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Securities Code: 6165

June 5, 2024

To our shareholders:

Tetsuji Morikubo
Representative Director
PUNCH INDUSTRY CO., LTD.
6-22-7 Minami-oi, Shinagawa-ku, Tokyo

Notice of the 50th Annual General Meeting of Shareholders

We are pleased to announce the 50th Annual General Meeting of Shareholders of PUNCH INDUSTRY CO., LTD. (the “Company”), which will be held as described below.

When the Company convenes the General Meeting of Shareholders, it takes measures of the electronic provision of information (Measures for Providing Information in Electronic Format) that constitutes the content of reference documents for the General Meeting of Shareholders and this information is posted on the Company’s website, etc. as “Notice of the 50th Annual General Meeting of Shareholders.” To review this information, please access these materials on the following website.

The Company’s website:

<https://www.punch.co.jp/ir/stock.html> (in Japanese)

Website for posted information materials for the General Meeting of Shareholders:

<https://d.sokai.jp/6165/teiji/> (in Japanese)

Tokyo Stock Exchange (TSE) website (Listed Company Search):

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

(Access the TSE website by using the internet address shown above, enter “PUNCH INDUSTRY” in “Issue name (company name)” or the Company’s securities code “6165” 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].”)

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. (JST) on Monday, June 24, 2024.

1. Date and Time Tuesday, June 25, 2024 at 10:00 a.m. (JST) (Reception desk will open at 9:00 a.m.)

2. Venue A+B Meeting Room, Single Building 3F, Ours Inn Hankyu
1-50-5 Oi, Shinagawa-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. Business Report and Consolidated Financial Statements for the 50th fiscal year (from April 1, 2023 to March 31, 2024), and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

2. Non-consolidated Financial Statements for the 50th fiscal year (from April 1, 2023 to March 31, 2024)

Matters to be resolved

Proposal No. 1 Appropriation of Surplus

Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

4. Matters for decision

- (1) When voting rights are exercised in writing, if neither Approve or Disapprove is marked for a proposal on the voting form, it will be handled as if Approve had been marked.**
- (2) If a voting right has been exercised multiple times via the Internet, the final exercise of the voting right will be handled as the valid one.**
- (3) If a voting right is exercised redundantly via the Internet and in writing, it will be handled as if the voting right exercised via the Internet is the valid one.**
- (4) If a voting right is exercised via proxy, one person acting as proxy who holds voting rights and is also a shareholder of the Company shall be present at the General Meeting of Shareholders. However, the proxy must provide documents that offer proof of their proxy rights.**

- When you attend the meeting in person, you are kindly requested to present the enclosed voting form at the reception desk.
- If revisions to the matters subject to the Measures for Providing Information in Electronic Format arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.
- Paper-based documents stating the Measures for Providing Information in Electronic Format are sent to shareholders who have requested the delivery of paper-based documents; however, in accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, those documents do not include the following matters.
 - (i) In the Business Report, "Status of Share Acquisition Rights," "System to Ensure the Appropriateness of Operations and Its Operational Status," "Basic Policy Regarding Control of the Company," and "Policy Regarding Determination of Dividends of Surplus, etc."
 - (ii) In the Consolidated Financial Statements, "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements"
 - (iii) In the Non-consolidated Financial Statements, "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements"

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements stated in these paper-based documents are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee for the audit report and the Accounting Auditor for the accounting audit report.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company considers return of profit to its shareholders as one of its management priorities. With respect to profit distribution, its basic policy is to pay stable dividends constantly and to emphasize linkage to consolidated business results while securing the internal reserves necessary for future business development and enhancement of the management structure. The Company has set goals of a “30% consolidated payout ratio and 3% dividends on shareholder equity (DOE),” and it intends to make appropriate profit distributions from a comprehensive viewpoint based on these goals and on its financial position, the demand for funds, and other considerations.

In accordance with this policy, the annual dividend for the current fiscal year shall be as follows.

Since the Company paid an interim dividend of ¥10 per share, the annual dividend for the current fiscal year will be ¥19.40 per share.

- 1 Type of dividend property
Cash
- 2 Allotment of dividend property and total amount thereof
¥9.40 per common share of the Company
Total dividends ¥229,974,084
- 3 Effective date of dividends of surplus
June 26, 2024

Proposal No. 2 Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the conclusion of this General Meeting of Shareholders, the terms of office of all five Directors will expire (excluding Directors who are Audit and Supervisory Committee members. The same applies for the proposal below). Therefore, the Company proposes the election of five Directors.

Each candidate for Director has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Committee, a majority of which is independent Outside Directors.

Upon reviewing the deliberations of the Nomination & Remuneration Committee and the policies for nominating candidates for Director, the Company's Audit and Supervisory Committee has determined that there are no special matters with regard to this proposal to be stated at the General Meeting of Shareholders as required by the provisions of the Companies Act.

The candidates for Director are as follows.

Candidate No.	Name	Gender Age	Current position in the Company	Attribute	Attendance at Board of Directors meetings
1	Tetsuji Morikubo	Male 47	Representative Director President, Chief Executive Officer	Reelection	15/15 (100%)
2	Takao Murata	Male 64	Director Senior Executive Officer, Chief Financial Officer	Reelection	15/15 (100%)
3	Akira Takanashi	Male 55	Director Senior Executive Officer, Chief Operating Officer	Reelection	15/15 (100%)
4	Naruhiko Takatsuji	Male 46	Outside Director, Chairperson of the Board of Directors	Reelection Outside Independent	15/15 (100%)
5	Mariko Ohsato	Female 61	Outside Director	Reelection Outside Independent	15/15 (100%)

Reelection: Candidate for Director to be reelected

Outside: Candidate for outside Director

Independent: Candidate for independent officer

Note: Age is that at the time of the General Meeting of Shareholders.

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p>Tetsuji Morikubo (January 12, 1977)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2023 15/15</p> <p>Tenure as Director 6 years</p>	<p>May 2003 Joined the Company</p> <p>Feb. 2005 Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Nov. 2012 General Manager of Value Creation Office of the Company</p> <p>Apr. 2013 General Manager of Corporate Planning Office</p> <p>Apr. 2015 Seconded to PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Dec. 2015 Managing Director of PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Apr. 2016 Executive Officer of the Company</p> <p>June 2018 Director and Senior Executive Officer in Charge of Corporate Strategy</p> <p>Apr. 2019 Chief Strategy Officer in Charge of Group Business Management</p> <p>June 2019 Representative Director (incumbent) and Vice President</p> <p>Nov. 2019 President and Chief Executive Officer in Charge of the Punch Industry Group (incumbent)</p> <p>[Significant concurrent positions outside the Company] There are no significant concurrent positions assumed.</p> <p>[Relationship of special interest in the Company] There is no special interest between Tetsuji Morikubo and the Company.</p>	673,600
<p>Reasons for nomination as candidate for Director</p> <p>Since taking the office of Director of the Company in June 2018, Mr. Morikubo has been overseeing the entire business of the Punch Industry Group, with a focus on management and business development strategies. Furthermore, since becoming President and Chief Executive Officer in November 2019, he has worked hard for the growth of the Group and to improve corporate value as a top executive of the Punch Industry Group by utilizing his business experience at the Company and the Punch Industry Group in China and Southeast Asia. Accordingly, the Company requests that he be reelected as Director to oversee the Group's management, execute the "VC2024 Revival" mid-term business plan, and direct the further growth of the Group while enhancing its corporate value.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;">Takao Murata (October 4, 1959)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2023 15/15</p> <p style="text-align: center;">Tenure as Director 12 years</p>	<p>Apr. 1984 Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>Nov. 1998 Seconded to JVC Electronics Malaysia Sdn. Bhd. as General Manager of Accounting Department</p> <p>Oct. 2008 Senior Manager of Finance Strategy Division of JVCKENWOOD Holdings, Inc. (currently JVCKENWOOD Corporation)</p> <p>July 2010 General Manager of Accounting & Tax Supervisory Department of Finance Strategy Division of JVCKENWOOD Holdings, Inc.</p> <p>Dec. 2010 Joined the Company as Deputy General Manager of Accounting Department</p> <p>Apr. 2011 General Manager of Accounting Department</p> <p>July 2011 Executive Officer</p> <p>June 2012 Director (incumbent)</p> <p>June 2016 Executive Officer and Chief Financial Officer</p> <p>June 2017 Senior Executive Officer and Chief Financial Officer (incumbent)</p> <p>June 2018 In Charge of Administration (incumbent)</p> <p>[Significant concurrent positions outside the Company] There are no significant concurrent positions assumed.</p> <p>[Relationship of special interest in the Company] There is no special interest between Takao Murata and the Company.</p>	42,316
<p>Reasons for nomination as candidate for Director</p> <p>Since taking office of Director of the Company in June 2012, Mr. Murata has overseen the Group's administration department by utilizing many years of experience and insights in finance and accounting. In addition to centrally managing the Group's human, material, financial and information resources, he has promoted reforms in working-style and corporate governance. As such, the Company requests that he be reelected as Director. He will continue to be in charge of administration and will be the Executive Officer responsible for strengthening the foundation of the "VC2024 Revival" mid-term business plan, especially in regards to promoting financial and sustainability strategies and human capital management.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<p>Akira Takanashi (May 14, 1969)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2023 15/15</p> <p>Tenure as Director 6 years</p>	<p>Aug. 1989 Joined the Company</p> <p>Apr. 2008 Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2013 General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2015 Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2017 Senior Executive Officer of the Company (incumbent)</p> <p>Apr. 2018 General Manager of Manufacturing Headquarters and General Manager of Marketing & Sales Headquarters</p> <p>June 2018 Director (incumbent) in Charge of Domestic Businesses</p> <p>Apr. 2019 Chief Operating Officer (incumbent) in Charge of Manufacturing and General Manager of Manufacturing Headquarters</p> <p>June 2021 In Charge of Manufacturing</p> <p>Apr. 2023 In Charge of Operations (incumbent)</p> <p>[Significant concurrent positions outside the Company] There are no significant concurrent positions assumed.</p> <p>[Relationship of special interest in the Company] There is no special interest between Akira Takanashi and the Company.</p>	31,535
<p>Reasons for nomination as candidate for Director</p> <p>Since taking office of Director of the Company in June 2018, Mr. Takanashi has been a powerful force in improving the Group's manufacturing capabilities and product quality as head of manufacturing by utilizing his business experience at the Company and the Punch Industry Group in China. Accordingly, the Company requests that he be reelected as Director. He will continue to be in charge of operations, and will be the Executive Officer to integrate manufacturing and sales, a major issue for management overall, while realizing improvement in corporate value under the "VC2024 Revival" mid-term business plan.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p data-bbox="331 808 539 869">Naruhiko Takatsuji (October 4, 1977)</p> <p data-bbox="379 904 496 994">Reelection Outside Independent</p> <p data-bbox="288 1032 587 1122">Attendance at Board of Directors meetings in FY2023 15/15</p> <p data-bbox="304 1160 571 1220">Tenure as Outside Director 3 years</p>	<p data-bbox="612 259 1235 1429"> Apr. 2000 Joined the Ministry of Economy, Trade and Industry June 2007 Joined M&A Advisory Services Department of Sumitomo Mitsui Banking Corporation July 2009 Analyst at Toward the Infinite World, Inc. June 2011 In Charge of Public Relations and IR of General Administration Department of Nabtesco Corporation Jan. 2013 Senior Analyst at Analysis Team of Uzabase, Inc. May 2014 Senior Analyst at Ichiyoshi Securities Co., Ltd. (Seconded to ICHIYOSHI RESEARCH INSTITUTE INC.) July 2020 Senior Economist and Senior Analyst at Information Distribution Section of FISCO Ltd. Apr. 2021 Part-time Lecturer at Graduate School of Law, Aoyama Gakuin University Apr. 2021 Visiting Researcher at Tama University Center for Social Investment (retired at the end of March 2024) June 2021 Outside Director of the Company (incumbent) June 2021 Outside Director (Audit and Supervisory Committee Member) of YAMASHIN-FILTER CORP. (incumbent) Jan. 2022 Visiting Professor at Professional University of Information and Management for Innovation (retired at the end of March 2024) Feb. 2022 Founded Japan Governance & Valuation Institute Director and Economic Analyst (incumbent) Apr. 2022 Part-time Lecturer at Faculty of Liberal Arts and Sciences, Tokyo City University (retired at the end of March 2024) June 2022 Chairperson of the Board of Directors of the Company (incumbent) June 2022 Outside Director of NITTOKU CO., LTD. (incumbent) Apr. 2024 Associate Professor at Faculty of Business Administration, Mejiro University (incumbent) </p> <p data-bbox="612 1440 1235 1675"> [Significant concurrent positions outside the Company] Associate Professor at Faculty of Business Administration, Mejiro University Director and Economic Analyst at Japan Governance & Valuation Institute Outside Director (Audit and Supervisory Committee Member) of YAMASHIN-FILTER CORP. Outside Director of NITTOKU CO., LTD. </p> <p data-bbox="612 1686 1235 1765"> [Relationship of special interest in the Company] There is no special interest between Naruhiko Takatsuji and the Company. </p>	-

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
		<p>Reasons for nominating as candidate for Outside Director, expected roles and judging him capable of appropriately fulfilling duties</p> <p>Mr. Takatsuji brings to the Company his knowledge and insight as an expert in corporate finance, economic and corporate analysis, the machinery industry, and investor relations, and also capitalizes on his experience as an outside director at another company. He has provided helpful advice on the Company's management strategy from an independent and objective standpoint. As a chairperson of the Nomination & Remuneration Committee, he has expressed objective and clear views on the selection and remuneration of candidates for Company office. In addition, since June 2022, he has contributed to the invigoration and greater efficiency of the Board of Directors proceedings in his role as Chairperson. As such, the Company requests that he to be reelected as Outside Director so the Group can continue to receive advice from him that will contribute to its growth and the improvement of corporate value. Although he has never been involved in the management of a company other than as an Outside Director, for the reasons stated above, we are confident that he will continue to appropriately perform his duties in that position.</p>	
5	<p>Mariko Ohsato (April 22, 1963)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings in FY2023 15/15</p> <p>Tenure as Outside Director 2 years</p>	<p>Apr. 1986 Joined IBM Japan Ltd.</p> <p>June 1992 Earned Master of Business Administration (MBA) from Kellogg School of Management, Northwestern University</p> <p>Sep. 1992 Joined Uniden Corporation (currently Uniden Holdings Corporation)</p> <p>June 1997 Director of IDS Corporation</p> <p>July 2005 Established Arc Communications Inc., Representative Director (incumbent)</p> <p>June 2016 Director of Public Relations Society of Japan</p> <p>Apr. 2018 Part-time Lecturer at Department of Sport Sciences, Waseda University</p> <p>Apr. 2019 Vice President of Japan Orienteering Association</p> <p>Sep. 2020 Outside Director of Uniden Holdings Corporation</p> <p>Nov. 2021 Outside Director (Audit and Supervisory Committee Member) of Uniden Holdings Corporation</p> <p>June 2022 Outside Director of the Company (incumbent)</p> <p>June 2022 Director of Japan Rowing Association (incumbent)</p> <p>June 2023 Outside Director of Nihon M&A Center Holdings Inc. (incumbent)</p> <p>June 2023 Director of Baseball Federation of Japan (incumbent)</p> <p>[Significant concurrent positions outside the Company] Representative Director of Arc Communications Inc. Outside Director of Nihon M&A Center Holdings Inc.</p> <p>[Relationship of special interest in the Company] There is no special interest between Mariko Ohsato and the Company.</p>	
		<p>Reasons for nomination as candidate for Outside Director and expected roles</p> <p>With a proven track record as a corporate manager of business corporations, Ms. Ohsato has extensive experience and knowledge, including as an Outside Director of listed companies and a board member of various organizations. She capitalizes on this background to contribute to the Company's decision-making on important management matters while also helping to monitor the execution of business. As a member of the Nomination & Remuneration Committee, she has provided objective and clear opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration. The Company also looks forward to her active participation in initiatives to increase management diversity, including efforts to promote women's empowerment within the organization. Accordingly, the Company requests that she be reelected as Outside Director.</p>	

- Notes: 1. Mr. Naruhiko Takatsuji and Ms. Mariko Ohsato are candidates for Outside Director.
2. Mr. Takatsuji and Ms. Ohsato satisfy the "Independence Criteria for Outside Directors" stipulated by the Company.

3. The Company has entered into agreements with Mr. Takatsuji and Ms. Ohsato to limit their liabilities for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. The limit of liability for damages under the agreements is the minimum liability amount stipulated under Article 425, paragraph (1) of the Act. If they are reelected as Director, the Company plans to continue the agreements with them.
4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act, under which the directors, audit and supervisory board members, executive officers, and employees in management and supervisory roles of the Company and its subsidiaries are the insureds. If elected to the Board of Directors, each candidate will be insured under the policy. The said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit and Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Certain exclusions apply, however, and damages such as those caused by willful misconduct or gross negligence may not be compensated. In addition, the full insurance premium will be paid by the Company. The said insurance contract is planned to be renewed with the same terms and conditions upon the next renewal.
5. The Company has submitted notifications to the Tokyo Stock Exchange for Mr. Takatsuji and Ms. Ohsato as independent officers as provided for by the aforementioned exchange. If they are elected as Director, the Company intends to continue to designate them as independent officers.

<Reference>

Skill matrix of the Board of Directors if Proposal No. 2 is approved as proposed

Category	Name	Attribute, etc.		Experience and knowledge beneficial for management and business operations				Experience and knowledge for the foundation of management		
		Independent Outside	Nomination & Remuneration Committee	Corporate management/ Business strategy	Global	Manufacturing/ Technology/ Quality	Sales/ Marketing	Financial accounting	Legal/ Compliance/ Risk management	Personnel/ Labor/ Human resources development
Directors	Tetsuji Morikubo		○	□	●	●				
	Takao Murata				●			●		●
	Akira Takanashi			□	●	●				
	Naruhiko Takatsuji	○	○	●				●	●	
	Mariko Ohsato	○	○	□	●					●
Directors who are Audit and Supervisory Committee Members	Minoru Kawano				●			●	●	
	Tomoo Suzuki	○		●	●			●		
	Chie Tabata	○							●	●

The Company is adopting an executive officer system. The skills of executive officers who do not serve concurrently as directors are as follows.

Executive officers	Tomoki Katamura	—	—		●			●		
	Makoto Kume	—	—	□	●		●			
	Fumio Tsuruma	—	—	●				●	●	
	Masahiko Iwaki	—	—		●	●				
	Hidekazu Okada	—	—		●	●				
	Hidekazu Hirokawa	—	—	●	●		●			
	Tomokazu Suzuki	—	—	●	●		●			
	Midori Moriyama	—	—							●

- indicates experience in top company management (including at subsidiaries).
- indicates Company judges that candidate has the required skills for a Director or Executive Officer.

Skill set and reason for inclusion

Towards the achievement of the “VC2024 Revival” mid-term business plan and in order to advance efforts aimed at priority management initiatives and to promote the strengthening of the management foundation, the Company believes it is necessary for the Board of Directors and the management team to have not only experience and knowledge beneficial for management and business operations but also experience and knowledge related to the management foundation. Toward this end, we have selected the skills shown below.

Skill set	Reason for inclusion
Corporate management/ Business strategy	Necessary for important corporate decision-making, managerial judgment, and formulation of strategy for sustainable growth of the company and enhancement of corporate value over the medium to long term
Global	Necessary for further acceleration of future global expansion
Manufacturing/Technology/ Quality	Necessary to enhance sources of added value, namely manufacturing expertise, technical skills and quality and to promote development of new technology and improve capital efficiency by improving productivity
Sales/Marketing	Necessary for achieving sales and further growth through development of new products and markets
Financial accounting	Necessary to ensure management soundness, promote strategic investments for growth and realize appropriate shareholder returns
Legal/Compliance/Risk management	Necessary to ensure management fairness and transparency, and to appropriately respond to various risks apt to occur in corporate activities
Personnel/Labor/Human resources development	Necessary for the development of human resources capable of achieving management strategies by formulating and operating fair and appropriate personnel systems and fostering environments that maximize individual abilities

Policy and Procedure in Nominating Candidates for Director

Candidates are proposed by the Representative Director provided that the following requirements are met, and determined by the Board of Directors after deliberation on their eligibility at the Nomination & Remuneration Committee, a majority of which are independent Outside Directors.

Requirements for Directors

- (i) The person has personality and insight that is appropriate for a director of a listed company
- (ii) The person has no health issues, both physically and mentally, in performing duties as Director
- (iii) The person has excellent managerial judgment and management execution capabilities
- (iv) The person has sufficient experience and knowledge to fulfill duties as Director in relation to the operations of the Company and its Group
- (v) The person has abundant expertise/experience and is a talented individual who can contribute to sustainable growth of the Company and increase in corporate value over the medium to long term
- (vi) His/her concurrent assignments as officer at other listed companies are within reasonable limits, allowing him/her to allocate sufficient time and efforts to businesses as Director of the Company
- (vii) The person satisfies Independence Criteria for Outside Directors
- (viii) Independence from a person with responsibility to execute business
- (ix) Ability to maintain integrity and objectivity
- (x) At least one Director should preferably have reasonable knowledge on finance and accounting

Note: Among the above, (i) to (iv) are requirements for internal Directors, (i) to (iii) and (v) to (vii) are those for Outside Directors, and (viii) to (x) in addition to the above mentioned are those for Directors who are Audit and Supervisory Committee Members.

Independence Criteria for Outside Directors

If a person does not fall under any of the below items in addition to meeting the requirements for outside directors for the purpose of the Companies Act, the Company judges the relevant outside director to have independence with no risk of conflict of interest with general shareholders.

- (i) A person with the current responsibility to execute business*1 of the Company and its affiliates (the Group hereinbelow), or who has had such responsibility in the past
- (ii) A party who has the Group as a major trading partner*2 or a person with responsibility to execute business for such party
- (iii) A major trading partner of the Group or a person with responsibility to execute business for such trading partner
- (iv) A major shareholder*3 of the Company or a person with responsibility to execute business for such shareholder
- (v) A person with responsibility to execute business for a company of which the Group is a major shareholder
- (vi) A person who belongs to an auditing corporation which acts as Statutory Accounting Auditor of the Company
- (vii) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives a large amount*4 of money or other financial benefits other than officers' remuneration from the Group. Where a relevant person who receives such benefits is an entity such as a corporation or association, persons who belong to such entity are included.
- (viii) A party who receives a large amount of donations or grants from the Group, or a person with responsibility to execute business for such party
- (ix) A financial institution or its affiliated company from which the Group borrows money in excess of 2% of its consolidated total assets as at the end of the most recent fiscal year, or a person with responsibility to execute business for such companies
- (x) Where a person with responsibility to execute business for the Group concurrently assumes office of outside officer of another company, a person with responsibility to execute business for such other company or its affiliates
- (xi) A person who has fallen under (ii) to (x) in the above during the past three years
- (xii) Where a person who falls under (i) to (xi) in the above assumes an important post (an officer or employee in a General Manager post or other equivalent positions), his/her spouse and relative within the second degree of kinship

Notes:

*1 A person with responsibility to execute business: executive director, executive officer, officer in charge of the execution of the operations of other entities, etc., and staff member/employee who executes business

- *2 Major trading partner: A trading partner where the amount of business with such partner exceeds 2% of its consolidated sales during the most recent financial year
- *3 Major shareholder: A shareholder who possesses 10% or more of voting rights, including direct and indirect ownership
- *4 A large amount: More than ¥10 million a year in the case of an individual, and more than an amount equivalent to 2% of its annual total revenue in the case of an entity such as a corporation or association