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Securities identification code: 5707

June 7, 2023

(Date of commencement of electronic provision measures: June 5, 2023)

To our shareholders:

Kimiyasu Marusaki  
Representative Director and President  
**Toho Zinc Co., Ltd.**  
1-8-2 Marunouchi, Chiyoda-ku, Tokyo

## NOTICE OF THE 124TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The 124th Ordinary General Meeting of Shareholders of Toho Zinc Co., Ltd. (the “Company”) will be held as described below.

For the convocation of this general meeting of shareholders, the Company has taken measures for providing information electronically (the “electronic provision measures”) and has posted matters subject to the electronic provision measures on the following website as the “Notice of the 124th Ordinary General Meeting of Shareholders.”

The Company’s website: <https://www.toho-zinc.co.jp/eng/ir/>

In addition to the website shown above, the Company has also posted this information on the following website.

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

To view the information, please access the website above, enter the Company’s name or securities code, and click “Search,” and then select “Basic information” and “Documents for public inspection/PR information” in this order.

When exercising your voting rights prior to the meeting in writing or via the Internet, etc., please review the Reference Documents for the General Meeting of Shareholders as described later, follow the next instructions and send or submit your votes.

Shareholders who have exercised their voting rights via the Internet will have a chance to be one of 1,000 winners to receive an electronic gift (worth ¥500) regardless of their approval or disapproval of the proposals. Please scan the QR code to learn how to participate.



### Voting in Writing

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it by postal mail to reach us no later than 5:40 p.m., Wednesday, June 28, 2023 (Japan Standard Time).

### Voting via the Internet, etc.

Please access the voting website designated by the Company (<https://evote.tr.mufig.jp/>), use the login ID and temporary password written on the enclosed voting form, and then indicate your approval or disapproval of the proposals by following the instructions on the screen by no later than 5:40 p.m., Wednesday, June 28, 2023 (Japan Standard Time).

Please also confirm “Instructions for exercising voting rights via the Internet, etc.” when voting via the Internet, etc. (This only applies to those who received the Japanese version of this Notice.)

1. **Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. (Japan Standard Time)
2. **Venue:** Tekko Conference Room (Tekko Building, South Tower 4th Floor)  
1-8-2 Marunouchi, Chiyoda-ku, Tokyo  
(Please refer to the venue map at the end of this Notice. This only applies to those who received the Japanese version of this Notice.)
3. **Purposes:**
  - Items to be reported:**
    1. Business Report and Consolidated Financial Statements for the 124th Term (from April 1, 2022 to March 31, 2023), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
    2. Non-Consolidated Financial Statements for the 124th Term (from April 1, 2022 to March 31, 2023)
  - Items to be resolved:**
    - Proposal 1:** Appropriation of Surplus
    - Proposal 2:** Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
    - Proposal 3:** Election of Two (2) Directors Who Are Audit and Supervisory Committee Members
    - Proposal 4:** Revision of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
    - Proposal 5:** Revision of Remuneration Amounts for Directors Who Are Audit and Supervisory Committee Members
    - Proposal 6:** Determination of Remuneration Associated with Allotments of Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)
    - Proposal 7:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

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- When attending the meeting on the day, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - The paper copy sent to shareholders who have made a request for delivery of documents does not include the following matters pursuant to the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company. Accordingly, the paper copy constitutes only part of the documents which the Audit and Supervisory Committee and the Accounting Auditor have audited upon preparing their audit reports.
    - Notes to the Consolidated Financial Statements
    - Notes to the Non-Consolidated Financial Statements
  - Should the matters subject to the electronic provision measures require revisions, the revised versions shall be posted on the respective websites where these matters are posted.
  - Depending on the status of the spread of COVID-19, the Company may take measures to prevent infection at this meeting, and we appreciate your understanding in this regard.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### **Proposal 1:** Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

##### Year-end Dividends

The Company's basic policy is to pay dividends while comprehensively taking into account the business performance, business environment surrounding the Group, internal reserves for future business development, maintenance of stable dividends and other factors.

In line with this policy, the Company proposes to pay a year-end dividend for the fiscal year under review of ¥75 per share, unchanged from the previous fiscal year.

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property to shareholders and total amount thereof  
¥75 per common share of the Company Total amount: ¥1,018,342,575
- (3) Effective date of dividends of surplus  
June 30, 2023

**Proposal 2:** Election of Three (3) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the conclusion of this meeting, the term of office for all three (3) of the current Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire. Therefore, the Company proposes the election of three (3) Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
1	Masahito Ito (September 22, 1959)	<p>Apr. 1984      Joined the Company</p> <p>June 2014      Executive Officer, General Manager of Electronic Components Business Department and General Manager of Electronic Components Sales Department, Electronic Components Business Division</p> <p>Mar. 2015      Executive Officer, General Manager of Electronic Components Business Department, General Manager of Fujioka Works, General Manager of Technology Department, General Manager of Production Management Department, Electronic Components Business Department, and General Manager of Toho Zinc Technical Center, Electronic Components Business Division</p> <p>June 2018      Managing Executive Officer, General Manager of Electronic Components Business Division, General Manager of Electronic Components Business Department, and General Manager of Fujioka Works</p> <p>June 2021      Managing Executive Officer, General Manager of Electronic Components Business Division, General Manager of Fujioka Works, and in charge of Advanced Materials Business Division (current position)</p>	4,800 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Mr. Masahito Ito has been engaged with the downstream business in the Company over the long term and possesses a wealth of operational experience and a proven track record. In addition, as Managing Executive Officer, he has been taking a central role in the business execution and has greatly contributed to the Group.</p> <p>Based on the above, the Company judges that he is an indispensable talent to strengthen the function of the Board of Directors and to enhance sustainable corporate value of the Group, and therefore proposes to elect him as Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
2	Masaaki Yamagishi (February 2, 1958)	<p>Apr. 1980      Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)</p> <p>June 2008      Executive Officer, Trust Assets Planning Division, Mitsubishi UFJ Trust and Banking Corporation Executive Officer, Asset Management and Administration Planning Div., Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2011      Executive Officer, Administration Division, the Company</p> <p>June 2014      Director and Chief Financial Officer, Administration Division</p> <p>June 2015      Director, Managing Executive Officer and Chief Financial Officer, Administration Division</p> <p>June 2019      Director, Senior Managing Executive Officer and Chief Financial Officer, Administration Division</p> <p>June 2022      Director, Senior Managing Executive Officer, General Manager of SDGs Promotion Division, General Manager of Information System Department, and in charge of Administration Division</p> <p>Mar. 2023      Director, Senior Managing Executive Officer, General Manager of SDGs Promotion Division, General Manager of Information System Department, General Manager of DX Promotion Task Force, and in charge of Administration Division (current position)</p> <p>(Significant Concurrent Position Outside the Company) Director, CBH Resources Ltd. (part-time)</p>	5,000 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Mr. Masaaki Yamagishi possesses a wealth of operational experience and a proven track record as he has served in important posts in financial institutions. After joining the Company, he leveraged his knowledge and experience at the administration division. After assuming position as Director in June 2014, he has appropriately fulfilled his roles such as determining vital matters of management and overseeing the execution of business.</p> <p>Based on the above, the Company judges that he is an indispensable talent to strengthen the function of the Board of Directors and to enhance sustainable corporate value of the Group, and therefore proposes to reelect him as Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
3	Yukiko Nakagawa (June 3, 1964)	<p>Apr. 1988      Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>Oct. 2006      Personnel Director, Toshiba-GE Turbine Services Co., Ltd.</p> <p>Apr. 2010      Co-researcher, Keio Economic Observatory, Keio University (current position)</p> <p>Apr. 2011      Visiting Researcher, Institute for Transnational Human Resource Management, Waseda University (current position)</p> <p>Sep. 2014      Personnel Director, Mizkan Holdings Co., Ltd.</p> <p>Apr. 2016      Professor, Graduate School of Business Administration, Rikkyo University (retired in March 2021)</p> <p>June 2018      Outside Director, EDION Corporation (retired in June 2019)</p> <p>Mar. 2019      Outside Director, Renesas Electronics Corporation (retired in March 2020)</p> <p>June 2019      Outside Director, NISSIN FOODS HOLDINGS CO., LTD. (current position)</p> <p>Feb. 2021      Outside Director, IWAKI &amp; CO., LTD. (currently Astena Holdings Co., Ltd.) (retired in February 2023)</p> <p>Apr. 2021      Guest Professor, Ichigaya Liberal arts Center, Hosei University (retired in March 2023)</p> <p>June 2021      Outside Director, the Company (current position)</p> <p>Sep. 2021      Outside Director, Macromill, Inc. (current position)</p> <p>(Significant Concurrent Positions Outside the Company) Outside Director, NISSIN FOODS HOLDINGS CO., LTD. Outside Director, Macromill, Inc.</p>	0 shares
<p>(Reasons for nomination as candidate for outside Director and overview of expected roles)</p> <p>Ms. Yukiko Nakagawa possesses knowledge and insight as a scholar who has taught at academic institutions in Japan and overseas as a Doctor of Commerce. In addition, she has many years of business experience as an expert on human capital management, organizational development and global human resource development. Furthermore, she has a wealth of experience for overseeing corporate management, and has fulfilled the role of monitoring and overseeing the business execution.</p> <p>Based on the above, the Company judges that she is a necessary talent to strengthen the function of the Board of Directors and to enhance sustainable corporate value of the Group, and therefore proposes to reelect her as outside Director.</p>			

- (Notes)
- Ms. Yukiko Nakagawa's name in the family register is Yukiko Schreiber.
  - Ms. Yukiko Nakagawa is a candidate for outside Director.
  - Tenure as outside Director of the Company  
Ms. Yukiko Nakagawa is currently an outside Director of the Company, and at the conclusion of this meeting, her tenure as an outside Director will have been two (2) years.
  - If the election of Ms. Yukiko Nakagawa is approved, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to continue the agreement with her to limit the liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
  - Ms. Yukiko Nakagawa satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company plans to continue designating her as an independent officer if her election is approved.
  - There is no special interest between any of the candidates and the Company.

7. The Company has entered into a directors and officers liability insurance contract pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance policy will cover legal compensation and litigation costs to be borne by the insured. Each candidate for Director of the Company is included as the insured under the insurance policy, and in case the candidates are elected or reelected in this proposal, the candidates will be included as the insured.

**Proposal 3:** Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

At the conclusion of this meeting, the term of office of Directors Mr. Shusaku Osaka and Mr. Tsutomu Imai who are Audit and Supervisory Committee Members will expire. Therefore, the Company proposes the election of two (2) Directors who are Audit and Supervisory Committee Members.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

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

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
1	Shusaku Osaka (April 9, 1962)	<p>Apr. 1988      Joined Nikkei Home Publications, Inc. (currently Nikkei Business Publications, Inc.)</p> <p>Apr. 1997      Registered as attorney-at-law and joined Tetsuji Okawa Law Firm</p> <p>Sep. 1999      Joined Sanada Law Firm (current position)</p> <p>Sep. 2006      Part-time Attorney-at-law, The Japan Center for Settlement of Traffic Accident Disputes (current position)</p> <p>July 2015      Part-time Corporate Auditor, HOUSOU BUNKA JIGYO INC. (current position)</p> <p>Apr. 2017      Part-time Lecturer, Graduate School of Business Administration, Toyo University</p> <p>Apr. 2018      Conciliation Commissioner, Tokyo District Court (current position)</p> <p>June 2021      Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p> <p>(Significant Concurrent Positions Outside the Company)</p> <p>Attorney-at-law, Sanada Law Firm</p> <p>Part-time Corporate Auditor, HOUSOU BUNKA JIGYO INC.</p>	100 shares
<p>(Reasons for nomination as candidate for outside Director and overview of expected roles)</p> <p>Mr. Shusaku Osaka possesses expertise and a wealth of experience on corporate legal affairs as an attorney-at-law, as well as broad insight as a corporate auditor at another business company and as a part-time lecturer at a university. Based on the above, the Company judges that he can contribute to ensuring the proper oversight and sound business practices in the overall management of the Company by proposing suggestions especially from legal and compliance perspective, and therefore proposes to reelect him as outside Director who is an Audit and Supervisory Committee Member.</p>			



Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
2	Tsutomu Imai (December 16, 1953)	<p>Apr. 1977      Joined the Company</p> <p>Mar. 2002      General Manager of Technology Department, Technology and Development Division</p> <p>June 2010      Executive Officer, General Manager of Technology and Development Division, and Team Leader of New Electrolysis Tank-house Construction Project</p> <p>Sep. 2011      Executive Officer, General Manager of Technology and Development Division</p> <p>June 2012      Director and Executive Officer, General Manager of Technology and Development Division</p> <p>June 2013      Director and Executive Officer, General Manager of Chigirishima Smelter and Refinery</p> <p>June 2014      Director and Management Executive Officer, General Manager of Chigirishima Smelter and Refinery</p> <p>June 2016      Director and Senior Managing Executive Officer, General Manager of Chigirishima Smelter and Refinery</p> <p>June 2017      Director and Executive Vice President, Technology and Development Division, and Chigirishima Smelter and Refinery</p> <p>June 2018      Director and Executive Vice President, General Manager of Technology Development Division</p> <p>June 2021      Director (Audit and Supervisory Committee Member) (current position)</p>	6,200 shares
<p>(Reasons for nomination as candidate for Director)</p> <p>Mr. Tsutomu Imai possesses a wealth of knowledge and insight through his many years of involvement with production, technology and development divisions as well as serving as General Manager of smelter and refinery. In addition, since assuming office as Director in June 2012, he has appropriately fulfilled his roles as Director such as determining vital matters of management and overseeing the execution of business.</p> <p>Based on the above, the Company judges that he can contribute to ensuring the proper oversight and sound business practices in the overall management of the Company, and therefore proposes to elect him as Director who is an Audit and Supervisory Committee Member.</p>			

- (Notes)
1. Mr. Shusaku Osaka is a candidate for outside Director.
  2. Tenure as outside Director of the Company  
Mr. Shusaku Osaka is currently an outside Director who is an Audit and Supervisory Committee Member of the Company, and at the conclusion of this meeting, his tenure as an outside Director who is an Audit and Supervisory Committee Member will have been two (2) years.
  3. If the election of Mr. Shusaku Osaka is approved, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to continue the agreement with him to limit the liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
  4. Mr. Shusaku Osaka satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company plans to continue designating him as an independent officer if his election is approved.
  5. There is no special interest between any of the candidates and the Company.
  6. The Company has entered into a directors and officers liability insurance contract pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance policy will cover legal compensation and litigation costs to be borne by the insured. Each candidate for Director of the Company is included as the insured under the insurance policy, and in case the candidates are reelected in this proposal, the candidates will be included as the insured.

(Reference) Expertise and experiences of Directors (skill matrix)

Director attribute Name Position	Corporate management/ Governance	Finance/ Accounting	Technology/ R&D	Marketing	Response to environmental and climate changes	Human capital (including activation of diversity)	Risk management/ Legal/ Compliance
New appointment Masahito Ito Representative Director	•		•	•	•		
Reelection Masaaki Yamagishi Director	•	•			•		•
Reelection/Outside/Independent Yukiko Nakagawa Director	•			•		•	
Outside/Independent Masatoshi Muto Director (Audit and Supervisory Committee Member)	•	•				•	•
Reelection/Outside/Independent Shusaku Osaka Director (Audit and Supervisory Committee Member)	•				•		•
Reelection Tsutomu Imai Director (Audit and Supervisory Committee Member)	•		•		•		

Reelection Director candidate for reelection

New appointment Director candidate for new appointment

Outside Outside Director or outside Director candidate

Independent Independent officer or independent officer candidate in accordance with the provisions of Tokyo Stock Exchange, Inc.

(Note) Representative Director will be elected at the Board of Directors meeting to be held after the conclusion of this meeting.

Reasons for selection at each of the items in the skill matrix

Skill item	Reason for selection
Corporate management/ Governance	<p>It is assumed to have the following capabilities in order to administrate and oversee the execution of strategy and measures to realize the Ten-Year Vision of the Company (long-term strategy designed to increase the corporate value of the Company) from the viewpoint of “opportunity and risks.”</p> <ul style="list-style-type: none"> <li>* Executive Directors have leadership, knowledge, and insight to combine execution with governance and lead officers and employees to realize the Ten-Year Vision.</li> <li>* Directors who are Audit and Supervisory Committee Members have knowledge, insight, and experience to govern the execution of measures to realize the Ten-Year Vision.</li> <li>* Independent Outside Directors have capabilities to govern the execution of measures to realize the Ten-Year Vision from the viewpoint of state-of-the-art business trends based on business experience at other companies.</li> </ul>
Finance/ Accounting	<p>For the purpose of recovering the soundness of financial bases which is an urgent issue in the Ten-Year Vision of the Company, it is necessary to restructure a balance sheet, improve a rating, and construct investment and fund-raising structure toward increasing the corporate value. Directors are required to have knowledge and experience for finance, accounting, and a market risk.</p>
Technology/ R&D	<p>In the traditional refining industry, it is indispensable to respond to external environment changes in the future, respond to environment, and make compacting. To this end, it is requested for advanced know-how being intangible assets which have accumulated over the past years, and the capabilities of its application. Furthermore, with a view to proceeding joint development with academia and other companies to create new business as the next-generation metal business development, it is necessary to have the underlying Company’s original know-how and experience.</p>
Marketing	<p>The Ten-Year Vision of the Company sets the goal at increasing the importance of downstream business as restructuring a business portfolio. It is necessary to have knowledge, insight, and experience to put up high antennas to catch up with rapidly changing business trends and customers’ needs. Furthermore, also in creating new businesses as the next-generation metal business development, it is necessary to have knowledge about comprehensive marketing capabilities with a market-in sense.</p>
Response to environmental and climate changes	<p>For environmental response being the pillar of the Ten-Year Vision of the Company, resource recycling, the diversification of the composition of raw materials other than ore and carbon neutrality are regarded as its center. In the respective areas it is necessary to have the knowledge and experience of environmental preservation and technologies. In particular, with respect to response to climate change including carbon neutrality, global response is requested. It is also necessary to have network to put up antennas for changes in both external and the Company’s original environments.</p>
Human capital (including activation of diversity)	<p>When utilizing human capital being the pillar of the Ten-Year Vision of the Company, the composition of human capital will be changed resulting from restructuring a business portfolio. It is necessary to have knowledge, insight, and experience for HR development that can improve human capital qualitatively and quantitatively in line with the Ten-Year Vision, while restructuring financial bases first, entering growth path, and proceeding response to diversity and reforms in the way of working.</p>

Risk management/ Legal/ Compliance	It is indispensable to manage risks, especially a market risk, in order to restructure financial bases. To this end, it is necessary to have knowledge, insight, and experience for market conditions. Furthermore, legal and compliance are indispensable capabilities for all the Directors and in particular it is necessary to have experience in charge of specialties.
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**Proposal 4:** Revision of Remuneration Amounts for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 118th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration to be paid to for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company were approved at no greater than ¥15 million per month (excluding salaries of Directors who serve concurrently as employees).

As part of amendment of the Director's remuneration system, the Company decided to introduce a restricted share compensation plan per Proposal 6, which will raise remuneration amounts temporarily at the time of payment. Accordingly, the Company proposes to change the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) from monthly basis to yearly basis and then revise remuneration amounts to no greater than ¥180 million per year (excluding salaries of Directors who serve concurrently as employees).

The Company has adopted a determination policy on the individual Director's remuneration as presented in the Business Report on and after page 31. This Proposal 4 is consistent with the policy, therefore, the Company deems the details of this proposal reasonable.

Currently, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is three (3) (including one (1) outside Director). If Proposal 2 is approved as originally proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will also remain three (3) (including one (1) Outside Director).

**Proposal 5:** Revision of Remuneration Amounts for Directors Who Are Audit and Supervisory Committee Members

At the 118th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration for Directors who are Audit and Supervisory Committee Members were approved at no greater than ¥8 million per month. In the case that Proposal 4 is approved as originally proposed at this meeting, the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be changed from monthly basis to yearly basis. Accordingly, the Company also proposes to change the remuneration for Directors who are Audit and Supervisory Committee Members from monthly basis to yearly basis and revise the amount of remuneration to no greater than ¥96 million per year.

The Company has adopted a determination policy on the individual Director's remuneration as presented in the Business Report on and after page 31. This Proposal 5 is consistent with the policy, therefore, the Company deems the details of this proposal reasonable.

Currently, the number of Directors who are Audit and Supervisory Committee Members is three (3) (including two (2) outside Directors). If Proposal 3 is approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will also remain three (3) (including two (2) outside Directors).

**Proposal 6:** Determination of Remuneration Associated with Allotments of Restricted Shares to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members and Outside Directors)

At the 118th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company were approved at no greater than ¥15 million per month (excluding salaries of Directors who serve concurrently as employees). In Proposal 4, the Company asks our shareholders to approve the revision of the amount of remuneration for Directors to no greater than ¥180 million per year (excluding salaries of Directors who serve concurrently as employees).

The Company seeks approval for the following allotment of the common shares of the Company to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors, "Eligible Directors"), which are subject to certain transfer restriction periods and provisions including grounds for acquisition by the Company without compensation ("Restricted Shares"). The allotment of Restricted Shares aims to make Eligible Directors share risks and rewards from the stock price movements with shareholders and motivate them to contribute to a higher share price and corporate value.

Accordingly, the Company wants to set total amounts of monetary compensation receivables provided as remunerations regarding Restricted Shares to Eligible Directors, which are considered appropriate based on the purpose mentioned above and respective responsibilities, within the range of the remuneration amounts for Directors as prescribed above.

The Company has adopted a determination policy on the Director's remuneration as presented in the Business Report on and after page 31. This Proposal 6 is consistent with the policy; therefore, the Company deems the details of this proposal reasonable.

Currently, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is three (3) (including one (1) Outside Director). If Proposal 2 is approved as originally proposed, the number of Directors (excluding Director who are Audit and Supervisory Committee Members) will also remain three (3) (including one (1) Outside Director).

#### 1. Allotment and payment of Restricted Shares

Based on a resolution of the Board of Directors, the Company shall grant to Eligible Directors monetary compensation receivables as remuneration regarding Restricted Shares within the range of the yearly remuneration amounts. Each Eligible Director shall receive an allotment of Restricted Shares by transferring all of such monetary compensation receivables by way of contribution in kind.

The Company's Board of Directors shall determine paid-in amounts per share to ensure it is not particularly advantageous to Eligible Directors who will receive the Restricted Shares based on the closing price of the Company's common shares at the Tokyo Stock Exchange on the preceding business day of the day when the relevant resolution is made by the Company's Board of Directors (if the stock trading is not closed on such day, the closing price on the most recent trading day).

The monetary compensation receivables are granted on the condition that Eligible Directors agree to the above contribution-in-kind and that they have concluded an agreement on the allotment of Restricted Shares (the "Allotment Agreement"), which includes the details set forth in 3. below.

#### 2. Total number of Restricted Shares

The total number of Restricted Shares to be allotted to Eligible Directors per fiscal year shall be no greater than 20,000 shares.

However, if a stock split (including a gratis allotment of shares of common stock of the Company) or a reverse stock split of shares of common stock of the Company is conducted after the date of the resolution of this Proposal 6, or if any adjustment is necessary for the total number of Restricted Shares to be allotted under any other similar situations, the Company may adjust the total number of the Restricted Shares on a reasonable basis.

#### 3. Outline of Allotment Agreement

To receive allotments of Restricted Shares, the Eligible Directors who will receive the Restricted Shares based on a resolution of the Board of Directors shall enter into the Allotment Agreement with the Company, which includes the following details.

##### (1) Details of transfer restriction

Eligible Directors who have received an allotment of Restricted Shares must not transfer, pledge, create mortgages, make a living donation, bequeath or otherwise divest the Restricted Shares allotted to the Eligible Directors (the "Allotted Shares") to any third party (the "Transfer Restriction") during a period from the grant date of Restricted Shares to the date of resignation or retirement from the position defined by the Board of Directors (the "Transfer Restriction Period").

##### (2) Acquisition without compensation

If Eligible Directors who have been granted Restricted Shares resign or retire from the position defined by the Board of Directors, without causes the Board of Directors of the Company deems reasonable, during a period from a commencement date of the Transfer Restriction Period to the preceding day of the first Ordinary General Meeting of Shareholders held after the commencement of Restricted Transfer Period, the Company shall automatically acquire the Allotted Shares without compensation.

Moreover, if the Transfer Restriction Period has not been lifted for any of the Allotted Shares based on below (c) "Conditions for lifting transfer restriction" as of the expiration of the Transfer Restriction Period stated in (a), the Company shall automatically acquire such Allotted Shares without compensation.

##### (3) Conditions for lifting transfer restriction

The Company will lift the Transfer Restriction on all of the Allotted Shares at the expiration of the Transfer Restriction Period, on the condition that Eligible Directors who have been granted Restricted Shares have continuously served for the position defined by the Board of Directors for the period from a commencement date of the Transfer Restriction Period until the first Ordinary General Meeting of Shareholders held after the commencement of Restricted Transfer Period.

However, due to reasons the Board of Directors deems reasonable, if Eligible Directors resign or retire from the position defined by the Board of Directors during a period from the commencement date of the Transfer Restriction Period to the preceding day of the first Ordinary General Meeting of Shareholders held after the commencement of Restricted Transfer Period, the Company may make reasonable adjustments to the number of the Allotted Shares for which the Transfer Restriction will be lifted as well as the time when the Transfer Restriction will be lifted, as necessary.

(4) Handling in case of organizational restructuring, etc.

In the event that a proposal regarding organizational restructuring, such as a merger agreement in which the Company becomes an absorbed company, or a share exchange agreement, a share transfer plan, or any other matters relating to organizational restructuring in which the Company becomes a wholly-owned subsidiary, is approved at an General Meeting of Shareholders of the Company (if approval by General Meeting of Shareholders is not required for the organizational restructuring in question, the approval by the Board of Directors), provided that the effective date of such organizational restructuring, etc. comes earlier than the expiration of the Transfer Restriction Period (“Upon Approval of Organizational Restructuring, etc.”), and the Eligible Directors who have been granted Restricted Shares shall be resigned or retired from the position defined by the Board of Directors upon the organizational restructuring, etc., the Company will, by a resolution of the Board of Directors, lift the Transfer Restriction on the reasonable number of the Allotted Shares determined based on a period from the commencement date of the Transfer Restriction Period to the approval date of the organizational restructuring, etc., before the effective date of the organizational restructuring, etc.

Upon Approval of Organizational Restructuring, etc., immediately after the point of time when the Transfer Restriction is lifted, the Company shall automatically acquire the Allotted Shares for which the Transfer Restrictions are not lifted.

(Reference) The Company will grant the Executive Officers of the Company the similar Restricted Shares as described above after the conclusion of this meeting.

**Proposal 7:** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

The Company proposes the election of one (1) substitute Director who is an Audit and Supervisory Committee Member to provide against a case where there would be a shortfall in the number of Directors who are Audit and Supervisory Committee Members stipulated by laws and regulations, because the effective terms of pre-election of Mt. Masashi Shishime, who was elected as a substitute Director who is an Audit and Supervisory Committee Member at the 122nd Ordinary General Meeting of Shareholders held on June 29, 2021, will expire at the opening of this meeting.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for substitute Director who is and Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Career Summary, Position in the Company, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned
Masashi Shishime (February 16, 1955)	Apr. 1986 Registered as attorney-at-law	0 shares
	Oct. 1997 Established Shishime Law Office	
	June 2006 Outside Audit & Supervisory Board Member, Yokogawa Bridge Holdings Corp. (current position)	
	June 2011 Outside Audit & Supervisory Board Member, The Shibusawa Warehouse Co., Ltd. (current position)	
	June 2019 Outside Corporate Auditor, Azuma Shipping Co., Ltd. (current position)	
<p>(Reasons for nomination as candidate for substitute outside Director and overview of expected roles)</p> <p>The Company proposes to elect Mr. Masashi Shishime as a substitute outside Director who is an Audit &amp; Supervisory Committee Member, expecting that he will utilize his expertise and ample experience in corporate legal affairs as an attorney-at-law to strengthen the effectiveness of decision-making and oversight functions of the Board of Directors of the Company. He has never been directly involved in the management of a company. However, the Company judges he will appropriately fulfill his duties as an outside Director who is an Audit and Supervisory Committee Member based on the above reasons.</p>		

- (Notes)
1. There is no special interest between the candidate and the Company.
  2. Mr. Masashi Shishime is a candidate for substitute outside Director.
  3. If this proposal is approved, Mr. Masashi Shishime assumes the office of outside Director, pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company plans to enter into an agreement with him to limit the liability for damages under Article 423, paragraph 1 of the same Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
  4. If this proposal is approved and Mr. Masashi Shishime assumes the office of outside Director, the Company plans to submit notification to Tokyo Stock Exchange, Inc. concerning his appointment as independent officer.
  5. The Company has entered into a directors and officers liability insurance contract pursuant to the provisions of Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance policy will cover legal compensation and litigation costs to be borne by the insured. If this proposal is approved and Mr. Masashi Shishime assumes the office of outside Director, he will be included as the insured under the insurance policy.