Rules</u></p> <p>Matters relating to <u>the Audit & Supervisory Committee</u> shall be governed by <u>the Audit & Supervisory Committee Rules</u> established by <u>the Audit & Supervisory Committee</u>, in addition to laws and regulations or these Articles of Incorporation.</p> <p>(Deleted)</p> <p>(Deleted)</p>

Proposal 2: Election of nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

Subject to the approval and adoption of Proposal 1 “Amendment to the Articles of Incorporation,” the Company will transition to a company with Audit & Supervisory Committee. Therefore, as the terms of office of all seven (7) Directors will expire at the conclusion of this meeting, we request the election of nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members). This proposal will become effective when Proposal 1 “Amendment to the Articles of Incorporation” becomes effective. The Company currently has seven (7) Directors, but in order to strengthen the functions of the Board of Directors in determining and supervising important matters such as policies and directions in implementing the new medium-term plan, we request the election of nine (9) Directors, an increase of two (2) after deliberation by the Board of Directors based on the report by the Nomination and Remuneration Advisory Committee.

The candidates for Directors (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

No.	Name (Date of birth)	Attribute of candidate	Current positions in the Company	Attendance at Board of Directors meetings (FY2021)
1	Shu Itoh	Reappointment	President and Representative Director	17/17
2	Masakazu Shirakawa	Reappointment	Representative Director	17/17
3	Toshio Araki	New appointment	Senior Executive Officer President and Representative Director, The Pilot Ink Co., Ltd.	–
4	Kazuhiko Yokoyama	Reappointment	Director	13/13
5	Fumio Fujisaki	New appointment	Senior Executive Officer Director and President, Pilot Corporation of Europe S.A. / France	–
6	Katsuji Hatano	New appointment	Executive Officer	–
7	Takeshi Kodaira	New appointment	Executive Officer	–
8	Sanae Tanaka	Reappointment Outside	Outside Director	17/17
9	Shinzo Masuda	Reappointment Outside	Outside Director	17/17

Note: The difference of attendance at Board of Directors meetings is due to differences in when the person assumed the office.

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Shu Itoh (October 31, 1956)</p>	<p>Apr. 1979 Joined The Pilot Pen Co., Ltd.</p> <p>Jul. 2005 General Manager of International Sales Department 1, the Company</p> <p>Mar. 2007 Executive Officer, the Company</p> <p>Mar. 2009 Director, the Company</p> <p>Mar. 2017 President and Representative Director, the Company (present) (Responsibilities for the fiscal year) General Supervisor</p>	10,500
<p>Reasons for the nomination</p> <p>The candidate possesses abundant experience and achievements gained in various areas of the Company, including international sales and industrial materials, and he has contributed immensely to the Company. During his time as Director since 2009, he had been in charge of the areas of the international sales and the production, and assumed the position of Representative Director in 2017. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.</p>			
2	<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">Masakazu Shirakawa (August 15, 1956)</p>	<p>Apr. 1980 Joined The Pilot Pen Co., Ltd.</p> <p>Apr. 2004 General Manager of Accounting Department, the Company</p> <p>Mar. 2011 Executive Officer, the Company</p> <p>Mar. 2017 Director, the Company</p> <p>Mar. 2021 Representative Director, the Company (present) (Responsibilities for the fiscal year) In charge of Finance, Internal Control, and Compliance</p>	2,700
<p>Reasons for the nomination</p> <p>The candidate possesses abundant experience and achievements gained in the areas of domestic sales, accounting and finance in the Company, and has contributed immensely to the Company. He also possesses extensive international experience as the person in charge of the finance area. During his time as Executive Officer since 2011, he had served as vice president of overseas subsidiaries and as the person in charge of group management, and he has been a Representative Director of the Company since 2021. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	<u>New appointment</u> Toshio Araki (March 28, 1958)	Apr. 1980 Joined The Pilot Ink Co., Ltd. Jul. 2009 General Manager of Technology Department, The Pilot Ink Co., Ltd. Mar. 2011 Executive Officer, The Pilot Ink Co., Ltd. Mar. 2013 Director, The Pilot Ink Co., Ltd. Mar. 2015 Managing Director, The Pilot Ink Co., Ltd. Mar. 2016 President and Representative Director, The Pilot Ink Co., Ltd. (present) Mar. 2016 Senior Executive Officer, the Company (present) (Significant concurrent positions outside the Company) President and Representative Director, The Pilot Ink Co., Ltd.	15,300
Reasons for the nomination The candidate possesses abundant experience and achievements at The Pilot Ink Co., Ltd. and has played an important role in the Company Group's production activities since he assumed the position of President in 2016, making a significant contribution to improving the Group's value. He was appointed as an Executive Officer of the Company in the same year. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be elected as a Director.			
4	<u>Reappointment</u> Kazuhiko Yokoyama (January 6, 1961)	Apr. 1983 Joined The Pilot Pen Co., Ltd. Apr. 2004 General Manager of Tohoku Branch, the Company Mar. 2015 Executive Officer, the Company Mar. 2021 Director, the Company (present) (Responsibilities for the fiscal year) General Manager of General Affairs Department. In charge of Public Relations and Information System	9,900
Reasons for the nomination The candidate has made significant contributions to the Company with his abundant experience and achievements gained in the areas of domestic sales and planning in the Company. He has been in charge of the areas of development and general affairs as an Executive Officer since 2015 and has also served as the president of an overseas subsidiary. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be re-elected as Director.			
5	<u>New appointment</u> Fumio Fujisaki (July 20, 1960)	Apr. 1984 Joined The Pilot Pen Co., Ltd. Sep. 2011 General Manager of Corporate Planning Office, the Company Mar. 2015 Executive Officer, the Company Mar. 2019 Senior Executive Officer, the Company (present) (Significant concurrent positions outside the Company) Director and President, Pilot Corporation of Europe S.A. / France	10,700
Reasons for the nomination The candidate possesses a wealth of experience and achievements in the areas of accounting, planning, and international sales in the Company, and after assuming the position of Executive Officer in 2015, he has led the area of international sales as General Manager of International Sales Division, making significant contributions to improving corporate value. He has been serving as the President of an overseas subsidiary since 2019. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be elected as Director.			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
6	<u>New appointment</u> Katsuji Hatano (July 3, 1961)	Apr. 1984 Joined The Pilot Pen Co., Ltd. Jul. 2011 General Manager of Planning and Operations Department, the Company Mar. 2015 Executive Officer, the Company (present) (Responsibilities for the fiscal year) General Manager of Human Resource Department	6,500
	Reasons for the nomination The candidate possesses a wealth of experience and achievements in the areas of industrial materials sales, planning, and operations in the Company, and after assuming the position of Executive Officer in 2015, he has led the area of human resources as General Manager of the Human Resource Department, making significant contributions to improving corporate value. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be elected as Director.		
7	<u>New appointment</u> Takeshi Kodaira (April 26, 1961)	Apr. 1985 Joined The Pilot Pen Co., Ltd. Mar. 2015 General Manager of Hiratsuka Plant, the Company Mar. 2015 Executive Officer, the Company (present) (Responsibilities for the fiscal year) General Manager of Corporate Planning Office	3,900
	Reasons for the nomination The candidate possesses a wealth of experience and achievements in the areas of production and planning in the Company, and after assuming the position of Executive Officer in 2015, he had led the area of production as General Manager of Hiratsuka Plant, and then has served as General Manager of the Corporate Planning Office since 2016, making significant contributions to improving corporate value. Accordingly, the Company judges him a suitable candidate based on his aforementioned achievements and requests that he be elected as Director.		

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
8	<p style="text-align: center;"><u>Reappointment</u> <u>Outside Director</u></p> <p style="text-align: center;">Sanae Tanaka (July 15, 1962)</p>	<p>Apr. 1989 Registered as an attorney at law Sep. 1991 Established Sanae Tanaka Law Office, Representative (present) Mar. 2011 Outside Director, Noevir Holdings Co., Ltd. (present) Mar. 2015 Outside Director, the Company (present) May 2015 Outside Director, SHOCHIKU Co., Ltd. (present) Jun. 2015 Outside Director, Kintetsu World Express, Inc. (present) Oct. 2016 Audit and Supervisory Board Member (Outside), The Dai-ichi Life Insurance Company, Limited (present)</p> <p>(Significant concurrent positions outside the Company) Representative, Sanae Tanaka Law Office Outside Director, Noevir Holdings Co., Ltd. Outside Director, SHOCHIKU Co., Ltd. Outside Director, Kintetsu World Express, Inc. Audit and Supervisory Board Member (Outside), The Dai-ichi Life Insurance Company, Limited</p>	700
<p>Reasons for the nomination and outline of expected role</p> <p>The candidate possesses abundant knowledge, experience and broad insight as an attorney at law, outside director of industrial corporations and director of various organizations, and since her appointment as Outside Director of the Company in 2015, she has provided the Company with appropriate advice. In addition, the Company wishes to continue benefitting from her contributions to strengthening the supervisory function of the Board of Directors and ensuring transparency, and accordingly requests that she be re-elected as Outside Director. After her election, we expect her to make use of her professional knowledge as an attorney at law to strengthen the supervisory functions concerning overall management and conflicts of interest, mainly from a legal perspective.</p>			
9	<p style="text-align: center;"><u>Reappointment</u> <u>Outside Director</u></p> <p style="text-align: center;">Shinzo Masuda (October 4, 1954)</p>	<p>Apr. 1979 Joined DENTSU INC. Jan. 1996 Account Director of Account Management Division 16, DENTSU INC. Jul. 2008 Director of Account Management Division 15, DENTSU INC. Jul. 2013 Standing Corporate Auditor, DENTSU TEC INC. Apr. 2016 Special Advisor, Kanko, Inc. Mar. 2017 Outside Director, the Company (present)</p> <p>(Significant concurrent positions outside the Company) No items to report.</p>	700
<p>Reasons for the nomination and outline of expected role</p> <p>The candidate has provided the Company with appropriate advice since his appointment as Outside Director of the Company in 2017 in order to utilize his extensive experience in marketing, etc. in private enterprise and broad insight. In addition, the Company wishes to continue benefitting from his contributions to strengthening the supervisory function of the Board of Directors and ensuring transparency, and accordingly requests that he be re-elected as Outside Director. After his election, we expect him to make use of his experience in private enterprise and broad insight mainly to strengthen the supervisory function concerning overall management.</p>			

- Notes:
1. There are no special interests between the candidates and the Company.
 2. Sanae Tanaka and Shinzo Masuda are candidates for Outside Directors.
 3. Sanae Tanaka and Shinzo Masuda currently serve as Outside Directors of the Company, and Tanaka's and Masuda's terms of office as Outside Directors will be seven (7) years and five (5) years, respectively, at the conclusion of this meeting.
 4. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Sanae Tanaka and Shinzo Masuda to limit their liability for damages set forth in Article 423, paragraph (1) of the said act. According to the agreement, the limit of liability for damages shall be the minimum liability amount stipulated by laws and regulations. If they are re-elected, the Company will continue this agreement with them.
 5. The Company has entered into a contract of directors and officers liability insurance with an insurance company, as set forth in Article 430-3, paragraph (1) of the Companies Act. The insurance premiums are fully borne by the Company. The insurance covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. If the election of each candidate for Director is approved and adopted in this proposal, each candidate will continue to be insured under the said insurance contract. The Company plans to renew the contract with the same terms and conditions at the next renewal.
 6. The Company has reported Sanae Tanaka and Shinzo Masuda as independent directors under the provisions set forth by the Tokyo Stock Exchange. If they are re-elected, the Company will continue to designate them as independent directors.
 7. The officially registered name of Sanae Tanaka is Sanae Kikugawa.

Proposal 3: Election of five (5) Directors Who Are Audit & Supervisory Committee Members

Subject to the approval and adoption of Proposal 1 “Amendment to the Articles of Incorporation,” the Company will transition to a company with Audit & Supervisory Committee. Therefore, we request the election of five (5) Directors who are Audit & Supervisory Committee Members. The Company has obtained the prior consent of the Audit & Supervisory Board for this proposal. This proposal will become effective when Proposal 1 “Amendment to the Articles of Incorporation” becomes effective.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Attribute of candidate	Current positions in the Company	Attendance at Audit & Supervisory Board meetings (FY2021)
1	Naoki Soramoto	<input type="checkbox"/> New appointment	Audit & Supervisory Board Member	11/11
2	Yoshihiro Saimura	<input type="checkbox"/> New appointment	Audit & Supervisory Board Member	11/11
3	Masanobu Muramatsu	<input type="checkbox"/> New appointment <input type="checkbox"/> Outside	Outside Director	–
4	Toshizo Kamiyama	<input type="checkbox"/> New appointment <input type="checkbox"/> Outside	Outside Audit & Supervisory Board Member	11/11
5	Tsugukiyo Fujita	<input type="checkbox"/> New appointment <input type="checkbox"/> Outside	–	–

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	<u>New appointment</u> Naoki Soramoto (April 3, 1955)	Apr. 1979 Joined The Pilot Pen Co., Ltd. Apr. 2004 General Manager of General Affairs Department and Secretarial Office, the Company Mar. 2009 Executive Officer, the Company Mar. 2018 Standing Audit & Supervisory Board Member, the Company (present)	13,700
	Reasons for the nomination The candidate had served in general-manager positions in the areas of legal and general affairs of the Company, and since his appointment as Executive Officer in 2009, he possesses abundant experience and achievements as General Manager of the domestic sales area, among others. The Company judges it can make use of his aforementioned experience and knowledge for the continual enhancement of the Company Group's corporate value, and that the candidate has appropriately audited the Company's management since the candidate's appointment as Standing Audit & Supervisory Board Member of the Company in 2018. The Company accordingly requests that he be elected as Director who is an Audit & Supervisory Committee Member.		
2	<u>New appointment</u> Yoshihiro Saimura (February 17, 1960)	Apr. 1983 Joined The Pilot Pen Co., Ltd. Jul. 2011 General Manager of Accounting Department, the Company Apr. 2015 General Manager of Accounting & Finance Department, The Pilot Ink Co., Ltd. Apr. 2018 General Manager of Group Management Office, the Company Jul. 2019 General Manager of Accounting Department, the Company Mar. 2020 Standing Audit & Supervisory Board Member, the Company (present)	12,500
	Reasons for the nomination The candidate possesses abundant experience and achievements having served in overseas-post and general-manager positions in the areas of accounting and finance in the Company. The Company judges it can make use of his aforementioned experience and knowledge for the continual enhancement of the Company Group's corporate value, and that the candidate has appropriately audited the Company's management since the candidate's appointment as Standing Audit & Supervisory Board Member of the Company in 2020. The Company accordingly requests that he be elected as Director who is an Audit & Supervisory Committee Member.		

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Audit & Supervisory Committee Member</div> Masanobu Muramatsu (September 9, 1955)	Mar. 1983 Registered as a certified public accountant Nov. 1989 Registered as a certified public tax accountant Nov. 2012 Tax Partner, Gyosei Tax Corporation Jun. 2013 Outside Audit and Supervisory Board Member, Yachiyo Industry Co., Ltd. Mar. 2020 Outside Director, the Company (present) Dec. 2021 Standing Advisor, Azabu Partners Tax & Accounting Co. (present) (Significant concurrent positions outside the Company) Standing Advisor, Azabu Partners Tax & Accounting Co.	400
Reasons for the nomination and outline of expected role He has provided the Company with appropriate advice since he was appointed as Outside Director of the Company in 2020 to utilize his expertise as a certified public accountant and Audit & Supervisory Board Member of a business company. In addition, the Company wishes to continue benefitting from his contributions to strengthening the supervisory function of the Board of Directors and ensuring transparency, and accordingly requests that he be elected as Director who is an Audit & Supervisory Committee Member. After his election, we expect him to make use of his professional knowledge as a certified public accountant to strengthen the supervisory functions concerning overall management and conflicts of interest, mainly from an accounting perspective.			
4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Audit & Supervisory Committee Member</div> Toshizo Kamiyama (November 6, 1968)	Apr. 2001 Registered as a certified public accountant Nov. 2010 Registered as a certified public tax accountant Nov. 2010 Representative Partner, Kamiyama Accounting TAX CO. (present) Jul. 2013 Audit & Supervisory Board Member, ATL Systems:INC. (present) Jul. 2015 Established Toshizo Kamiyama Certified Public Accountant Office, Representative at the office (present) Oct. 2015 Representative Partner, ALT Tsukiji Audit LLC (present) Mar. 2020 Outside Audit & Supervisory Board Member (present) (Significant concurrent positions outside the Company) Representative, Toshizo Kamiyama Certified Public Accountant Office Representative Partner, Kamiyama Accounting TAX CO. Audit & Supervisory Board Member, ATL Systems:INC. Representative Partner, ALT Tsukiji Audit LLC	0
Reasons for the nomination and outline of expected role In addition to expertise as a certified public accountant and tax accountant as well as Audit & Supervisory Board Member of a business company, the candidate possesses experience in international accounting practices. The Company judges that the candidate is capable of appropriately fulfilling duties as Director of the Company with his aforementioned broad insight, and accordingly requests that he be elected as Outside Director who is an Audit & Supervisory Committee Member. After his election, we expect him to make use of his professional knowledge as a certified public accountant and a certified public tax accountant to strengthen the supervisory functions concerning overall management and conflicts of interest, mainly from the perspective of taxation and accounting.			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	<div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Audit & Supervisory Committee Member</div> Tsugukiyo Fujita (October 17, 1969)	Apr. 2000 Registered as an attorney at law (Significant concurrent positions outside the Company) No items to report.	0
Reasons for the nomination and outline of expected role The Company requests the election of the candidate as Outside Director who is an Audit & Supervisory Committee Member in order to utilize his abundant experience and high level of insight as a legal expert in the management of the Company. After his election, we expect him to make use of his professional knowledge as an attorney at law to strengthen the supervisory functions concerning overall management and conflicts of interest, mainly from a legal perspective.			

- Notes:
1. There are no special interests between the candidates and the Company.
 2. Masanobu Muramatsu, Toshizo Kamiyama, and Tsugukiyo Fujita are candidates for Outside Directors (Audit & Supervisory Committee Members).
 3. Masanobu Muramatsu currently serves as Outside Director of the Company, and Muramatsu's term of office as Outside Director will be two (2) years at the conclusion of this meeting.
 4. Toshizo Kamiyama currently serves as Outside Audit & Supervisory Board Member of the Company, and Kamiyama's term of office as Outside Audit & Supervisory Board Member will be two (2) years at the conclusion of this meeting.
 5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Masanobu Muramatsu and Toshizo Kamiyama to limit their liability for damages set forth in Article 423, paragraph (1) of the said act. According to the agreement, the limit of liability for damages shall be the minimum liability amount stipulated by laws and regulations. If this proposal is approved and adopted as proposed and Masanobu Muramatsu and Toshizo Kamiyama are elected, the Company plans to enter into the same liability limitation agreement with them. Likewise, if this proposal is approved and adopted as proposed, the Company will enter into the same liability limitation agreement with Tsugukiyo Fujita.
 6. The Company has entered into a contract of directors and officers liability insurance with an insurance company, as set forth in Article 430-3, paragraph (1) of the Companies Act. The insurance premiums are fully borne by the Company. The insurance covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. If the election of each candidate for Director who is an Audit & Supervisory Committee Member is approved and adopted in this proposal, each candidate will be insured under the said insurance contract. The Company plans to renew the contract with the same terms and conditions at the next renewal.
 7. The Company has reported Masanobu Muramatsu and Toshizo Kamiyama as independent directors under the provisions set forth by the Tokyo Stock Exchange. If this proposal is approved and adopted as proposed and they are elected, the Company will continue to designate them as independent directors. Likewise, if this proposal is approved and adopted as proposed and Tsugukiyo Fujita is elected, the Company will report him to the Tokyo Stock Exchange as an independent director under the provisions set forth by the Exchange.

(Reference)

Upon the transition to a company with Audit & Supervisory Committee, the following standards have been applied mutatis mutandis* to the selection of the candidates for Outside Officers who are requested to be elected in Proposals 2 and 3.

* Please substitute “Outside Director” with “Outside Director who is not an Audit & Supervisory Committee Member” and “Outside Audit & Supervisory Board Member” with “Outside Director who is an Audit & Supervisory Committee Member.”

Criteria for Judging Independence of Outside Officers

The Company has set forth “Criteria for Independence of Outside Officers” as follows.

If none of the following items apply to an Outside Director or Outside Audit & Supervisory Board Member (including a candidate thereof), that outside officer shall be deemed to possess independence from the Company and to be free from the risk of a conflict of interest arising with the general shareholders.

- (1) A person who executes business of the Company or its subsidiaries or affiliates (collectively, the “Company Group”)
- (2) A person whose principal business partner is the Company Group (a supplier that provides products or services to the Company Group in a case where the transaction amount is equivalent to over 2% of annual consolidated net sales of that supplier in the most recent fiscal year) or a person who executes business of a company whose principle business partner is the Company Group.
- (3) A principal business partner of the Company (a customer receiving products or services from the Company in a case where the transaction amount is equivalent to over 2% of annual consolidated net sales of the Company in the most recent fiscal year) or a person who executes business of a principle business partner of the Company.
- (4) A person who receives ¥10 million or more of monetary consideration or other property from the Company Group annually for services as a professional such as consultant, certified public accountant, attorney at law, that is outside the remuneration received as a Director or Audit & Supervisory Board Member from the Company Group. Or a person belonging to an organization that receives ¥100 million or more annually from the Company Group.
- (5) A person belonging to an auditing firm that conducts statutory audits of the Company Group.
- (6) A major shareholder of the Company (a person who directly or indirectly holds 5% or more of the Company’s total voting rights), or a person who executes business of a major shareholder of the Company.
- (7) A person who executes business of a company of which the Company Group holds directly or indirectly 5% or more of the total voting rights.
- (8) A person to whom any of the above items (1) to (7) have applied during the past five years.
- (9) A spouse, relative within the second degree, or other relatives if sharing the same residence, of the persons prescribed in any of the items (1) to (8) above; providing however that a person who executes business refers only to directors, executive officers, corporate officers, a person who executes business of general manager level or higher, or a person who executes business with authority equivalent thereof.
- (10) Any other person at risk of having a permanent and substantial conflict of interest with all general shareholders of the Company due to circumstances not considered in items (1) to (9) above.

If the candidates listed in this Notice of Convocation are elected as proposed, the skill matrix of the Board of Directors will be as follows:

Name	Positions in the Company (Planned)	Sales and marketing	International business	Human resource strategy	Manufacturing and technology development	Finance and accounting	Legal, regulatory, and risk management	Management experience	IT and digital	ESG and sustainability
Shu Itoh	President and Representative Director	○	○	○	○	○	○	○	○	○
Masakazu Shirakawa	Representative Director	○	○			○	○	○	○	
Toshio Araki	Director			○	○		○	○		○
Kazuhiko Yokoyama	Director	○	○		○		○	○	○	
Fumio Fujisaki	Director	○	○			○	○	○		
Katsuji Hatano	Director	○		○			○	○		
Takeshi Kodaira	Director				○		○	○		○
Sanae Tanaka	Outside Director			○			○	○		
Shinzo Masuda	Outside Director	○		○						
Naoki Soramoto	Director (Audit & Supervisory Committee Member)	○					○	○	○	
Yoshihiro Saimura	Director (Audit & Supervisory Committee Member)		○			○				
Masanobu Muramatsu	Outside Director (Audit & Supervisory Committee Member)		○			○	○			○
Toshizo Kamiyama	Outside Director (Audit & Supervisory Committee Member)		○			○				
Tsugukiyo Fujita	Outside Director (Audit & Supervisory Committee Member)						○			

Note: The above list is based on each candidate's experience, etc., and indicates the areas in which they can demonstrate their expertise and does not represent all the knowledge they possess.

Proposal 4: Establishment of Amount of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

At the 18th Annual General Meeting of Shareholders held on March 27, 2020, it was resolved that the amount of remuneration for Directors of the Company shall be ¥500 million or less per year (of which ¥50 million or less per year shall be paid to Outside Directors, and, as before, the amount of remuneration for Directors does not include the employee salary of Directors who concurrently serve as an employee). If Proposal 1 “Amendment to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an Audit & Supervisory Committee, and it will be necessary to determine the maximum amount of remuneration to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) after the transition.

Taking into consideration the maximum amount of remuneration to be paid to Directors to date and various circumstances including the recent economic situation, we propose that it be set at ¥500 million per year (of which ¥50 million or less shall be paid to Outside Directors). This proposal is a procedural measure in connection with the transition to a company with an Audit & Supervisory Committee, and the actual details of the remuneration will be the same as the details of the remuneration for Directors approved at the 18th Annual General Meeting of Shareholders held on March 27, 2020.

The amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall not include the employee salary of Directors who concurrently serve as an employee.

If this proposal is approved, the Company plans to amend “items (i) to (iv) as well as item (vi) in (5) Remuneration, etc. for Directors and Audit & Supervisory Board Members” described on pages 17 to 19 of the Business Report (available only in Japanese) at the Board of Directors meeting after the conclusion of this meeting, as described in the “Company’s Policy on the Remuneration Plan for Officers” on pages 26 to 27 of this Notice of Convocation, so as to be consistent with the approved details of this proposal.

This proposal is to determine the limit of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) within a reasonable range, comprehensively taking into consideration the scale of the Company’s business, the current number of Officers, and the future trend of the business environment. In addition, as we are planning to amend the “items (i) to (iv) as well as item (vi) in (5) Remuneration, etc. for Directors and Audit & Supervisory Board Members” as described above, we believe that this proposal is necessary and appropriate in order to determine the details of remuneration, etc. for individual Directors in accordance with the policy after amendment.

Currently, there are seven (7) Directors (including three (3) Outside Directors), and the number of Directors (excluding Directors who are Audit & Supervisory Committee Members) pertaining to this proposal will be nine (9) (including two (2) Outside Directors) if Proposal 1 “Amendment to the Articles of Incorporation” and Proposal 2 “Election of nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” are approved and adopted as proposed.

In addition, the resolution of this proposal shall take effect subject to the amendment of the Articles of Incorporation pertaining to Proposal 1 “Amendment to the Articles of Incorporation” taking effect.

The Company has submitted this proposal after deliberation by the Nomination and Remuneration Advisory Committee and has determined that the details of the said remuneration are necessary and appropriate, taking into consideration the fairness of the calculation of the amount of remuneration in this proposal and the purpose of its introduction.

* Please refer to pages 26 to 27 of this Notice of Convocation for the “Company’s Policy on the Remuneration Plan for Officers.”

Proposal 5: Establishment of Amount of Remuneration for Directors Who Are Audit & Supervisory Committee Members

If Proposal 1 “Amendment to the Articles of Incorporation” is approved and adopted, the Company will transition to a company with an Audit & Supervisory Committee. Thus, Directors who are Audit & Supervisory Committee Members will be required to participate in the resolutions of the Board of Directors as Directors and supervise the execution of duties by other Directors, in addition to performing the auditing duties previously performed by Audit & Supervisory Board Members. Therefore, in order to ensure that the level of remuneration is appropriate to the responsibilities of the position, we propose that the maximum amount of remuneration to be paid to Directors who are Audit & Supervisory Committee Members be ¥100 million per year.

If this proposal is approved, the Company plans to amend the “items (i) to (iv) as well as item (vi) in (5) Remuneration, etc. for Directors and Audit & Supervisory Board Members” described on pages 17 to 19 of the Business Report (available only in Japanese) at the Board of Directors meeting after the conclusion of this meeting, as described in the “Company’s Policy on the Remuneration Plan for Officers” on pages 26 to 27 of this Notice of Convocation, so as to be consistent with the approved details of this proposal.

The number of Directors who are Audit & Supervisory Committee Members pertaining to this proposal will be five (5) if Proposal 1 “Amendment to the Articles of Incorporation” and Proposal 3 “Election of five (5) Directors Who Are Audit & Supervisory Committee Members” are approved and adopted as proposed.

In addition, the resolution of this proposal shall take effect subject to the amendment of the Articles of Incorporation pertaining to Proposal 1 “Amendment to the Articles of Incorporation” taking effect.

The Company has submitted this proposal after deliberation by the Nomination and Remuneration Advisory Committee and has determined that the details of the said remuneration are necessary and appropriate, taking into consideration the fairness of the calculation of the amount of remuneration in this proposal and the purpose of its introduction.

* Please refer to pages 26 to 27 of this Notice of Convocation for the “Company’s Policy on the Remuneration Plan for Officers.”

Proposal 6: Determination of Amount and Details of Performance-Linked Share-Based Remuneration, etc. for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

1. Reasons for the proposal and reasons why the remuneration is considered to be appropriate

At the 19th Annual General Meeting of Shareholders held on March 30, 2021, the Company received approval for the introduction of a share-based remuneration plan (hereinafter the “Plan”) for the current Directors (excluding Outside Directors and non-residents in Japan). If Proposal 1 “Amendment to the Articles of Incorporation” is approved and adopted as proposed, in accordance with the transition to a company with an Audit & Supervisory Committee, the Company proposes to abolish the current limit of remuneration for Directors under the Plan and to re-establish the remuneration limit under the Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors, and non-residents in Japan; hereinafter the “Eligible Directors” in this proposal), as well as to continue the Plan after partial revision.

This limit of remuneration, like the current limit of remuneration under the Plan, will be set separately from the limit of remuneration for which we are proposing in Proposal 4 “Establishment of Amount of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members).”

We believe that the Plan is appropriate as it aims to make the link between the remuneration of the Eligible Directors and the Company’s stock value clearer and to motivate them to contribute to the improvement of the Company’s business performance and to the increase of corporate value over the medium to long term.

If this proposal is approved, the Company plans to amend the “items (i) to (iv) as well as item (vi) in (5) Remuneration, etc. for Directors and Audit & Supervisory Board Members” described on pages 17 to 19 of the Business Report (available only in Japanese) at the Board of Directors meeting after the conclusion of this meeting, as described in the “Company’s Policy on the Remuneration Plan for Officers” on pages 26 to 27 of this Notice of Convocation, so as to be consistent with the approved details of this proposal.

The number of the Eligible Directors who are eligible under the Plan will be seven (7) if Proposal 1 “Amendment to the Articles of Incorporation” and Proposal 2 “Election of nine (9) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)” are approved and adopted as proposed.

This proposal shall take effect subject to the amendment of the Articles of Incorporation in Proposal 1 “Amendment to the Articles of Incorporation” taking effect.

The Company has submitted this proposal after deliberation by the Nomination and Remuneration Advisory Committee and has determined that the details of the said remuneration are appropriate, taking into consideration the fairness of the calculation of the amount of remuneration in this proposal and the purpose of its introduction.

2. Amounts and details of remuneration, etc. under the Plan

(1) Outline of the Plan

The Plan is a share-based remuneration plan under which the Company’s shares are acquired through a trust using the amount of remuneration for the Eligible Directors (as specified in (2) below) contributed by the Company as the underlying funds, and individuals who serve as the Eligible Directors during the Plan Period (defined in (2) below) are delivered and paid (hereinafter, “Deliver” or “Delivered”) the Company’s shares and the amount of money equivalent to the conversion value of the Company’s shares (hereinafter collectively, the “Company’s Shares, etc.”) according to such factors as their position and the degree of achievement of the performance targets throughout a trust period. The Eligible Directors will be Delivered the Company’s Shares, etc. at a certain time after the end of the fiscal years covered by the Company’s medium-term management plan (hereinafter, the “Plan Period”). The Plan Period covered by this continuation will be the three fiscal years from FY2022 to FY2024.

(2) Upper limit of money to be contributed by the Company

The Plan will be continued for the fiscal years covered by the Company’s medium-term management plan.

The Company will contribute a maximum amount of money calculated by multiplying the number of fiscal years of the Plan Period by ¥50 million as remuneration for the Eligible Directors pertaining to the said Plan Period, and establish a trust (hereinafter, the “Trust”) for a period corresponding to the Plan

Period whose beneficiaries are the Eligible Directors who fulfill the beneficiary eligibility requirements. The maximum amount of money to be paid during the Plan Period in connection to this continuation will be ¥150 million.

The Trust will acquire the Company's shares from the stock market or the Company (through disposal of treasury shares) using the trust money as the underlying funds in accordance with instructions of the trust administrator. The Company will grant points to the Eligible Directors (as specified in (3) below) pertaining to the said Plan Period, and the Trust will Deliver the Company's Shares, etc. to the Eligible Directors.

The Trust may be continued by modifying the trust agreement and entrusting additional money at the expiry of the trust period of the Trust. In that case, a new Plan Period will be the number of fiscal years covered by a medium-term management plan that has been formulated by the Company at the time, and the trust period of the Trust will be extended to the same duration as the said new Plan Period. The Company will make additional contributions to the Trust within the above maximum amount of money as remuneration for the Eligible Directors of the Company pertaining to the said new Plan Period, and will continue to grant points to the Eligible Directors; provided, however, that in cases where additional contributions are to be made, where there are any of the Company's shares (excluding the Company's shares equivalent to points granted to the Eligible Directors that are yet to be Delivered) and money remaining in the trust property (hereinafter, the "Remaining Shares, etc.") as of the last day of the trust period prior to the extension, the sum of the amount of the Remaining Shares, etc. and additional trust money to be contributed will be within the maximum amount of contributions to be made to the Trust for the said new Plan Period. The trust period may be extended not only once, but again thereafter in the same way.

(3) Calculation formula and upper limit of the number of the Company's Shares, etc. to be acquired by the Eligible Directors

The numbers and amounts of the Company's Shares, etc. to be Delivered to the Eligible Directors will be determined based on the points to be granted to the Eligible Directors, which are calculated using specific formulas.

Specifically, fixed points and performance-linked points calculated using the following formulas will be granted to individuals who serve as the Eligible Directors at a specified timing during the trust period, and the numbers and amounts of the Company's Shares, etc. to be Delivered to the Eligible Directors will be determined based on the points accumulated for the period corresponding to the period of the medium-term management plan (hereinafter, the "Share Delivery Points"). The number of the Company's shares to be delivered to the Eligible Directors through the Trust is determined by converting the Share Delivery Points granted to each Eligible Director at the rate of one share of the Company per point. If the number of the Company's shares belonging to the Trust increases or decreases due to a share split, allotment of shares without consideration, share consolidation or any other event, the Company will adjust the number of its shares to be delivered per Share Delivery Point according to the percentage of the increase or decrease.

Formula for calculating the fixed points:

Amount determined by position / share price at a specified timing

Formula for calculating the performance-linked points:

Amount determined by position / share price at a specified timing x performance-linked coefficient*

* The coefficient will be determined within the range of 0% to 150%, depending on consolidated operating income and other factors.

* The performance-linked coefficient will be 1 (100%) for the fiscal year in which an Eligible Director, who fulfills the beneficiary eligibility requirements, retires (excluding voluntary resignation), dies, or becomes a non-resident of Japan.

The maximum number of the Company's shares to be delivered to the Eligible Directors for each Plan Period is calculated by multiplying 10,000 shares by the number of fiscal years of the said Plan Period (hereinafter, the "Maximum Number of Shares"). This maximum number of shares is set based on the upper limit of money to be contributed by the Company in (2) above in reference to factors such as the

share prices for the most recent year. The maximum number of the Company's shares to be delivered to the Eligible Directors during the Plan Period in connection to this continuation will be 30,000 shares.

If the Trust is continued as described in (2) above, the maximum number of shares for a new Plan Period is calculated by multiplying 10,000 shares by the number of fiscal years of the said new Plan Period.

(4) Method and timing of Delivery of the Company's Shares, etc. to the Eligible Directors

The Eligible Directors who fulfill the beneficiary eligibility requirements will be Delivered the Company's Shares, etc., whose number is calculated based on (3) above, around April immediately after the end of the final fiscal year of the Plan. At the time of Delivery, in accordance with the provisions of the trust agreement, the Eligible Directors will be delivered the Company's shares for 50% of the Company's shares corresponding to Share Delivery Points (fractional shares are rounded down), while the remainder is converted to money in the Trust and the Eligible Directors will be paid the amount of money equivalent to the conversion value.

In addition, if an Eligible Director who fulfills the beneficiary eligibility requirements retires (excluding voluntary resignation), the Eligible Director will be Delivered the Company's Shares, etc. from the Trust, whose number is based on the Share Delivery Points at the time of his or her retirement. If an Eligible Director who fulfills the beneficiary eligibility requirements dies during his or her term of office as an Eligible Director, an heir to the Eligible Director will be paid money from the Trust, in an amount obtained by converting to money the Company's shares whose number is based on the Share Delivery Points at the time of the Eligible Director's death. The same applies to the case in which an Eligible Director who fulfills the beneficiary eligibility requirements becomes a non-resident of Japan during the Plan Period; the Eligible Director will be paid money from the Trust, in an amount obtained by converting to money the Company's shares whose number is based on the Share Delivery Points at the time of the Eligible Director becoming a non-resident of Japan.

(5) Voting rights pertaining to the Company's shares under the Trust

Voting rights pertaining to the Company's shares under the Trust will not be exercised during the trust period to ensure the neutrality of the Company's management.

(6) Other details of the Plan

Other details of the Plan will be determined at the Board of Directors each time the Trust is established, the trust agreement is amended, and additional contributions to the Trust are made.

* Please refer to the "Reference" section below for the "Company's Policy on the Remuneration Plan for Officers."

(Reference)

The “Company’s Policy on the Remuneration Plan for Officers” proposed in Proposals 4 to 6 is as follows:

[Outline of the policy for determining individual Directors’ remuneration, etc.]

1. Basic policy

The Company’s remuneration plan for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members; the same shall apply hereinafter) consists of basic remuneration, which is a fixed remuneration, and year-end remuneration and share-based remuneration, which are linked to the business performance of each fiscal year. The Company’s basic policy is to calculate the basic remuneration based on the Remuneration Standards Table for Officers in accordance with the duties and responsibilities of each Officer, to determine the year-end remuneration, which is linked to the Company’s business performance, by a resolution of the Board of Directors after consultation with the Nomination and Remuneration Advisory Committee within the limit of the remuneration amount resolved at the general meeting of shareholders, and to determine the share-based remuneration in accordance with the Share Delivery Rules within the limit of the amount of remuneration and the number of shares resolved at the general meeting of shareholders. Outside Directors and Directors who are Audit & Supervisory Committee Members are paid only basic remuneration from the viewpoint of their roles and independence, and the amount of remuneration for Directors who are Audit & Supervisory Committee Members is determined through discussions among Directors who are Audit & Supervisory Committee Members.

2. Policy for determining the amount of basic remuneration (monetary remuneration) for individual Directors

The basic remuneration shall be a monthly fixed remuneration, and the amount of the remuneration shall be determined in accordance with the position, responsibilities, and term of office, taking into consideration the level at other companies, the Company’s business performance, the level of employee salaries, and other factors comprehensively.

3. Policy for determining the details of performance-linked remuneration, etc. and non-monetary remuneration, etc., and the method for calculating the amount or number of such remunerations

The performance-linked remuneration consists of year-end remuneration (monetary remuneration) and share-based remuneration (non-monetary remuneration). For the year-end remuneration, the Company calculates the standard amount of the year-end remuneration according to the amount of the consolidated ordinary income, determines the amount to be paid according to the consolidated net sales and consolidated operating income, and pays it at a certain time each year. The share-based remuneration consists of a fixed portion and a performance-linked portion, and is determined in accordance with the provisions of the Share Delivery Rules. For the fixed portion, the amount of remuneration is determined in accordance with the position, and for the performance-linked portion, the amount of remuneration is determined in consideration of the consolidated net sales and consolidated operating income for each fiscal year, and in principle, shares calculated in accordance with the performance are delivered after the completion of the medium-term management plan. In addition, the number of the share-based remuneration to be delivered to individual Directors will be determined in accordance with the Share Delivery Rules, and the share-based remuneration will be returned if the prescribed conditions stipulated in the Share Delivery Rules, such as an occurrence of misconduct, are recognized.

The performance indicators are selected for the purpose of making each Officer more aware of the overall consolidated management.

4. Policy for determining the ratio to the amount of remuneration, etc. for individual Directors

The Company determines the ratio of remuneration for Directors by type by referring to companies that have the same level of business scale or belong to the related industries as the Company. The weight of performance-linked remuneration increases as the rank of the position increases. The approximate ratio of remuneration, etc. by type (in the case of the President) is as follows: the ratio of basic remuneration to year-end remuneration to share-based remuneration is 7:2:1 (in the case of achieving 100% of the annual budget).

5. Policy on delegation of authority to determine individual Directors' remuneration, etc.

The President and Representative Director shall be delegated the authority to determine the specific details of the amount of individual remuneration in accordance with a resolution of the Board of Directors, and the scope of such authority shall include the amount of basic remuneration for each Director and the evaluation and allocation of year-end remuneration based on the performance of the business for which each Director is responsible. The President and Representative Director shall consult the Nomination and Remuneration Advisory Committee on the draft and obtain its report to ensure that such authority is appropriately exercised by the President and Representative Director, and the President and Representative Director who has received the above delegation shall make decisions in accordance with the content of such report. As for share-based remuneration, a certain number of points will be granted in accordance with the provisions of the Share Delivery Rules established by resolution of the Board of Directors after consultation with and with the report from the Nomination and Remuneration Advisory Committee, up to the maximum amount resolved at the general meeting of shareholders separately from the limit of monetary remuneration.