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(Stock Exchange Code 4286)

March 14, 2023

(Commencement of Measures for Electronic Provision: March 8, 2023)

To Shareholders with Voting Rights:

Junichiro Uchikawa
President & CEO
CL Holdings Inc.
2-26-1 Minamiaoyama, Minato-ku, Tokyo

NOTICE OF THE 35TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

You are cordially invited to attend the 35th Annual General Meeting of Shareholders of CL Holdings Inc. (the “Company”), which will be held as described below.

In convening this meeting, we have taken the measures for electronic provision, posting the matters subject to measures for electronic provision on the following website on the internet. Please access the website below, select “IR INFORMATION” and “General Meeting of Shareholders” in this order.

The Company’s website (<https://www.clholdings.co.jp/en/>)

These matters are also posted on the following website on the internet. Please visit the website below and search for the Company by entering the Company’s name or stock exchange code, and then click “Basic information” and “Documents for public inspection/PR information” in this order.

Tokyo Stock Exchange Listed Company Search
(<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>)

Instead of attending the meeting, you can exercise your voting rights by mail or via the internet, etc., and are kindly requested to exercise your voting rights on or before 6 p.m., Wednesday, March 29, 2023 (Japan time), after reviewing the “Reference Documents for the General Meeting of Shareholders” presented in the matters subject to measures for electronic provision.

- 1. Date and Time:** Thursday, March 30, 2023
10:00 a.m. Japan time (Reception opens at 9:15 a.m.)
- 2. Place:** “Akebono” on the first floor of Meiji Kinenkan,
2-2-23 Moto-Akasaka, Minato-ku, Tokyo
*The venue is the same but the room has changed from the Annual General Meeting of Shareholders held in March 2022.

No souvenirs will be made available to the attending shareholders. We sincerely request your understanding and acceptance.

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 35th Fiscal Year (January 1, 2022–December 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 35th Fiscal Year (January 1, 2022–December 31, 2022)

Proposals to be resolved:

Proposal 1: Election of Eight (8) Directors

Proposal 2: Determination of Compensation for Granting Restricted Shares to Directors

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. Should the matters subject to electronic provision require revisions, the revised versions will be posted on the websites that have presented such matters.
3. Please bring this leaflet to the meeting with you for paper resources saving.
4. The documents delivered to shareholders also serve as a document describing the matters subject to electronic provision for shareholders who have requested the delivery of hard copies.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of eight (8) Directors is proposed.

The candidates for Director are as follows.

No.	Name	Attendance at meetings of the Board of Directors
1	Junichiro Uchikawa Reappointment	12/12
2	Makoto Yoneyama Reappointment	12/12
3	Satoshi Yamashita Reappointment	12/12
4	Hideo Konishi Reappointment	12/12
5	Mitsuru Ishimura Reappointment	12/12
6	Hiroshi Sonobe Reappointment Outside	12/12
7	Takashi Watanabe Reappointment Independent	10/10
8	Sachiyo Yasuda Reappointment Outside	10/10
	Independent	

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
1	Junichiro Uchikawa (January 30, 1961) <u>Reappointment</u>	March 1988 Founded the Company, Representative Director March 1991 Founded S.I.P Corporation (currently REET Inc.), Representative Director February 1994 President & CEO, the Company (to present) October 2008 Founded LEGS (SHANGHAI) TRADING COMPANY, LTD., Chairman July 2009 Director, M&I Co., Ltd. February 2011 Founded LEGS (SHANGHAI) ADVERTISING COMPANY, LTD. (currently LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD.), Chairman March 2012 Founded LEGS (SHENZHEN) TRADING COMPANY, LTD., Chairman July 2014 Outside Director, ORENO Corporation August 2014 Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. August 2014 Director, LEGS (SHANGHAI) ADVERTISING COMPANY, LTD. August 2014 Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. February 2016 Director, JU Co., Ltd. (to present) May 2017 Auditor, Asia Leaders Association (to present) June 2020 Chairman, CDG Co., Ltd. July 2020 Chairman, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present) July 2020 Chairman, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present) June 2021 Chairman & Representative Director, CDG Co., Ltd. (to present) August 2021 Founded LEGS COMPANY, LTD., President & CEO September 2021 Chairman, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present) January 2023 Chairman & CEO, LEGS COMPANY, LTD. (to present) (Significant concurrent positions) Chairman, LEGS (SHANGHAI) TRADING COMPANY, LTD. Chairman, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. Chairman, LEGS (SHENZHEN) TRADING COMPANY, LTD. Director, JU Co., Ltd. Chairman & Representative Director, CDG Co., Ltd. Chairman & CEO, LEGS COMPANY, LTD. Auditor, Asia Leaders Association	295,400
<p>• Reason for nomination as a candidate for Director Having abundant management experience and achievements, Mr. Junichiro Uchikawa has been serving as Representative Director of the Company since the Company's foundation. The Company believes that he is qualified to make decisions on significant business execution and supervise duties of directors and executive officers. Therefore, the Company has continuously nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
2	Makoto Yoneyama (September 2, 1956) <u>Reappointment</u>	March 1980 Joined Kyoto Ceramic Co., Ltd. (currently KYOCERA Corporation) July 2005 Transferred to KYOCERA MITA Corporation (currently KYOCERA Document Solutions Inc.), Corporate Officer & General Manager, Business Administration Division April 2008 Corporate Officer, KYOCERA MITA Corporation April 2008 Managing Director, KYOCERA MITA JAPAN Corporation March 2010 Transferred to KYOCERA Communication Systems Co., Ltd., Senior General Manager March 2010 Deputy Manager, Trustee's Office, Japan Airlines Co., Ltd. June 2010 Director, KYOCERA Communication Systems Co., Ltd. December 2010 Executive Officer, Corporate Control Division, Japan Airlines Co., Ltd. April 2012 Managing Executive Officer, Corporate Control Division, Japan Airlines Co., Ltd. June 2012 Managing Director, KYOCERA Communication Systems Co., Ltd. April 2015 Senior Managing Director & General Manager, Administration Division, KYOCERA Communication Systems Co., Ltd. March 2016 Joined the Company June 2016 General Manager, Administration Division, the Company March 2017 Senior Managing Director & General Manager, Administration Division, the Company March 2017 Representative Director, S.I.P Corporation (currently REET Inc.) May 2020 Senior Managing Director in charge of Business Management Administration and General Manager, Administration Division, the Company June 2020 Director, CDG Co., Ltd. (to present) July 2020 Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present) July 2020 Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present) March 2021 Senior Managing Director in charge of Business Management Administration, the Company August 2021 Senior Managing Director in charge of Business Management Administration, LEGS COMPANY, LTD. September 2021 Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present) March 2022 Director in charge of Business Management Administration, the Company (to present) March 2022 Director in charge of Business Management Administration, LEGS COMPANY LTD. (to present) (Significant concurrent positions) Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. Director, CDG Co., Ltd. Director in charge of Business Management Administration,	200

LEGS COMPANY, LTD.

• Reason for nomination as a candidate for Director

Mr. Makoto Yoneyama has engaged in the management of listed companies for many years and has abundant practical experience and high level of knowledge. He has contributed to establishing corporate governance structure that is essential to sustainable growth since his assumption of office as General Manager of Administration Division in 2016. Therefore, the Company has continuously nominated him as a candidate for Director.

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
3	Satoshi Yamashita (June 27, 1979) <u>Reappointment</u>	April 2002 Joined the Company February 2012 Executive Officer, the Company March 2015 Senior Executive Officer, the Company December 2017 Executive Officer, the Company January 2019 Senior Executive Officer, the Company January 2020 Managing Executive Officer, the Company July 2020 Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. (to present) July 2020 Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. (to present) March 2021 Director in charge of New Business and License Business & General Manager, License Division, the Company August 2021 Director in charge of New Business and License Business, LEGS COMPANY, LTD. January 2022 Director, the Company (to present) March 2022 Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. (to present) March 2022 Executive Vice President in charge of Marketing Service Business, LEGS COMPANY, LTD. January 2023 President & CEO, LEGS COMPANY, LTD. (to present) (Significant concurrent positions) Director, LEGS (SHANGHAI) TRADING COMPANY, LTD. Director, LEGS (SHANGHAI) CULTURAL AND CREATIVE COMPANY, LTD. Director, LEGS (SHENZHEN) TRADING COMPANY, LTD. President & CEO, LEGS COMPANY, LTD.	17,200
<p>• Reason for nomination as a candidate for Director</p> <p>Mr. Satoshi Yamashita has been involved in sales at the Company for many years, and has abundant experience and knowledge, well versed in the field. He also has a wealth of knowledge not only in the sales promotion industry but also in licensing, and has contributed to building new business models such as promotional product sales.</p> <p>Therefore, the Company believes that he is essential for the Company's further development and enhancement of corporate value, and has continuously nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
4	Hideo Konishi (August 26, 1971) <u>Reappointment</u>	<p>April 1996 Joined CDG Co., Ltd.</p> <p>April 2015 General Manager, Tokyo Sales Department III, CDG Co., Ltd.</p> <p>May 2016 Executive Officer, Deputy General Manager, Sales Headquarters and General Manager, Tokyo Sales Department III, CDG Co., Ltd.</p> <p>May 2016 Secretary, CDG Promotional Marketing Co., Ltd.</p> <p>April 2017 Executive Officer, Deputy General Manager, Sales Division, General Manager, Tokyo Sales Department I and General Manager, Sales Planning Department, CDG Co., Ltd.</p> <p>April 2018 Senior Managing Executive Officer, General Manager, Sales Promotion Division, CDG Co., Ltd.</p> <p>May 2018 CEO, CDG Promotional Marketing Co., Ltd.</p> <p>June 2018 CEO and Director in charge of Sales Promotion Division, CDG Co., Ltd.</p> <p>April 2019 CEO, CDG Co., Ltd. (to present)</p> <p>March 2021 Director, the Company (to present)</p> <p>(Significant concurrent positions) CEO, CDG Co., Ltd.</p>	-
<p>• Reason for nomination as a candidate for Director</p> <p>Mr. Hideo Konishi has many years of experience in business execution in the sales and planning divisions at listed companies, and has deep understanding of, as well as extensive experience and insight into, the sales promotion industry.</p> <p>He also has thorough knowledge of the digital business. The Company believes that he is essential for the Company's further development and enhancement of corporate value, and has continuously nominated him as a candidate for Director.</p>			
5	Mitsuru Ishimura (October 3, 1958) <u>Reappointment</u>	<p>April 1983 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)</p> <p>January 1988 International Division, BOT Lease Co., Ltd.</p> <p>April 2000 Managing Director in charge of Investment Banking Division, HSBC Securities (Japan) Limited</p> <p>May 2013 Executive Director, Japan Association for Securities Learning (to present)</p> <p>June 2015 Outside Director, MARUHAN Corporation</p> <p>April 2016 Independent Outside Director, SATHAPANA BANK PLC.</p> <p>January 2019 Advisor, Kanie JAPAN Co., Ltd. (to present)</p> <p>March 2021 Director, the Company (to present)</p> <p>June 2022 Advisor, ESG, Ltd. (to present)</p> <p>(Significant concurrent positions) Executive Director, Japan Association for Securities Learning Advisor, Kanie JAPAN Co., Ltd. Advisor, ESG, Ltd.</p>	-
<p>• Reason for nomination as a candidate for Director</p> <p>After working at a bank and securities companies, Mr. Mitsuru Ishimura has held various management positions at numerous companies, and possesses deep experience and insight in and outside Japan. The Company believes that he can utilize his wide connections and extensive experience in the management of the Company, and has continuously nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
6	Hiroshi Sonobe (February 12, 1965) <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	April 1992 Entered the Legal Training and Research Institute of the Supreme Court of Japan April 1994 Joined Kiyoshi Suda Law Office October 2001 Established Hayashi, Sonobe & Fujigasaki Law Office (currently HS & Co.), Representative Attorney-at-Law (to present) March 2010 Audit & Supervisory Board Member, Japan Property Management Center Co., Ltd. March 2013 Outside Audit & Supervisory Board Member, the Company June 2014 Outside Audit & Supervisory Board Member, Tokyo Tekko Co., Ltd. March 2016 Outside Director, PALTEK CORPORATION March 2016 Outside Director, Japan Property Management Center Co., Ltd. (Audit and Supervisory Committee Member) June 2016 Outside Audit & Supervisory Board Member, Care Service Co., Ltd. June 2016 Outside Director, Tokyo Tekko Co., Ltd. (Audit and Supervisory Committee Member) (to present) March 2017 Outside Director, the Company (to present) March 2019 Audit & Supervisory Board Member, PALTEK CORPORATION June 2022 Outside Director, Care Service Co., Ltd. (to present) (Significant concurrent positions) Representative Attorney-at-Law, HS & Co. Outside Director, Care Service Co., Ltd. Outside Director, Tokyo Tekko Co., Ltd. (Audit and Supervisory Committee Member)	1,000
<ul style="list-style-type: none"> • Reason for nomination as a candidate for Outside Director and overview of roles expected • Mr. Hiroshi Sonobe is a candidate for Outside Director. • Mr. Hiroshi Sonobe will have served 6 years as Outside Director at the conclusion of this Annual General Meeting of Shareholders. • The Company expects that, based on his extensive experience and knowledge as an expert in corporate legal affairs (attorney-at-law), he would supervise and monitor the management of the Company and his advice regarding all aspects of management could help enhance corporate governance. Therefore, the Company has continuously nominated him as a candidate for Outside Director. • Matters regarding independence • The Company registered Mr. Hiroshi Sonobe as Independent Director with no potential conflict of interest with general shareholders with Tokyo Stock Exchange, Inc. 			

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
7	Takashi Watanabe (December 11, 1964) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	April 1989 Joined Temporary Center Inc. (currently Pasona Inc.) April 1989 Seconded to Medical Power K.K. (currently Pasona Inc. Medical Division) December 1993 Seconded to Human Resources Exchange System Inc. (currently Pasona Inc. Career Support Division) April 1997 Representative Director and President, Pasona career assets Inc. (currently Pasona Inc.) March 2010 Vice President/Director, Pasona Inc. and Company President, Pasona Career Company August 2010 Director, Pasona Group Inc. August 2018 Executive Officer and Vice President, Pasona Group Inc. March 2022 Outside Director, the Company (to present) March 2022 External Director, CARTA HOLDINGS, INC. (to present) (Significant concurrent position) External Director, CARTA HOLDINGS, INC.	-
<ul style="list-style-type: none"> • Reason for nomination as a candidate for Outside Director and overview of roles expected • Mr. Takashi Watanabe is a candidate for Outside Director. • Mr. Takashi Watanabe will have served one year as Outside Director at the conclusion of this Annual General Meeting of Shareholders. • Mr. Takashi Watanabe has engaged in the management of listed companies for many years and has experience in improving the organizational culture and performance of companies. In addition, he has abundant experience in launching new businesses and services, as well as in fostering human resources over a long period of time. Therefore, the Company believes that he will bring his wealth of experience and extensive knowledge to the management of the Company, and has continuously nominated him as a candidate for Outside Director. • Matters regarding independence • The Company registered Mr. Takashi Watanabe as Independent Director with no potential conflict of interest with general shareholders with Tokyo Stock Exchange, Inc. 			

No.	Name (Date of birth)	Career summary, positions, and assignments at the Company (Significant concurrent positions)	Number of shares of the Company held
8	Sachiyo Yasuda (September 17, 1969) Reappointment Outside Independent	<p>April 1992 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)</p> <p>April 2014 Executive Officer in charge of New-graduates Recruiting Operation Division, Recruit Career Co., Ltd. (currently Recruit Co., Ltd.)</p> <p>May 2019 Joined ExaWizards Inc., Executive Officer</p> <p>May 2021 Director, ExaWizards Inc. Practical AI & DX Research Center</p> <p>March 2022 Outside Director, the Company (to present)</p> <p>November 2022 Head of Business Development, LegalOn Technologies, Inc. (to present)</p> <p>February 2023 Advisor, Shinnihonseiyaku Co., Ltd. (to present)</p> <p>(Significant concurrent positions) Head of Business Development, LegalOn Technologies, Inc. Advisor, Shinnihonseiyaku Co., Ltd.</p>	-
<ul style="list-style-type: none"> • Reason for nomination as a candidate for Outside Director and overview of roles expected • Ms. Sachiyo Yasuda is a candidate for Outside Director. • Ms. Sachiyo Yasuda will have served one year as Outside Director at the conclusion of this Annual General Meeting of Shareholders. • Ms. Sachiyo Yasuda has engaged in various sales operations and projects related to recruitment and organizational revitalization for corporations at employment agencies, staffing companies, and other similar businesses for many years. She has abundant experience and extensive knowledge in the fields of HR and DX. The Company believes that she can utilize such experience and knowledge in the management of the Company, and has continuously nominated her as a candidate for Outside Director. • Matters regarding independence • The Company registered Ms. Sachiyo Yasuda as Independent Director with no potential conflict of interest with general shareholders with Tokyo Stock Exchange, Inc. 			

- (Notes)
1. The Company does not have any special interest with each candidate for Director.
 2. In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Mr. Hideo Konishi, Mr. Mitsuru Ishimura, Mr. Hiroshi Sonobe, Mr. Takashi Watanabe, and Ms. Sachiyo Yasuda for the purpose of limiting their liability for compensation of damages stipulated in Article 423, Paragraph 1 of the said Act. If their election is approved, the Company will continue to hold the agreement with them. The maximum amount of liability under such contract shall be the greater of either 3 million yen or the minimum liability amount stipulated by laws and regulations.
 3. The Company has a directors and officers liability insurance policy which provides insurance cover for all Directors of the Company against damages that may arise from their responsibilities associated with the execution of their duties or claims taken against them for the pursuit of such responsibilities. However, certain exclusions apply to the above insurance, which include damages caused by willful misconduct or gross negligence. If each candidate assumes the office of Director, he/she will be the insured under the said insurance policy, which will be renewed in January 2024.
 4. Neither Mr. Hiroshi Sonobe, Mr. Takashi Watanabe, nor Ms. Sachiyo Yasuda is a business executor or a director of any entity that has special relationship with the Company. Furthermore, there has been no such relevant relationship during the past 10 years.
 5. Neither Mr. Hiroshi Sonobe, Mr. Takashi Watanabe, nor Ms. Sachiyo Yasuda is going to receive a large amount of money or other assets from the Company or any entity that has special relationship with the Company. Furthermore, there has been no such arrangement in the past two years.
 6. Neither Mr. Hiroshi Sonobe, Mr. Takashi Watanabe, nor Ms. Sachiyo Yasuda is a spouse, a relative within the third degree or such a closely related person of a business executor or a director of the Company or any entity that has special relationship with the Company.
 7. The numbers of shares they own are as of December 31, 2022.

(Prospective) Skills Matrix of the Board of Directors after The General Meeting of Shareholders

(Note) If the candidates named in this Notice are elected as proposed, the skills matrix of the Board of Directors will be as follows.

	Name	Skills that may be particularly utilized among areas of specialization required by the Company										
		Management	Finance/accounting	Law/governance	Personnel affairs/ human resource development	ESG/SDGs	Overseas	Sales/marketing	Production technology/quality management	DX/IT	Content business	New business development
Director	Junichiro Uchikawa	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
	Makoto Yoneyama	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>			
	Satoshi Yamashita	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Hideo Konishi	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	
	Mitsuru Ishimura	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>				<input type="radio"/>
	Hiroshi Sonobe Outside Independent			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				<input type="radio"/>		
	Takashi Watanabe Outside Independent	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>						<input type="radio"/>
	Sachiyo Yasuda Outside Independent	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>				<input type="radio"/>		<input type="radio"/>
Audit & Supervisory Board Member	Hajime Kusuda			<input type="radio"/>	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>			
	Hiroshi Magaribuchi Outside Independent		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>						
	Motoo Kobayashi Outside Independent	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>			<input type="radio"/>		

The Company has established “Selection Standards for Directors and Audit & Supervisory Board Members” as follows.

“Selection Standards for Directors and Audit & Supervisory Board Members”

Directors and Audit & Supervisory Board Members of the Company shall fulfill the conditions stipulated in laws and regulations and the Articles of Incorporation, and shall also satisfy the following conditions.

Conditions required of all Directors and Audit & Supervisory Board Members
<ol style="list-style-type: none"> 1. He or she shall possess excellent character, knowledge, insight, a strong spirit of compliance with laws and regulations, and ethical standards. 2. He or she shall possess excellent management sense, and a thorough knowledge of various issues related to management. 3. He or she shall possess objective decision-making capabilities, insight, and foresight. 4. He or she shall be able to provide his or her own views in a proactive manner, from a company-wide perspective.
Conditions required of Outside Directors
<ol style="list-style-type: none"> 1. He or she shall possess a high level of insight, abundant practical experience, and experience of serving in a leadership role in fields such as corporate management, internal controls, laws and regulations, accounting, finance, and risk management. 2. He or she shall be able to supervise management and make related judgments in an objective manner, and provide advice and support related to sustainable corporate growth, from a practical perspective based on abundant experience in corporate management and specialized fields.
Conditions required of Outside Audit & Supervisory Board Members
<ol style="list-style-type: none"> 1. He or she shall possess a high level of insight, abundant practical experience, and experience of serving in a leadership role in fields such as corporate management, internal controls, laws and regulations, accounting, finance, and risk management. 2. He or she shall be able to express objective audit views from a neutral standpoint, in order to ensure the neutrality and independence of the audit system.

In addition, the Company has established the following “Independence Standards for Outside Officers,” which are standards for designating Outside Officers as Independent Directors/Auditors.

“Independence Standards for Outside Officers”

Outside Directors and Outside Audit & Supervisory Board Members of the Company shall fulfill the external conditions stipulated in the Companies Act and other laws and regulations, and shall also satisfy the following conditions.

Conditions required of all Outside Directors and Outside Audit & Supervisory Board Members
<ol style="list-style-type: none"> 1. Regardless of age, gender, nationality, etc., he or she shall possess specialist knowledge, experience, insight, character, etc. that enable him or her to fulfill all his or her duties, and shall be someone who is able to understand, sympathize with, and implement the Company’s management philosophy. 2. He or she shall satisfy the independence standards in the “Guidelines concerning Listed Company Compliance, etc.” set forth by Tokyo Stock Exchange, Inc.

Proposal 2: Determination of Compensation for Granting Restricted Shares to Directors

The Company has recently reviewed its executive remuneration system and is working on system reform toward the enhancement of corporate governance. As part of these commitments, the Company proposes to introduce a restricted share compensation plan (hereinafter referred to as the “Plan”) as described below, for the purpose of providing the Company’s Directors (excluding Outside Directors; hereinafter referred to as the “Eligible Directors”) with incentives to contribute to sustainable growth of the Company’s corporate value, as well as pursuing medium- to long-term improvements in corporate value and promoting further value sharing with shareholders.

At the 12th Annual General Meeting of Shareholders held on March 27, 2000, the amount of compensation for the Company’s Directors (including Outside Directors) has been approved not to exceed 200 million yen per annum. Separately from this amount of compensation, the Company proposes that the total amount of monetary compensation claims of up to 50 million yen per annum shall be provided to the Eligible Directors under the Plan for granting restricted shares as compensation, on the condition that they continue to serve as the Company’s Directors, etc. for a specified period, and the specific timing of payment and amount to be paid to each Eligible Director shall be determined by the Board of Directors.

The Board of Directors shall decide the allotment of restricted shares, comprehensively taking into consideration each Eligible Director’s contribution and other factors after obtaining a report from the Nominating and Compensation Advisory Committee, which comprises Outside Directors and Audit & Supervisory Board Members of the Company. For this reason, the Company considers the details in this proposal appropriate.

The Company currently has eight Directors (including three Outside Directors); thus, the number of Eligible Directors is five, with three Outside Directors excluded. If Proposal 1 is approved and resolved as originally proposed, the Company will have the same number of Eligible Directors relating to this proposal.

[Details of the Plan]

1. Overview of the Plan

Under the Plan, the Eligible Directors shall make an in-kind contribution of all monetary compensation claims to be provided under this proposal in accordance with a resolution of the Company’s Board of Directors, and shall, in return, receive shares of the Company’s common stock that will be issued or disposed of by the Company. For the issuance or disposal of shares of the Company’s common stock, an agreement on allotment of the restricted shares (hereinafter referred to as the “Allotment Contract”) shall be entered into by and between the Company and each Eligible Director. The Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of shares of the Company’s common stock allotted under the Allotment Contract (hereinafter referred to as the “Allotted Shares”) for a specified period from the date of delivery of the Allotted Shares. The total number of restricted shares to be allotted to the Eligible Directors under the Plan shall not exceed 65,000 shares in each fiscal year. The specific allocation to each Eligible Director shall be determined by the Board of Directors after obtaining a report from the Nominating and Compensation Advisory Committee within the limit approved at this Annual General Meeting of Shareholders.

The outline of the Allotment Contract is as follows.

2. Paid-in Amount per Share

The amount to be paid in per Allotted Share shall be determined by the Company’s Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors regarding the allotment of shares (if the Company’s shares are not traded on said date, the closing price of the immediately preceding trading day) and other factors, to the extent that it will not be particularly advantageous to the Eligible Directors.

3. Outline of the Allotment Contract

(1) Transfer Restriction Period

The Eligible Directors to whom the restricted shares is allotted shall not transfer, create a security interest on, or otherwise dispose of the Allotted Shares during the period from the date of payment until the date of resignation (hereinafter referred to as the “Transfer Restriction Period”), excluding cases where they are appointed or reappointed to the position as Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Company and its subsidiaries (hereinafter referred to as the “Group”) at the time of resignation.

(2) Acquisition of Restricted Shares without Consideration

If an Eligible Director resigns from his/her positions as Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Group before the lapse of one year from the date of payment, the Company shall automatically acquire the Allotted Shares without consideration at the time of his/her resignation unless he or she (i) is appointed or reappointed to any of the aforementioned positions at the time of resignation, (ii) resigns from the aforementioned positions for a reason deemed justifiable by the Board of Directors of the Company, or (iii) resigns due to death. If an Eligible Director resigns due to death, the Company shall in principle acquire without consideration (a) the Allotted Shares after deducting (b) the amount calculated by dividing the number of months from the month that includes the date of payment to the month that includes the date of his/her resignation from the position as Director, Audit & Supervisory Board Member, Executive Officer, or employee of the Group due to death by 12, and then multiplying it by the number of the Allotted Shares (any fractions falling short of one share resulting from the calculation shall be rounded down).

(3) Management of Shares

In order to prevent the Allotted Shares from being transferred, having any security interest created thereon, or otherwise being disposed of during the Transfer Restriction Period, they will be managed in a dedicated account opened for each Eligible Director at a securities firm designated by the Company during the Transfer Restriction Period.

(4) Treatment in the Event of Organizational Restructuring, etc.

If, during the Transfer Restriction Period, matters relating to a merger agreement under which the Company becomes a merged company, a share exchange agreement or a share transfer plan by which the Company becomes a wholly-owned subsidiary of another company, or other organizational restructuring are approved at a general meeting of shareholders of the Company (or at a Board of Directors meeting if such organizational restructuring does not require approval at the general meeting of shareholders of the Company), the Company shall lift the transfer restrictions on the Allotted Shares immediately before the business day preceding the effective date of such organizational restructuring.

(5) Other Matters

Other matters related to the Allotment Contract shall be determined by the Board of Directors of the Company.