

March 9, 2023

To Our Shareholders:

20 Umegahata, Inokura-Cho, Ayabe, Kyoto

NITTOSEIKO CO., LTD.

Masami Zaiki, President

Notice of the 117th Annual Meeting of Shareholders

The Company would hereby like to inform shareholders that the Company's 117th Annual Meeting of Shareholders will be held as described below

As the Annual Meeting of Shareholders has adopted Electronic Provision Measures, pursuant to Article 325-3 of the Companies Act, the items subject to Electronic Provision Measures are posted on our company website, so please visit the following website for your confirmation.

Our company website https://www.nittoseiko.co.jp/ir/ir_calendar.html

The items of Electronic Provision Measures are posted on the website of the Tokyo Stock Exchange in addition to our company website. If you are unable to view the items of Electronic Provision Measures on our company website, please visit the following Tokyo Stock Exchange website (Listed Company Search), enter and search "Nittoseiko" in "Issue name (company name)" or our Securities Code "5957" in "Code," select "Basic information" and "Documents for public inspection/PR information," and then view the information listed on the "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" page.

Tokyo Stock Exchange website (Listed Company Search)

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

If you are unable to attend the meeting on the date, you may also exercise your voting rights via the Internet or in writing (by postal mail). We kindly request you to read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights in conformity to the guide below no later than 5:00 p.m. on Wednesday, March 29, 2023.

- 1. Date:** 1:00 p.m. on Thursday, March 30, 2023
- 2. Venue:** Meeting Room of the Company, 20 Umegahata, Inokura-Cho, Ayabe, Kyoto

3. Purposes:

Items to be reported:

1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 117th business period (January 1, 2022 to December 31, 2022)
2. The non-consolidated financial statements for the 117th business period (January 1, 2022 to December 31, 2022)

Items to be resolved:

Item No. 1: Appropriation of Retained Earnings

Item No. 2: Partial Amendment to the Articles of Incorporation

Item No. 3: Election of Nine (9) Directors

Item No. 4: Election of One (1) Auditor

Item No. 5: Election of One (1) Substitute Auditor

Item No. 6: Revision of Amount and Details of Stock Compensation, etc., to Directors and Continuation of the System

4. Instructions on exercise of voting rights

- (1) When exercising your voting rights via the Internet

If you wish to exercise your voting rights via the Internet, etc., please read the “Instructions on exercising your voting rights via the Internet, etc.” below and exercise your voting rights by 5:00 p.m. on Wednesday, March 29, 2023.

- (2) When exercising your voting rights in writing (by postal mail)

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form and return it to us to arrive no later than 5:00 p.m. on Wednesday, March 29, 2023. If no approval or disapproval is indicated for each proposal, it will be treated as approved.

- (3) If you exercise your voting rights more than once

If you exercise your voting rights both via the Internet, etc. and in writing (by postal mail) and , the exercise via the Internet will be treated as a valid exercise of voting rights. If you exercise your voting rights more than once via the Internet, etc., the last vote will be treated as a valid exercise of your voting rights.

Ⓒ When you attend the meeting, we kindly request that you submit the enclosed Voting Right Exercise Form to the receptionist at the venue.

Ⓒ In accordance with laws and regulations and Article 18, Paragraph 2 of our company’ s Articles of Incorporation, among the items of Electronic Provision Measures, the following items are not included in the documents to be delivered to shareholders who have requested the delivery of materials in paper-based format.

- (1) “Consolidated Statement of Changes in Net Assets” in the Consolidated Financial Statements
- (2) Consolidated Notes to Consolidated Financial Statements
- (3) “Non-consolidated Statement of Changes in Net Assets” in the Financial Statements
- (4) “Non-consolidated Notes” to Financial Statements

Accordingly, the contents of these documents are part of the consolidated and non-consolidated financial statements audited by the Auditors in preparing the Auditors’ Report, and the consolidated and non-consolidated financial statements audited by the Accounting Auditor in preparing the Accounting Auditors’ Report.

Ⓒ If any amendment is made to the items of Electronic Provision Measures, a statement to that effect and the items before and after the amendment will be posted on our above company website and the Tokyo Stock Exchange website (Listed Company Search).




Instructions on exercise of voting rights

Voting rights at a meeting of shareholders are precious rights of shareholders.

Please ensure you read the following Reference Document for the Annual Meeting of Shareholders before exercising your voting rights.


There are three ways to exercise your voting rights, as shown below.



Exercise your voting rights by attending the meeting in person

Please submit the enclosed Voting Right Exercise Form to the venue reception desk.


Meeting Time & Date
Thursday, March 30, 2023
1:00 p.m. (JST)
(in operation from noon)



Exercise your voting rights via the Internet

Please input your approval or disapproval for each of the items to be resolved in conformity to the instructions on the next page.

Exercise deadline
Wednesday, March 29, 2023
5:00 p.m. (JST)
(on an input completion basis)

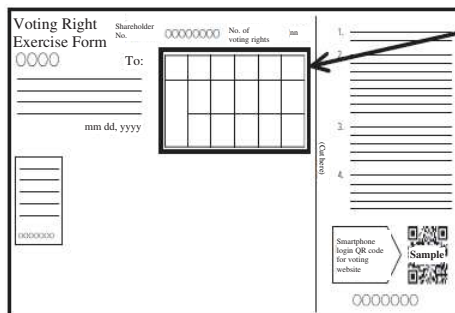


Exercise your voting rights in writing (by postal mail)

Please indicate your approval or disapproval for each of the items to be resolved on the enclosed Voting Right Exercise Form and return it to the Company.

Exercise deadline
Wednesday, March 29, 2023
5:00 p.m. (JST)
(on an arrival basis)

How to fill in your Voting Right Exercise Form



Please indicate here your approval or disapproval for each of the items to be resolved

Item Nos. 1, 2, 4, 5 and 6

- If approving >> Put a circle in the “Approve” box
- If disapproving >> Put a circle in the “Disapprove” box

Item No. 3:

- If approving all the candidates >> Put a circle in the “Approve” box
- If disapproving all the candidates >> Put a circle in the “Disapprove” box
- If disapproving some candidates >> Put a circle in the “Approve” box and fill in the number(s) of the candidates disapproved

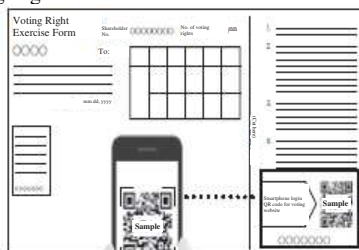
*The Voting Right Exercise Form is a conceptual image.

Instructions on exercising your voting rights via the Internet

By reading QR code: Smart Exercise®

You can log in to the voting right exercise website without entering your Voting Right Exercise Code and Password.

1. Read the QR code shown on the lower right section of your Voting Right Exercise Form



*QR code is a registered trademark of Denso Wave Incorporated.

2. From then onwards, indicate approval or disapproval by inputting according to the diagram instructions



Exercise of your voting rights via Smart Exercise® can be done only once.

To revise the exercise of your voting rights after the exercise, you should access the website for PCs and log in by inputting your voting right exercise code and password shown on your Voting Right Exercise Form, and then exercise your voting rights again.

* Reading the QR code again will let you transition to the website for PCs.

By inputting voting right exercise code/password

Voting right exercise website <https://www.web54.net>

1. Access the voting right exercise website



2. Please enter the "Voting Right Exercise Code" shown on the Voting Right Exercise Form.



3. Input the "Password" shown on your Voting Right Exercise Form.



4. From then onwards, indicate approval or disapproval by inputting according to the diagram instructions

* The operational diagram is a conceptual image.

Should you have any doubt about how to use a PC, smartphone or mobile phone for exercising voting rights via the internet, please feel free to inquire at the contact point shown on the right.

Sumitomo Mitsui Trust Bank
Securities proxy web support-dedicated telephone number
 Tel.: 0120-652-031 (toll-free number)
 (Reception hours 9:00 - 21:00)

Institutional investors are able to use a voting rights electronic exercise platform for them that is run by ICJ, Inc.

Reference Documents for the Annual Meeting of Shareholders

Meeting Agenda and Referential Matters

Item No. 1: Appropriation of Retained Earnings

The Company deems the distribution of profits to shareholders as one of its most important management policies. Its basic policy on profit distribution is to continue to pay dividends stably and adequately in ways in keeping with its business performance while working to strengthen its corporate structure and accumulate internal reserves in preparation for future business expansion. The Company intends to pay an ordinary dividend of 8 yen per share, and appropriate retained earnings as follows.

1. Other appropriation of retained earnings

- (1) Item causing higher retained earnings and its amount
General reserve 1,000,000,000 yen
- (2) Item causing lower retained earnings and its amount
Retained earnings brought forward 1,000,000,000 yen

2. Year-end dividend

- (1) Form of dividends
Cash payment
- (2) Allocation of dividends to shareholders and total amount of dividends
Dividend per common share of the Company: 8 yen
Total amount of dividends: 297,462,488 yen
- (3) Effective date on which dividends are disbursed from retained earnings
March 31, 2023

As the Company paid an interim dividend of 8 yen per share in September last year, the annual dividend will be 16 yen per share.

Item No. 2: Partial Amendment to the Articles of Incorporation

1. Reason for proposal

To strengthen the management structure, we propose making an addition to Article 22 (Representative Directors and Directors with Executive Positions) of the current Articles of Incorporation stating that the Board of Directors may appoint a Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO).

2. Revision

The proposed revision is as follows.

(The part underlined denotes the revision.)

The existing Articles of Incorporation	Proposed revision
(Representative Director and Director with Executive Position) Article 22 (Omitted) [2] (Omitted) (New stipulation)	(Representative Director and Director with Executive Position) Article 22 (Unchanged) [2] (Unchanged) [3] <u>The Board of Directors may, by its resolution, appoint a Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chief Financial Officer (CFO), one each.</u>

Item No. 3: Election of Nine (9) Directors

The term of office of all nine (9) Directors will expire at the conclusion of the Annual Meeting of Shareholders. Accordingly, the Company requests the election of nine (9) Directors.

The candidates for Director are as follows.

Candidate No.	Name		Current Position and Responsibility at Company	Attendance at meetings of Board of Directors
1	Masami Zaiki	Re-election Male	Representative Director and President	14 times/14 times (100%)
2	Makoto Araga	Re-election Male	Representative Director and Senior Managing Corporate Officer in charge of business administration units and Head of Sustainability Promotion Office	14 times/14 times (100%)
3	Nobuhiro Uejima	Re-election Male	Director and Corporate Officer General Manager, Business Department, Medical New Business Division in charge of research & development unit, General Manager, Research & Development Department	14 times/14 times (100%)
4	Shigehiro Yamazoe	Re-election Male	Director and Corporate Officer General Manager, Control System Division in charge of production engineering unit	14 times/14 times (100%)
5	Shinichi Matsumoto	Re-election Male	Director and Corporate Officer in charge of finance unit and branch administration unit	14 times/14 times (100%)
6	Motoki Asai	Re-election Male	Director and Corporate Officer General Manager of Fastener Division	12 times/12 times (100%)
7	Mitsuru Shiomi	Re-election Male Outside Independent	Director	14 times/14 times (100%)
8	Kazuyuki Hirao	Re-election Male Outside Independent	Director	14 times/14 times (100%)
9	Konomi Katsumi	Re-election Female Outside Independent	Director	14 times/14 times (100%)

- Notes: 1. Outside and Independent represent candidates for Outside Director and independent officer, respectively.
2. Mr. Motoki Asai's attendance covers the Board of Directors meetings held after his appointment on March 30, 2022.

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
1	Masami Zaiki (October 22, 1950) Re-election Male	March 1971	Joined the Company	81,212
		March 2005	Director	
		March 2010	Managing Director	
		March 2011	Representative Director	
		March 2013	Representative Director and President	
		March 2019	Representative Director, President and Chief Executive Officer (incumbent)	
(Reasons for nominating as candidate for Director)				
Mr. Zaiki, having been serving as President of the Company since March 2013, drives the business management of the Group with a strong leadership and decision-making ability toward achieving its long-term vision and the Medium-term Management Plan. He is nominated for the position of Director with the expectation that he will contribute to the realization of the Company's management vision of "Offering manufacturing solutions that will make us a company known and sought after worldwide," with his high level of knowledge in corporate management and domestic and overseas industries.				
2	Makoto Araga (October 11, 1968) Re-election Male	April 1991	Joined the Company	21,808
		March 2018	Director General Manager, Corporate Planning Department General Manager, Personnel and General Affairs Department General Manager, Audit Department	
		October 2018	Director in charge of business administration units	
		March 2019	Director and Corporate Officer in charge of business administration units	
		March 2020	Managing Director and Managing Corporate Officer in charge of business administration units	
		March 2021	Representative Director and Managing Corporate Officer in charge of business administration units	
		October 2021	Representative Director and Managing Corporate Officer in charge of business administration units and Head of Sustainability Promotion Office	
		March 2022	Representative Director and Senior Managing Corporate Officer in charge of business administration units and Head of Sustainability Promotion Office President and Representative Director, Nitto Koshin Co., Ltd. (incumbent)	
(Reasons for nominating as candidate for Director)				
Mr. Araga has been performing the function of overseeing and supervising our overall operations in his capacity as Representative Director since March 2021. As officer in charge of business administration units, Mr. Araga also plays a central role in various ways, such as working towards achieving the Medium-term Management Plan, promoting sustainability management, reinforcing governance, and pursuing regional vitalization and health and productivity management under our founding philosophy. We expect that he will continue to play a leading role in our Group's new medium-term management plan, and we continue to nominate him as a candidate for Director.				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
3	Nobuhiro Uejima (August 4, 1959) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Male</div>	November 1986 Joined the Company April 2008 Managing Director of Shiho Screw Industrial Co., Ltd. and Chairman of Nitto Precision Screw Industrial (Zhejiang) Co., Ltd. October 2012 General Manager, Quality Control Department, Fastener Division, the Company March 2015 Director, Deputy General Manager of Fastener Division and General Manager of Manufacturing Division March 2016 Director, General Manager of Fastener Division and Quality Control Division March 2018 Director in charge of branch administration units and Tokyo Branch Manager March 2019 Director and Corporate Officer in charge of branch administration units Branch Manager, Tokyo Branch March 2021 Director and Corporate Officer, General Manager of Business Department, Medical New Business Division in charge of research & development unit, General Manager, Research & Development Department (incumbent)	17,734
<p>(Reasons for nominating as candidate for Director)</p> <p>Mr. Uejima demonstrates leadership in promoting new businesses in the medical field by leveraging his awareness for innovation and global matters nurtured through managing the Fastener Division and overseas group companies. He continues to be a candidate for Director in anticipation of his role in the expansion of the medical business in the new Medium-term Management Plan, including the practical application of in vivo dissolvable high-purity magnesium materials for medical use and the development of medical devices.</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
4	Shigehiro Yamazoe (February 15, 1960) Re-election Male	October 1989	Joined the Company	12,607
		April 2011	General Manager, Manufacturing Department, Control System Division	
October 2014	General Manager, Production Engineering Department			
March 2017	Director, General Manager, Control System Division General Manager, Production Engineering Department			
March 2019	Director and Corporate Officer, General Manager, Control System Division General Manager, Production Engineering Department			
March 2020	Director and Corporate Officer, General Manager of Business Department, Control System Division, in charge of Production Engineering units (incumbent)			
(Reasons for nominating as candidate for Director) Mr. Yamazoe has extensive knowledge of the inspection equipment industry through managing the Control System Division. As an officer in charge of production engineering units, he exercises leadership for our environment control activities towards improving global environments. He continues to be a candidate for Director in anticipation of his role in the expansion of the Control System business in the new Medium-term Management Plan, environmental responsiveness in all business activities, and innovative research and development.				
5	Shinichi Matsumoto (October 16, 1964) Re-election Male	April 1987	Joined the Company	11,476
		April 2015	General Manager of Finance Department	
March 2018	Director and General Manager of Finance Department			
October 2018	Director in charge of finance unit, General Manager of Finance Department			
March 2019	Director and Corporate Officer in charge of finance unit, General Manager of Finance Department			
March 2020	Director and Corporate Officer in charge of finance and audit units			
March 2021	Director and Corporate Officer in charge of finance and audit units, General Manager of Audit Department			
March 2022	Director and Corporate Officer in charge of finance and branch administration units (incumbent)			
(Reasons for nominating as candidate for Director) Mr. Matsumoto contributes from a financial aspect to the management of our Company Group by utilizing his extensive knowledge in accounting and finance, while providing leadership in improving the management of bases in Japan and strengthening the governance structure. He continues to be a candidate for Director in anticipation of his role in the financial strategy of the new Medium-term Management Plan and in supporting business expansion at bases in Japan.				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions		Number of the Company's shares owned
6	Motoki Asai (January 14, 1967) <u>Re-election</u> <u>Male</u>	April 1985	Joined the Company	7,371
		October 2013	Branch Manager, Osaka Branch	
April 2015	Branch Manager, Nagoya Branch General Manager, Sales Department, Fastener Division			
April 2018	Deputy General Manager, Fastener Division			
March 2019	Corporate Officer, Deputy General Manager of Fastener Division			
March 2020	Corporate Officer, General Manager of Fastener Division			
March 2022	Director and Corporate Officer, General Manager, Fastener Division (incumbent)			
(Reasons for nominating as candidate for Director) Mr. Asai contributes to the growth of the Fastener Business by leveraging his extensive knowledge of the fastener industry along with advanced information-gathering ability based on his sales experience over many years. He also demonstrates leadership in our effort to expand the business domain through group-wide collaboration. He continues to be a candidate for Director in anticipation of his role in expanding the Fastener Business in the new Medium-term Management Plan and improving management efficiency by optimizing the Group.				
7	Mitsuru Shiomi (July 29, 1962) <u>Re-election</u> <u>Male</u> <u>Outside</u> <u>Independent</u>	April 1989	Joined the Company	17,265
		July 2002	Resigned from the Company	
October 2006	Registered as a practicing attorney (Kyoto Bar Association) (incumbent) Established Shiomi Law Office (Kyoto City)			
April 2007	Relocated Shiomi Law Office (Fukuchiyama City) (incumbent)			
March 2008	Registered as Certified Public Tax Accountant (Kinki Certified Public Tax Accountants' Association)			
March 2016	Outside Director of the Company (incumbent)			
May 2019	Audit & Supervisory Board Member, SATO, Inc. (incumbent)			
October 2019	Director, social welfare corporation Kuushinfukushikai (incumbent)			
May 2021	Audit & Supervisory Board Member, Maizuru Warehouse Co., Ltd. (incumbent)			
(Reasons for nominating as candidate for Outside Director and outline of expected roles) Mr. Shiomi provides appropriate advice by leveraging his advanced professional knowledge of legal matters, accounting and taxation. As a member of the Nomination and Remuneration Committee, he also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. He continues to be nominated as an outside Director with the expectation that he will provide advice on intellectual property and financial strategies, in addition to ensuring the transparency of the Board of Directors.				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
8	Kazuyuki Hirao (May 29, 1951) <div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Re-election</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Male</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Outside</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin: 2px;">Independent</div>	<p>August 1998 Professor, Department of Material Chemistry, Graduate School of Engineering, Kyoto University</p> <p>December 2006 President, Kyoto City Innovation Center</p> <p>January 2013 President, Nanotechnology Hub, Kyoto University</p> <p>July 2014 Chairman, Kyoto Green Chemical Network (incumbent)</p> <p>March 2017 Outside Director of the Company (incumbent)</p> <p>April 2017 Professor Emeritus and Specially Appointed Professor, Kyoto University (incumbent)</p> <p>April 2017 President, Advanced Chemical Technology Center in Kyoto (incumbent)</p> <p>June 2017 President, The Ceramic Society of Japan</p> <p>April 2018 President, Katsura Innovation Center in Kyoto (incumbent)</p>	4,385
<p>(Reasons for nominating as candidate for Outside Director and outline of expected roles)</p> <p>Mr. Hirao has experience as head of many organizations and extensive knowledge as university professor, and gives us appropriate advice although he has not been directly involved in corporate operations expect for as outside director. As a member of the Nomination and Remuneration Committee, he also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. He continues to be nominated as an outside Director with the expectation that he will provide advice on monozukuri (manufacturing) contributing to the market materiality and financial strategies, in addition to ensuring the transparency of the Board of Directors.</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility, and significant concurrent positions	Number of the Company's shares owned
9	Konomi Katsumi (September 10, 1964) <input type="checkbox"/> Re-election <input checked="" type="checkbox"/> Female <input checked="" type="checkbox"/> Outside <input checked="" type="checkbox"/> Independent	January 2000 Registered as a Labor and Social Security Attorney (Osaka Association of Labor and Social Security Attorneys) January 2000 Established Katsumi Labor and Social Security Attorney Office (incumbent) September 2005 Founder and President of Three by Three April 2007 Industrial Counselor (certified by the Association of Industrial Counselors) (incumbent) April 2007 Registered as a Specified Labor and Social Security Attorney (Kyoto Association of Labor and Social Security Attorneys) (incumbent) April 2008 Career consultant (incumbent) March 2019 Outside Director of the Company (incumbent) July 2019 Representative Director, Three by Three Co., Ltd. (incumbent)	867
<p>(Reasons for nominating as candidate for Outside Director and outline of expected roles)</p> <p>Ms. Katsumi, providing human capital consulting incorporating mental health and work-life balance perspectives as corporate business strategy elements, gives us appropriate advice towards vitalizing human resources as aimed for by the Company. As a member of the Nomination and Remuneration Committee, he also carries out an oversight function from an objective viewpoint in the process of nominating Directors and determining their remuneration and in setting the succession plan for the CEO, etc. She continues to be nominated as an outside Director with the expectation that she will provide advice on human capital management to revitalize the organization, in addition to ensuring transparency of the Board of Directors.</p>			

Notes:

1. There are no special conflicts of interest between each of the candidates and the Company.
2. Mr. Mitsuru Shiomi, Mr. Kazuyuki Hirao, and Ms. Konomi Katsumi are the candidates for Outside Director.
3. Mr. Mitsuru Shiomi's term in office as Outside Director of the Company will be seven years at the conclusion of the Annual Meeting of Shareholders.
4. Mr. Kazuyuki Hirao's term in office as Outside Director of the Company will be six years at the conclusion of the Annual Meeting of Shareholders.
5. Ms. Konomi Katsumi's term in office as Outside Director of the Company will be four years at the conclusion of the Annual Meeting of Shareholders.
6. Mr. Mitsuru Shiomi served the Company as an employee in the past but satisfies the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside director prescribed by the Companies Act. If Mr. Shiomi is re-elected, the Company will continue to designate him as an independent officer and file the designation with the Exchange.
7. Mr. Kazuyuki Hirao and Ms. Konomi Katsumi satisfy the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside director prescribed by the Companies Act. If they are re-elected, the Company will continue to designate them as independent officers and file the designation with the Exchange.
8. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with each of Mr. Mitsuru Shiomi, Mr. Kazuyuki Hirao, and Ms. Konomi Katsumi to limit their liability under Article 423, Paragraph 1 of the Act. The Company will continue the agreement in the event they are re-elected. The amount of liability under the agreement shall be limited to the minimum amount provided for by laws and regulations.
9. The Company has concluded with an insurance company a director liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance agreement is intended to indemnify for legal damage liability and litigation expenses, etc. to be incurred by an insured entity. If nominees are re-elected, they will continue to be included as insured under the insurance policy. The next renewal is expected to be without alteration.

<Reference>

If Item No. 3 is approved as proposed, the composition of Directors will be as shown below. In light of the management strategies of the Company, the expertise and experience of Directors are as follows.

	Masami Zaiki	Makoto Araga	Nobuhiro Uejima	Shigehiro Yamazoe	Shinichi Matsumoto	Motoki Asai	Mitsuru Shiomi	Kazuyuki Hirao	Konomi Katsumi
							Outside	Outside	Outside
							Lawyer	University professor	Labor and Social Security Attorney
Corporate Operations	●	●							
Sustainability, ESG		●		●				●	●
Finance, Accounting					●		●		
Corporate legal affairs, Risk management, Compliance			●		●		●		
Governance		●					●		●
Manufacturing, Technology, Innovation	●		●	●		●		●	
Personnel, Labor, Human resource development		●							●
Brand strategies, Marketing, Sales	●					●			
Overseas operation, International experience, Global awareness	●		●		●				
Industry knowledge	●			●		●		●	

Item No. 4: Election of One (1) Auditor

The term of office of Auditor Katsuhiko Mizoguchi will expire at the conclusion of the Annual Meeting of Shareholders. Accordingly, the Company requests the election of one (1) Auditor.

In addition, the Board of Auditors has given consent to this proposed Item.

The candidate for Auditor is as follows.

Name (Date of birth)	Brief profile, position, and significant concurrent positions	Number of the Company's shares owned
Shinichiro Morita (June 13, 1957) New candidate Male Outside Independent	September 1988 Joined Gunze Ltd. April 2011 Head of 5th Laboratory , Research and Development Department April 2013 Corporate Officer, General Manager of Medical Division April 2018 Corporate Officer, General Manager of Medical Division and General Manager of QOL Research Center June 2021 Corporate Auditor (incumbent)	0
(Reasons for nominating as candidate for outside Auditor) Mr. Shinichiro Morita has served as a corporate officer of Gunze Ltd. and currently serves as Corporate Auditor of Gunze Ltd. We have nominated him as a candidate for Outside Auditor in the belief that he will apply his extensive experience and broad knowledge to improve soundness and transparency of the Company's auditing operations.		

Notes:

1. There are no special conflicts of interest between Mr. Morita and the Company.
2. Mr. Morita is a new candidate for Outside Auditor.
3. Gunze Ltd., where Mr. Morita serves as Corporate Auditor, is a shareholder of the Company, but there are no transactions between Gunze and the Company that require special mention.
4. Mr. Morita satisfies the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside auditor prescribed by the Companies Act. If he is elected, the Company will designate him as an independent officer and file the designation with the Exchange.
5. If Mr. Morita is elected as Auditor, the Company will conclude an agreement with him to limit his liability under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the same Act. The amount of liability under the agreement shall be limited to the minimum amount provided for by laws and regulations.
6. The Company has concluded with an insurance company a director liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance agreement is intended to indemnify for legal damage liability and litigation expenses, etc. to be incurred by an insured entity. If Mr. Morita is elected, he will be included as insured under the insurance policy. The next renewal is expected to be without alteration.

Item No. 5: Election of One (1) Substitute Auditor

As the appointment of a Substitute Auditor will expire at the commencement of this Annual Meeting of Shareholders, in preparing for the event where the number of Outside Auditors stipulated by law is not met, the Company requests the election of Mr. Hiroto Shikata as a substitute for Outside Auditor Hirokazu Tagano and Outside Auditor Shinichiro Morita, who will assume the office of Outside Auditor if Item No. 4 is approved as proposed.

In addition, the Board of Auditors has given consent to this proposed Item.

The candidate for substitute Auditor is as follows.

Name (Date of birth)	Brief profile, position, and significant concurrent positions	Number of the Company's shares owned
Hiroto Shikata (July 27, 1968) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;"> Outside Independent Male </div>	April 1995 Registered as Registered Management Consultant (Kyoto Small and Medium Enterprise Management Consultant Association) (incumbent)	0
	June 2006 Registered as Certified Public Accountant (The Japanese Institute of Certified Public Accountants, Keijikai) (incumbent)	
	November 2007 Registered as Certified Public Tax Accountant (Kinki Certified Public Tax Accountants' Association) (incumbent)	
	July 2011 Established MHC Advisory Service Co., Ltd. President (incumbent)	
	July 2017 Established MHC Tax co. President (incumbent)	
	June 2019 Vice Chairman, The Japanese Institute of Certified Public Accountants, Keijikai	
	June 2022 (Vice Chairman, Kyoto Small and Medium Enterprise Management Consultant Association) (incumbent)	
(Reasons for nominating as candidate for substitute outside Auditor) As a certified public accountant and certified public tax accountant, Mr. Shikata is equipped with advanced specialized knowledge in corporate accounting and tax affairs. We have nominated Mr. Shikata as a candidate for Substitute Outside Auditor as we expect he will utilize such knowledge for enhancing the soundness and transparency of audit duties at the Company.		

Notes:

1. There are no special conflicts of interest between Mr. Hiroto Shikata and the Company.
2. Mr. Hiroto Shikata is the candidate for Substitute Outside Auditor.
3. Mr. Hiroto Shikata satisfies the independence criteria stipulated by the Tokyo Stock Exchange in addition to requirements for an outside auditor prescribed by the Companies Act. If he is elected and assumes office, the Company will designate him as an independent officer and file the designation with the Exchange.
4. In the event Mr. Hiroto Shikata is elected and assumes office, the Company will conclude an agreement with him to limit his liability under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the same Act. The amount of liability under the agreement shall be limited to the minimum amount provided for by laws and regulations.
5. The Company has concluded with an insurance company a director liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and the insurance agreement is intended to indemnify for legal damage liability and litigation expenses, etc. to be incurred by an insured entity. If Mr. Hiroto Shikata is elected and assumes office as Outside Auditor, he will be included as insured under the insurance policy. The next renewal is expected to be without alteration.

Item No. 6: Revision of Amount and Details of Stock Compensation, etc., to Directors and Continuation of the System

1. Reason for the Proposal and Basis for Appropriateness of the Remuneration

The remuneration of the Company's Directors (excluding Outside Directors) consists of base remuneration, officer's bonus, and stock compensation. Stock compensation was introduced at the 111th Annual Meeting of Shareholders held on March 30, 2017, with the approval of the shareholders as a stock compensation plan using a trust (hereinafter referred to as the "Plan"). Based on a review of the remuneration system for Directors, the Company requests approval to add a performance-linked element to this Plan and to continue this Plan after changing the maximum amount that the Company will contribute to the Trust to fund the acquisition of the Company's shares necessary for delivering them to Directors.

The Company also requests that the details be left to the discretion of the Board of Directors within the framework of 2. below.

The Plan was introduced for the purpose of clarifying the linkage between Directors' remuneration and the Company's share value, so that Directors will not only enjoy the benefits of an increase in the stock price but also bear the risk of a decline in the stock price, and share the benefits and risks associated with stock price fluctuations with shareholders, thereby enhancing their awareness of the need to contribute to improving the Company's performance and increasing its value over the medium to long term. In addition to this purpose, we have decided to add a new performance-linked element to the Plan, which is linked to the Medium-term Management Plan "Mission G-second," in order to give Directors more incentives to further achieve their performance targets and sustainably increase corporate value. We believe that achieving the above purposes will contribute to the realization of a "Sustainable Group," which is the strategic theme set forth in the Medium-term Management Plan "Mission G-second."

As before, the remuneration limit for the Plan will be separate from the limit on remuneration for Directors approved at the 101st Annual Meeting of Shareholders held on March 29, 2007 (the maximum annual amount of 200 million yen). The remuneration under the Plan as modified by the proposed Item will be paid to Directors (excluding Outside Directors; the same shall apply hereinafter) in office during the three fiscal years from the fiscal year ending December 31, 2023 to the fiscal year ending December 31, 2025; provided, however, that the eligible period (hereinafter referred to as "Period Covered") may be extended, as described below.

A summary of the policy details for determining remuneration of individual Directors at our company shall be as described in "3. Matters Concerning Company Officers," under "(2) Compensation, etc. of Directors and Auditors" in [1] of the Business Report. Subject to approval of the Proposal, the Board of Directors resolved at its meeting held on February 14, 2023 to change the policy details as described in this Proposal. Accordingly, the Board of Directors has determined that the contents of this Proposal are appropriate because they are necessary and reasonable in order to achieve the purpose of the Plan after the change (as described above) and to pay remuneration in accordance with such policy after the change.

If Item No. 3, "Election of Nine (9) Directors," is approved as proposed, the number of Directors subject to the Plan shall be six (6).

* If this proposal is approved as originally proposed, the Company plans to introduce a similar performance-linked stock option plan for the Company's corporate officers and certain employees.

2. Amount and Details of Remuneration, etc. under the Plan

In order to continue the Plan, some changes will be made to the previous Plan. The amount and details of remuneration, etc. under the Plan after the change are as follows.

(1) Outline of the Plan

The Plan is a Stock Compensation Plan under which the Company contributes money to the trust (which was already established when the Plan was introduced in 2017; hereinafter referred to as the “Trust”), which acquires the Company’s shares, and delivers to each Director through the Trust a number of Company shares equivalent to the number of points granted by the Company to each Director.

Directors shall, in principle, receive the Company’s shares when they retire.

[1]	Persons Covered by the Plan	Directors (excluding outside Directors)
[2]	Period Covered	For the fiscal year ending December 31, 2023 through the fiscal year ending December 31, 2025
[3]	Maximum amount of money the Company will contribute as funds for the acquisition of its shares necessary to deliver to the persons in [1] during the period covered in [2] in the three fiscal years	Total amount of 150 million yen
[4]	Method of acquisition of Company’s shares	By way of disposition of treasury shares or by acquiring them from the stock exchange markets (including off-floor transactions)
[5]	Maximum total number of points to be granted to persons in [1]	150,000 points per fiscal year
[6]	Criteria for granting points	Points shall be granted based on the degree of achievement expected of their position and performance targets, etc.
[7]	Timing of delivery of Company shares to the persons in [1]	In principle, at the time of retirement

(2) Maximum amount of money to be contributed by the Company

The Company will extend the trust period of the Trust already established, and will additionally place an amount of money up to 150 million yen in total in trust as remuneration for Directors during the Period Covered by the Plan to fund the acquisition of the Company’s Stock Compensation necessary for the delivery of shares to Directors as stock compensation under the Plan; provided, however, that if the number of the Company’s shares in the Trust is insufficient to deliver the Company’s shares equivalent to the points granted under the Plan before the amendment, the Company may additionally entrust money up to such limit to fund the acquisition of Company’s shares equivalent to the points granted before the amendment under the Plan after the approval of this proposed item. The Trust will acquire shares of the Company’s stock using the money held in trust by the Company as the source of funds (in addition to the money additionally entrusted by the Company as described above, this includes the money remaining in the Trust from before the additional trust), either by disposing of the Company’s own shares or by acquiring such shares from the stock exchange markets (including off-floor transactions).

Notes: The amount of money that the Company will actually additionally entrust to the Trust will be the sum of the above-mentioned funds for the acquisition of the Company’s shares and the estimated amount of necessary expenses such as trust fees and trust administrator’s commissions.

In addition, the Company’s Board of Directors may, by its resolution, extend the Period Covered for a period of up to 5 fiscal years, determined each time, and further extend the trust period of the Trust accompanying such extension (including the extension of the Trust period in effect by

transferring trust assets of the Trust to a trust established by the Company for the same purpose as the Trust; the same shall apply hereinafter) to continue the Plan. In this case, during the Period Covered by such extension, the Company shall additionally entrust the Trust with an amount of money up to 50 million yen multiplied by the number of fiscal years during the period covered by such extension, as funds for additional acquisition of the Company shares necessary to be delivered to the Directors under the Plan, to continue the granting of points and delivery of Company's shares as described in (3) below.

In addition, if the Plan is not continued without extending the period covered by the Trust as described above, for Directors who have already been granted points but have not yet retired at the expiration of the Trust period, the trust period may be extended until such Directors retire and the delivery of Company shares is completed.

(3) Maximum number of Company shares to be delivered to Directors and calculation method thereof

[1] Method of granting points to Directors, etc.

In accordance with the share delivery rules stipulated by the Company's Board of Directors, the Company shall grant points to each Director on the date of grant as stipulated in the share delivery rules during the trust period in proportion to their position and achievement of performance targets, etc. (initially, "Operating Margin," "ROE," "ROIC," and "ESG Indicators (% of achievement of CO2 reduction targets)" as set forth in the Medium-term Management Plan "Mission G-second"); provided, however, that the total number of points to be granted to Directors by the Company shall be limited to 150,000 points per fiscal year, the same as in the Plan before the change.

[2] Delivery of Company shares in proportion to the number of points granted

Directors shall receive Company shares in proportion to the number of points granted in [1] above, in accordance with the procedures described in [3] below; provided, however, that if the Directors retire for personal reasons, etc., all or part of the points granted up to that time shall be extinguished, and such Directors shall not receive shares of the Company in proportion to the points that have been extinguished.

One point shall be equivalent to one share of Company stock; provided, however, that if it is deemed reasonable to adjust the number of Company shares to be delivered, such as in the case of a stock split or reverse stock split, the number of Company shares per point shall be adjusted according to the split or reverse stock split ratio.

[3] Delivery of Company shares to Directors

Each Director shall, in principle, acquire the beneficial interest in the Trust by following the prescribed procedures upon retirement, and as a beneficiary of the Trust, receive from the Trust the delivery of shares of the Company as described in [2] above (this includes shares of Company stock in proportion to the points granted under the Plan prior to the change);

provided, however, that a certain proportion of the Company's shares may be sold and converted into cash on the Trust for the purpose of the Company's withholding of funds for withholding taxes and other tax payments and they may be paid in cash in lieu of Company's shares. In addition, if shares of the Company in the Trust are converted into cash, such as when such shares are tendered and settled, they may be paid in cash in lieu of shares of the Company.

(4) Exercise of voting rights

Voting rights pertaining to the Company's shares in the Trust shall not be exercised uniformly based on the instructions of the Trust Administrator, who is independent of the Company and its officers. In this way, the Company intends to ensure neutrality toward the Company's management with respect to the exercise of voting rights pertaining to the Company's shares in the Trust.

(5) Handling of dividends

Dividends on the Company's shares in the Trust shall be received by the Trust and used to pay for the acquisition of the Company's shares and trust fees for the trustee of the Trust.

Reference: Policy for Determining Individual Remuneration, etc. of the Company's Directors for the 118th Period (FY2023)

At the Board of Directors meeting held on February 12, 2021, the Company resolved a policy for determining the content of remuneration, etc. for each individual Director. We have decided to add a new performance-linked element to the Stock Compensation Plan, which is linked to the Medium-term Management Plan "Mission G-second," and partially review the Plan, in order to give Directors more incentives to further achieve their performance targets and sustainably increase corporate value.

Subject to approval of the proposed Item on remuneration, etc. of Directors at the 117th Annual Meeting of Shareholders as originally proposed, the Company has established the following policy for determining remuneration, etc. of individual Directors of the Company.

- [1] Matters on the policy for determining the amount of remuneration, etc. of Directors and the method of calculation thereof

The Company's Basic Policy is to link the remuneration of Directors to the interests of shareholders in order to function as an incentive to continuously increase corporate value, and to set the remuneration of individual Directors at an appropriate level considering their respective duties.

Specifically, remuneration for Executive Directors consists of a fixed base remuneration, Officers' bonuses, and a performance-linked stock option, while for Outside Directors, only base remuneration is paid in consideration of their duties.

The Nomination and Remuneration Committee shall, in consultation with the Board of Directors, deliberate and report to the Board of Directors on the basic policy for the Directors' remuneration, etc., the maximum amount of Directors' remuneration, and other important management items related thereto.

- a. Policy on determining the amount of base remuneration (monetary compensation) paid to each individual

The base remuneration of Directors shall be a monthly fixed compensation, determined according to the position, role, and job responsibilities, considering the balance of the Company's business performance, social standards, and employee payroll, as well as the Company's corporate size.

- b. Policy for determining the details and amount of performance-linked incentives, etc. and non-monetary rewards, etc. and the calculation method thereof

Performance-linked incentives, etc. are based on the level of consolidated operating income achieved in a single fiscal year, and are paid at a certain time each year as bonuses calculated by comprehensively considering the status of medium-term management tasks, bonus payments to employees, governance status, and other factors.

Introduced for the purpose of providing incentives for medium- and long-term performance improvement and increase in corporate value, the non-monetary rewards, etc. shall be a performance-linked stock option in which Company's stock are granted through a trust established by the Company in proportion to the number of points granted to Directors in accordance with the Company's share delivery rules, setting performance achievement criteria such as "operating margin," "ROE," "ROIC," and "ESG indicator (achievement targets for CO2 reduction rate).

- c. Policy for determining the proportion of base remuneration (monetary compensation), performance-linked incentives, and non-monetary rewards, etc. for each individual Director

The Nomination and Remuneration Committee will consider the proportion of remuneration for each type of executive Director, based on a remuneration survey conducted by a third-party organization, and considering remuneration levels benchmarked to companies of a similar size and affiliated enterprises in the same or related industries and business categories as the Company, with the structure where the more senior the position, the more performance-linked the compensation will be. The Board of Directors respects the Nomination and Remuneration Committee's report and determines the details of remuneration for each individual Director within the scope of the categories indicated in the report.

The proportion of amount for base remuneration, performance-linked incentives, and non-monetary rewards, etc. for each position is shown in the table below.

Position	Base Remuneration	Performance-linked Incentives, etc.	Non-monetary Rewards, etc.
Representative Director	50% - 80%	10% - 30%	5% - 25%
Senior Managing Director	50% - 80%	10% - 30%	5% - 25%
Managing Director	50% - 80%	10% - 30%	5% - 25%
Director	60% - 90%	5% - 20%	5% - 20%

* Performance-linked incentives, etc. are Officers' bonuses, and non-monetary rewards, etc. include performance-linked stock option.

- d. Determination of remuneration for individual Directors
 The President and Representative Director shall be delegated by the Board of Directors to determine the specific amount of remuneration for each individual Director, based on the resolution of the Board of Directors. Such authority shall include the evaluation and allocation of bonuses considering the amount of each Director's base remuneration and the performance of businesses for which the Director is responsible.
 The Board of Directors shall obtain a report from the Nomination and Remuneration Committee to ensure that such authority is properly exercised by the President and Representative Director, and shall make decisions considering the contents thereof.

The amount of remuneration, etc. of Auditors or the method of calculation thereof is determined only by base remuneration, which is decided through consultation among Auditors within the maximum amount of total remuneration resolved at the Annual Meeting of Shareholders.