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Securities code: 4078

June 2, 2023

To our shareholders:

Toshiyuki Yagura  
President  
**Sakai Chemical Industry Co., Ltd.**  
5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka

## NOTICE OF THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 128th Ordinary General Meeting of Shareholders of Sakai Chemical Industry Co., Ltd. (the “Company”), which will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access either of the websites to view the information.

The Company’s website:

[https://www.sakai-chem.co.jp/jp/ir/general\\_meeting/](https://www.sakai-chem.co.jp/jp/ir/general_meeting/) (in Japanese)



(in Japanese)

In addition to posting items subject to measures for electronic provision on the Company website, the Company also posts this information on the website of the Tokyo Stock Exchange (TSE). Access the TSE website by using the internet address shown below, enter “Sakai Chemical Industry” in “Issue name (company name)” or the Company’s securities code “4078” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”

TSE website (Listed Company Search):

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



(in Japanese)

If you will not be attending this General Meeting of Shareholders in person, you may exercise your voting rights either via the Internet, etc. or in writing (by postal mail). Please review the Reference Documents for the General Meeting of Shareholders and, exercise your voting rights no later than 5:40 p.m., Tuesday, June 27, 2023 (Japan standard time).

- 1. Date and Time:** Wednesday, June 28, 2023 at 10:00 a.m. (Reception opens at 9:00 a.m.) (Japan Standard Time)
- 2. Venue:** Auditorium on the 3rd floor of the Company's head office  
5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 128th 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 Board of Corporate Auditors
2. Non-Consolidated Financial Statements for the 128th Term (from April 1, 2022 to March 31, 2023)

**Items to be resolved:**

- Proposal 1:** Election of Eight (8) Directors
- Proposal 2:** Election of Accounting Auditor
- Proposal 3:** Payment of Directors' Bonuses

- Of items for which the measures for providing information in electronic format will be taken, "Systems to Ensure Appropriate Operations and Status of Operation of the Systems," "Consolidated Statements of Changes in Equity," "Notes to the Consolidated Financial Statements," "Non-consolidated Statements of Changes in Equity" and "Notes to Non-Consolidated Financial Statements" are not included in the document in accordance with the provisions of laws and regulations as well as Article 14 of the Company's Articles of Incorporation. The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements in the document are included in the scope of audit conducted by the Corporate Auditors and the Accounting Auditor in preparing the audit report.
- If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company's aforementioned website and the TSE website.
- Shareholders who will be attending the meeting in person are requested to take note of their health condition.
- Furthermore, gifts will not be prepared for the shareholders who attend the meeting in person, and we ask for your understanding.

## Regarding Questions Sent in Advance

Before the convening of the General Meeting of Shareholders, we would like to receive questions from shareholders in advance as follows.

- ◎ We plan to post responses to received questions on the Company's website ([https://www.sakai-chem.co.jp/jp/ir\\_general\\_meeting.php](https://www.sakai-chem.co.jp/jp/ir_general_meeting.php); Japanese only) by the day before this General Meeting of Shareholders. Please note that it may not be possible to answer all questions. Please also note that we cannot provide individual responses to questions.
- ◎ We may not respond to questions that are unrelated to items to be reported or to be resolved at the General Meeting of Shareholders.

### ▶ Receipt of advance questions

#### [1] For questions sent via the Internet

◎ Please access the special website from the following URL or using the QR code, and enter the required information.

\* Internet Explorer cannot be used. Please use a browser such as Google Chrome or Microsoft Edge.

[https://www.sakai-chem.co.jp/fc/inquiry\\_fc/128th\\_ogmos20230628-roqia.html](https://www.sakai-chem.co.jp/fc/inquiry_fc/128th_ogmos20230628-roqia.html) (in Japanese)



(in Japanese)

#### [2] For questions sent in writing (by postal mail)

◎ Questions will also be accepted in writing. Please fill in the required information and the content of questions, and mail these to the following address early enough to arrive by the deadline.

Required information

(1) Shareholder number (see your voting card form) (2) Name (3) Zip code (4) Address (5) Content of questions

Mailing address

590-8502

5-2, Ebisujima-cho, Sakai-ku, Sakai-shi, Osaka

Sakai Chemical Industry Co., Ltd., Administration Division, Human Resources and General Affairs Department

Deadline for receipt of questions: Arrival by 5:40 p.m. on Wednesday, June 21, 2023

Reference Documents for the General Meeting of Shareholders

**Proposals and Reference Information**

**Proposal 1:** Election of Eight (8) Directors

The terms of office of all nine (9) Directors in their present positions will expire upon the conclusion of this General Meeting. Accordingly, the Company proposes the election of eight (8) Directors. Director Atsuya Nakanishi will retire from office upon the conclusion of this General Meeting.

The candidates for Directors are as follows:

No.		Name	Gender	Tenure	Current position and responsibilities in the Company	Attendance Status of the Board of Directors
1	[Reappointment]	Masaaki Yabe	Male	11 years	Chairman Representative Director	17 times / 17 times (100%)
2	[Reappointment]	Toshiyuki Yagura	Male	3 years	President Representative Director and Executive Officer In charge of Internal Control over Financial Reporting	17 times / 17 times (100%)
3	[Reappointment]	Shinji Nakahara	Male	3 years	Managing Director and Executive Officer General Manager, Research & Development Division; General Manager, Production Technology Division	17 times / 17 times (100%)
4	[Reappointment]	Yasuhiro Okamoto	Male	7 years	Director and Executive Officer General Manager, Onahama Manufacturing Site; Deputy General Manager, Production Technology Division	14 times / 14 times (100%)
5	[Reappointment]	Hiroyuki Hattori	Male	3 years	Director and Executive Officer In charge of Compliance, Legal Affairs, Risk Management; Deputy General Manager, Corporate Strategy Division; General Manager, Accounting & Finance Department	17 times / 17 times (100%)
6	[Reappointment] [Outside] [Independent]	Yoshikazu Itou	Male	2 years	Outside Director Independent Officer	17 times / 17 times (100%)
7	[Reappointment] [Outside] [Independent]	Hiromi Wada	Female	2 years	Outside Director Independent Officer	17 times / 17 times (100%)
8	[Reappointment] [Outside] [Independent]	Mitsunori Matsuda	Male	1 year	Outside Director Independent Officer	14 times / 14 times (100%)

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Masaaki Yabe (August 9, 1959) [Reappointment]	Apr. 1982    Joined the Company Sept. 2006    General Manager, Sales & Marketing Department, Inorganic Chemicals Division Sept. 2009    General Manager, Sales & Marketing Department, Titanium Dioxide Division Sept. 2010    General Manager, Electronic Materials Division and Sales & Marketing Department June 2012    Director June 2014    President Representative Director June 2021    President Representative Director and Executive Officer June 2022    Chairman Representative Director (to present)	39,152 shares
	Reasons for nomination: Masaaki Yabe has a wealth of experience and a proven record of accomplishment in the sales section and other sections and is well-versed in the Company's business in general. Since assuming the position of President Representative Director of the Company in June 2014, he has led the Group with his high level of management ability and strong leadership. He has been responsible for the supervisory functions of management from a non-executive standpoint since assuming the position of Chairman Representative Director in June 2022, and possesses knowledge of the Company's overall management. We have determined that he is an essential person to enhance the Group's corporate value, and have again nominated him as a candidate for Director.		
2	Toshiyuki Yagura (June 24, 1964) [Reappointment]	Apr. 1988    Joined the Company June 2014    General Manager, Corporate Planning Department Sept. 2019    General Manager, Human Resources and General Affairs Department June 2020    Director; General Manager, Administration Division June 2021    Director and Executive Officer; General Manager, Administration Division June 2022    President Representative Director and Executive Officer In charge of Internal Control over Financial Reporting (to present)	11,113 shares
	Reasons for nomination: Toshiyuki Yagura has extensive experience in human resources and corporate planning, and has a proven record of establishment and operation of personnel systems as well as successful conclusion of M&A. Since his tenure as General Manager of the Administration Division, he has led ESG initiatives including reshaping the personnel system and strengthening quality assurance and health and safety management systems. He has exhibited strong leadership skills since assuming the position of President Representative Director in June 2022 and has been leading the Group's management and we have determined that he is an essential person to enhance the Group's corporate value. Therefore, we have again nominated him as a candidate for Director.		

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Shinji Nakahara (July 22, 1958) [Reappointment]	<p>Apr. 1981      Joined the Company</p> <p>June 2007     General Manager, Corporate Research Laboratories</p> <p>Feb. 2012     President Representative Director of Katayama Seiyakusyo Co., Ltd.</p> <p>June 2020     Director; General Manager, Research &amp; Development Division; Deputy General Manager, Production Technology Division of the Company</p> <p>June 2021     Director and Executive Officer; General Manager, Research &amp; Development Division; Deputy General Manager, Production Technology Division</p> <p>June 2022     Managing Director and Executive Officer General Manager, Research &amp; Development Division; General Manager, Production Technology Division (to present)</p>	9,441 shares
<p>Reasons for nomination: Shinji Nakahara is involved in the decision making at the Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. He has a wealth of experience and has a proven record of accomplishments in the research and development areas, and has long led corporate management as President Representative Director of a subsidiary of the Company. Currently as General Manager of the Research &amp; Development Division, he leads the acceleration of research and development themes primarily through industry-academia collaboration. Therefore, we have determined that he is an essential person to enhance the corporate value of the Group, nominating him again as a candidate for Director.</p>			
4	Yasuhiro Okamoto (June 30, 1963) [Reappointment]	<p>Apr. 1987      Joined the Company</p> <p>Dec. 2011     General Manager, Manufacturing Department, Inorganic Chemicals Division</p> <p>Oct. 2014     General Manager, Production Department 2, Inorganic Chemicals Division</p> <p>June 2015     Director; General Manager, Production Technology Division and Sakai Manufacturing Site</p> <p>Sept. 2019    Director; General Manager, Onahama Manufacturing Site</p> <p>June 2021     Executive Officer; General Manager, Onahama Manufacturing Site</p> <p>June 2022     Director and Executive Officer General Manager, Onahama Manufacturing Site; Deputy General Manager, Production Technology Division (to present)</p>	11,115 shares
<p>Reasons for nomination: Yasuhiro Okamoto is involved in the decision making at the Board of Directors, properly supervises the duties of Directors and carries out business affairs for which he is responsible. He has held positions as the General Manager of both the Onahama Manufacturing Site and the Sakai Manufacturing Site, and has a wealth of experience and a proven record of accomplishments related to factory management as the person in charge of a manufacturing site. Currently, he has built a proven record of leading the strengthening of manufacturing technologies and quality control. Therefore, we have determined that he is an essential person to enhance the corporate value of the Group and have again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Hiroyuki Hattori (June 11, 1964) [Reappointment]	<p>Apr. 1988      Joined the Company</p> <p>June 2014      General Manager, Administration &amp; Management Department, Kaigen Pharma Co., Ltd.</p> <p>Apr. 2015      General Manager, General Affairs Department and Management Department, Kaigen Pharma Co., Ltd.</p> <p>June 2017      Director; General Manager, General Affairs Department and Management Department, Kaigen Pharma Co., Ltd.</p> <p>Oct. 2018      Director; General Manager, General Affairs Department, Kaigen Pharma Co., Ltd.</p> <p>June 2020      Director; Deputy General Manager, Corporate Strategy Division; General Manager, Accounting &amp; Finance Department; General Manager, Compliance and Risk Management Promotion Department of the Company</p> <p>May 2021      Director; Deputy General Manager, Corporate Strategy Division; General Manager, Accounting &amp; Finance Department</p> <p>June 2021      Director and Executive Officer; Deputy General Manager, Corporate Strategy Division; General Manager, Accounting &amp; Finance Department In charge of Compliance, Legal Affairs, Risk Management (to present)</p>	4,781 shares
<p>Reasons for nomination: Hiroyuki Hattori is involved in the decision making at the Board of Directors, properly supervises the duties of Directors, and carries out business affairs for which he is responsible. He has extensive experience in accounting and finance, and has been engaged in corporate management as a director of a subsidiary of the Company. Currently as Deputy General Manager of the Corporate Strategy Division, he is in charge of accounting and finance and has built a proven record of leading the reinforcement of compliance and risk management systems. Therefore, we have determined that he is an essential person to enhance the corporate value of the Group and have again nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
	Yoshikazu Itou (March 19, 1960) [Reappointment] [Outside] [Independent]	Apr. 1983      Joined Ajinomoto Co., Inc. Apr. 2005      Deputy President, Ajinomoto U.S.A., Inc. Aug. 2006      Deputy General Manager, Kawasaki Plant, Ajinomoto Co., Inc. Oct. 2008      General Manager, Production & Technology Administration Center, Ajinomoto Co., Inc. July 2013      Corporate Fellow, General Manager, Kawasaki Administration & Coordination Office and Kawasaki Plant, Ajinomoto Co., Inc. July 2017      Representative Director and President, Knorr Foods Co., Ltd. Apr. 2019      Senior Managing Director, Ajinomoto Food Manufacturing Co., Ltd. July 2020      Advisor, Ajinomoto Co., Inc. June 2021      Outside Director of the Company (to present) Mar. 2023      Outside Director, Kanro Inc. (to present)	529 shares
6	<p><b>Matters Related to Candidacy for Outside Director</b></p> <p>Reasons for nomination as candidate for Outside Director and outline of expected roles  The Company is focused on enhancing corporate governance and developing high-quality, high-profit businesses such as electronic materials and cosmetics. Yoshikazu Itou has engaged in production technology and quality control for many years for a food manufacturing company that requires strict quality control, and has extensive management experience in top management. Therefore, the Company expects him to give advice and supervise from an independent viewpoint, and determined that he should continue to be a candidate for Outside Director.</p> <p>Information on the Independent Officer:  The Company designated him as an Independent Officer specified by the Tokyo Stock Exchange and registered him with the stock exchange, based on the judgment that no issue regarding conflict of interests is likely to occur with the general shareholders in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Officers specified by the Company.</p> <p>If his reappointment is approved, the Company plans for his appointment as an Independent Officer to continue.</p> <p>Outline of terms and conditions of limited liability agreement:  The Company has, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act, concluded with him an agreement to limit his liability for damages as set forth in Article 423, paragraph (1) of the same Act. In this case, the maximum amount of liability for damages under said agreement will be the minimum amount set forth in Article 425, paragraph (1) of the Companies Act. If his reappointment is approved, said agreement will continue to be in effect.</p>		



No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p style="text-align: center;">Hiromi Wada (July 24, 1960) [Reappointment] [Outside] [Independent]</p>	<p>Apr. 1983      Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Apr. 2010      Corporate Fellow, Panasonic Corporation</p> <p>Apr. 2012      Director, System Engineering Center, Tokyo R&amp;D Center of Panasonic Corporation</p> <p>Mar. 2016      Board member, Linux Foundation, Non-profit standards body</p> <p>Apr. 2017      Director, Platform Development Center, Automotive R&amp;D Division, Automotive &amp; Industrial Systems Company of Panasonic Corporation</p> <p>Aug. 2020      Advisor, R&amp;D Division, Automotive Company, Panasonic Corporation</p> <p>June 2021      Outside Director, Imasen Electric Industrial Co., Ltd. (to present)</p> <p>June 2021      Outside Director of the Company (to present)</p> <p>Apr. 2022      Advisor, R&amp;D Planning Center, Panasonic Automotive Systems Co., Ltd.</p> <p>June 2022      Representative Director, i-Golf studio Co., Ltd. (to present)</p> <p>Oct. 2022      Outside Advisor, Panasonic Automotive Systems Co., Ltd. (to present)</p> <p>Mar. 2023      Outside Director, Shimano Inc. (to present)</p>	529 shares
<p><b>Matters Related to Candidacy for Outside Director</b></p> <p>Reasons for nomination as candidate for Outside Director and outline of expected roles</p> <p>The Company is working on enhancing corporate governance, improving operational efficiency by utilizing IT, and promoting diversity. Hiromi Wada has been engaged in software development and quality control for a general electric manufacturer and has management experience, including serving as Director of the Development Center. Therefore, the Company expects her to give appropriate advice on and supervise management issues facing the Company from an independent viewpoint, and determined that she should continue to be a candidate for Outside Director.</p> <p>Information on the Independent Officer:</p> <p>The Company designated her as an Independent Officer specified by the Tokyo Stock Exchange and registered her with the stock exchange, based on the judgment that no issue regarding conflict of interests is likely to occur with the general shareholders in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Officers specified by the Company.</p> <p>If her reappointment is approved, the Company plans for her appointment as an Independent Officer to continue.</p> <p>Outline of terms and conditions of limited liability agreement:</p> <p>The Company has, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act, concluded with her an agreement to limit her liability for damages as set forth in Article 423, paragraph (1) of the same Act. In this case, the maximum amount of liability for damages under said agreement will be the minimum amount set forth in Article 425, paragraph (1) of the Companies Act. If her reappointment is approved, said agreement will continue to be in effect.</p>			

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	Number of the Company's shares owned
8	Mitsunori Matsuda (March 20, 1959) [Reappointment] [Outside] [Independent]	<p>Apr. 1982      Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)</p> <p>Apr. 2005      Global Product II Group Leader, Supply Chain Management Department, Technology, Astellas Pharma Inc.</p> <p>Apr. 2006      SVP, Head of Kerry Plant, Astellas Ireland Co., Ltd.</p> <p>Apr. 2008      Vice President Strategy &amp; Administration, Technology, Astellas Pharma Inc.</p> <p>June 2009      Corporate Executive, Vice President Strategy &amp; Administration, Technology, Astellas Pharma Inc.</p> <p>Apr. 2010      Corporate Executive, SVP &amp; President, Technology, Astellas Pharma Inc.</p> <p>June 2015      Senior Corporate Executive, SVP and President, Technology, Astellas Pharma Inc.</p> <p>Apr. 2017      Senior Corporate Executive, SVP and President, Pharmaceutical Technology, Astellas Pharma Inc.</p> <p>Apr. 2019      Senior Corporate Executive, Assistant to President, Astellas Pharma Inc.</p> <p>June 2019      Mandatory retirement from Astellas Pharma Inc.</p> <p>Jan. 2021      Sole proprietor (consulting) (to present)</p> <p>June 2022      Outside Director of the Company (to present)</p>	569 shares
<p><b>Matters Related to Candidacy for Outside Director</b></p> <p>Reasons for nomination as candidate for Outside Director and outline of expected roles</p> <p>The Company focuses on strengthening corporate governance and developing high-quality, high-profit businesses such as organic chemicals for pharmaceuticals. Mitsunori Matsuda has engaged in CMC (Chemistry, Manufacturing, and Control) management and organizational management for many years at a pharmaceutical company that requires strict quality control, and possesses abundant management experience. Therefore, the Company expects him to give advice and supervise from an independent viewpoint, and determined that he should continue to be a candidate for Outside Director.</p> <p>Information on the Independent Officer:</p> <p>The Company designated him as an Independent Officer specified by the Tokyo Stock Exchange and registered him with the stock exchange, based on the judgment that no issue regarding conflict of interests is likely to occur with the general shareholders in accordance with the standards for independence prescribed by the Tokyo Stock Exchange and Standards for Selecting Independent Outside Officers specified by the Company.</p> <p>If his reappointment is approved, the Company plans for his appointment as an Independent Officer to continue.</p> <p>Outline of terms and conditions of limited liability agreement:</p> <p>The Company has, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act, concluded with him an agreement to limit his liability for damages as set forth in Article 423, paragraph (1) of the same Act. In this case, the maximum amount of liability for damages under said agreement will be the minimum amount set forth in Article 425, paragraph (1) of the Companies Act. If his reappointment is approved, said agreement will continue to be in effect.</p>			

- Notes:
1. There are no special interests between any of the above candidates and the Company.
  2. Yoshikazu Itou, Hiromi Wada, and Mitsunori Matsuda are candidates for Outside Director.
  3. The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, paragraph (1) of the Amendment of the Companies Act, and plans to renew the policy in December 2023. This insurance policy covers losses such as litigation expenses and claims for damages to be borne by the insured persons arising from corporate litigation, third-party litigation, derivative lawsuits, etc. If each candidate is reelected or elected, each candidate will be included as an insured person in the policy.
  4. The number of the Company's shares owned by each candidate that is shown includes ownership interests in the shareholding association made up of Officers of Sakai Chemical.

## Reference

### Directors' Skill Matrix

Under the mission of creating a sustainable future through chemistry, our Company aims to solve social issues through the power of chemistry. In order for our people and organizations to grow through our business activities, and in order to transform into an “exciting company” that shares joy with stakeholders as well as to achieve our management plan, we have examined and determined the skills necessary for our Directors and management team. The skill matrix of Directors, if the candidates listed in this convocation notice are elected as proposed, will be as follows:

No.	Name	Corporate management	R&D Production technology	Business strategy Marketing	Accounting Finance	Human resource Organizational management	Legal Risk management	ESG SDGs
1	Masaaki Yabe	●		●				●
2	Toshiyuki Yagura	●		●		●	●	●
3	Shinji Nakahara	●	●	●				●
4	Yasuhiro Okamoto		●					●
5	Hiroyuki Hattori				●		●	●
6	Yoshikazu Itou	●	●		●	●		
7	Hiroimi Wada		●	●		●		●
8	Mitsunori Matsuda	●	●			●		

Definitions of skills are as follows:

Skill	Definition
Corporate management	The individual has experience as the president (CEO) of a subsidiary or other company, or has experience similar to this, and is able to make changes to structures such as business transformation, business expansion, and business sales using foresight.
R&D Production technology	The individual is well-versed in research and development, manufacturing, quality control, etc., and is able to create new businesses.
Business strategy Marketing	The individual is well-versed in business strategy and can serve as a responsible manager.
Accounting Finance	The individual is able to appropriately evaluate company performance, make investment decisions, and engage in communication and dialogue with capital markets.
Human resource Organizational management	The individual is well-versed in human resource and organizational management.
Legal Risk management	The individual is well-versed in legal affairs concerning corporate activities and is able to address emergent business risks and management risks.
ESG SDGs	The individual understands the position and the role of the Company's business in society, and is able to propose and execute management with a focus on sustainability.

## Reference

### <Standards for Selecting Independent Outside Officers>

In principle, if an Outside Officer of the Company does not correspond to any of the following persons, said Outside Officer will be deemed to be an independent person.

1. A person who is currently or in the past ten (10) years has been an Executive Director or employee (hereinafter referred to as “Executive”) of the Company or one of its subsidiaries (hereinafter referred to as the “Group”)
2. A current major shareholder of the Company (meaning a shareholder directly or indirectly holding five percent (5%) or more of voting rights) or its Executive
3. A major partner company of the Company (meaning a partner company for which transactions with the Group in the latest fiscal year provided two percent (2%) or more of the consolidated net sales of the Group or such partner company), or its Executive

4. A financial institution or any other major creditor that the Group requires for its fundraising and that the Group relies on and is irreplaceable for the Group or its Executive
5. A person who has fallen under 2 to 4 in the last three (3) years
6. The Executive of a corporation or any other entity that has received a donation of ten million (10,000,000) yen or more in the past three (3) years from the Group on average
7. A consultant, accounting specialist, or legal specialist (including a person who belongs to a corporation or entity if such consultant or specialist is a corporation or entity) who has received money or any other asset of ten million (10,000,000) yen or more in the past three (3) years from the Group on average, in addition to the officers' remuneration
8. A person holding an executive position of a company that has appointed Executive of the Group as its Director
9. A spouse or relative (up to second degree) of any of the persons described in 1 to 8 above

**Proposal 2:** Election of Accounting Auditor

The contract of the accounting auditor of the Company, PKF Hibiki Audit Corporation, will expire upon the completion of its term of office at the conclusion of this General Meeting. Accordingly, the Company proposes the election of a new accounting auditor.

This proposal is based on the determination by the Board of Corporate Auditors.

The reasons for the Board of Corporate Auditors to nominate KPMG AZSA LLC as a candidate for accounting auditor are that the Company has considered the continuous years of audit by the current accounting auditor and expects that a new accounting auditor can provide audits from a new perspective, has comprehensively reviewed the independence, expertise, quality control systems, etc. for the enhancement of the Group’s accounting governance, and has thereupon determined the nomination to be appropriate.

The candidate firm for accounting auditor is as follows.

(as of March 31, 2023)

Name	KPMG AZSA LLC	
Principal place of business	1-2 Tsukudo-cho, Shinjuku-ku, Tokyo	
History	July 1969	Asahi & Co. established
	July 1985	Asahi Shinwa & Co. established
	Oct. 1993	Merged with Inoue Saito Eiwa Audit Corporation (established in April 1978), name changed to Asahi & Co.
	Jan. 2004	Merged with AZSA & Co. (established in February 2003), name changed to KPMG AZSA & Co.
	July 2010	Transitioned to a limited liability audit corporation, name changed to KPMG AZSA LLC
Overview	Capital	3,000 million yen
	Personnel	Certified Public Accountants 2,958 people Passers of Certified Public Accountant Exam 1,177 people Audit Assistants 1,634 people Other administrative staff 726 people Total 6,495 people
	Clients receiving audit attestation services	3,472 clients

**Proposal 3:** Payment of Directors' Bonuses

The Company wishes to pay Directors' bonuses of fifty million five-hundred forty thousand (50,540,000) yen in total to the six (6) Directors excluding Outside Directors who are incumbent at the end of the fiscal year under review.

The specific amount, timing, method, etc. of payment to Directors will be resolved by the Board of Directors based on the "policy concerning the determination of remuneration for officers."

The Company has deemed this proposal as appropriate as it was decided by the Board of Directors after consulting with the Nomination and Remuneration Committee while giving general consideration to company performance, the results of each Director, etc.