May 14, 2024

To whom it may concern:

Company name:	Bunka Shutter Co., Ltd.
Name of representative:	Hiroyuki Ogura, Representative Director and President (Securities identification code: 5930; TSE Prime Market)
URL:	https://www.bunka-s.co.jp.e.arb.hp.transer.com/
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Notice Concerning the Board of Directors' Opinions Regarding Shareholder Proposals

This is to provide notification that Bunka Shutter Co., Ltd. (the "Company") has received a document (hereinafter referred to as the "Shareholder Proposal Letter") to the effect that shareholder proposals (hereinafter referred to as the "Shareholder Proposals") would be made regarding the agenda for the 78th Ordinary General Meeting of Shareholders to be held on June 18, 2024 from the Company's shareholders (hereinafter referred to as the "Proposing Shareholders"), and that the Company's Board of Directors has resolved to oppose the Shareholder Proposals at the Board of Directors meeting held today.

I. Details of the Shareholder Proposals from the Proposing Shareholders and Opinions of the Company's Board of Directors

1. Proposing Shareholders

Name of shareholders: INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc.

2. Details of the Shareholder Proposals from the above shareholders

(1) Subjects

1) Appropriation of surplus

2) Revision of the provisions of articles with regard to the disposition of cross-shareholdings held below the cost-of-capital

3) Revision of the provisions of articles with regard to the disclosure of cross-shareholdings held below the cost-of-capital

4) Disclose the criteria for any performance-linked and stock-based remuneration paid to the Representative Director

5) Add a clawback provision on remuneration made to Directors

(2) Details of the agenda

As stated in "Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders."

The "Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders" has been stated as the original text in the Shareholder Proposal Letter submitted by the Proposing Shareholders.

(3) Opinions of the Company's Board of Directors on the Shareholder Proposals

1) Appropriation of surplus

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

The Company's basic policy on dividend policy is to determine the amount of dividends in consideration of the business performance of the fiscal year, with a view to maintaining a stable financial base by securing sustainable profits and continuing to pay stable dividends to shareholders.

With this in mind, in the previous Medium-Term Management Plan, which was implemented until fiscal year 2023, a benchmark for the dividend payout ratio was 35%. We will endeavor to further enhance shareholder returns as a key theme in the new Medium-Term Management Plan that began in fiscal year 2024, setting a benchmark for the dividend payout ratio of 40%.

At the same time, we believe that we must further endeavor to respond to ESG and enhance our human capital, based on the Company's management philosophy, while also meeting the expectations of all stakeholders by leveraging our superior quality to contribute to the development of society. In addition, we continue to believe that our most important issue is investment for sustainable and stable growth, while responding promptly to changes in circumstances in Japan, such as the fiscal year 2024 issue in work styles in the logistics and construction fields, and financial policies.

This Shareholder Proposal proposes to distribute all net income for the fiscal year ended March 31, 2024, as dividends, but we believe that paying such a dividend may hinder the achievement of medium- and long-term management challenges, while also causing concerns that it will be difficult to implement stable returns to shareholders in the future.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

2) Revision of the provisions of articles with regard to the disposition of cross-shareholdings held below the cost-of-capital

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

The policy shareholdings held by the Company are shares that we have already been holding for the medium to long term. Each year, for each individual issuing company, we determine whether the related revenues such as received-dividend and related-business transaction meet the Company's capital cost, and use the results of this evaluation to determine the appropriateness of our holdings. If the Company determines that shares issued by a particular issuer are no longer considered reasonable or necessary to hold, it is the Company's policy to promote to sell such shares and to reduce the number of such shares held by the Company. Based on the above policy, the Company is reducing the policy shareholdings and the ratio of policy shareholdings to consolidated net assets has been reduced from 15.8% as of the fiscal year ended March 31, 2018 to 9.3% as of the fiscal year ended March 31, 2024. The Company's Board of Directors makes decisions on the appropriateness of holding individual shares with respect to policy shareholdings for which related revenues such as received-dividend and related-business transaction fall below the Company's capital cost, based on the rationality and necessity of holding such shares, with reference to the results of evaluation of the capital cost. However, it is possible that the related revenues of such individual shares may temporarily fall below the capital cost due to factors such as reduced dividends caused by special circumstances, and decisions are made comprehensively based on these circumstances.

As stated above, the Company's Board of Directors makes a comprehensive judgment on the appropriateness of holdings while referring to the results of evaluation of whether related revenues such as received-dividend and related-business transaction meet the Company's

capital cost for each individual issuing company. We believe that requiring the Company to uniformly dispose of policy shareholdings that are below the capital cost, as proposed in the Shareholder Proposal lacks management flexibility, and that it is inappropriate to stipulate such a rigid policy on the disposal of policy shareholdings in the Articles of Incorporation.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

3) Revision of the provisions of articles with regard to the disclosure of cross-shareholdings held below the cost-of-capital

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

The criteria for determining the appropriateness of holding individual policy shareholdings held by the Company based on the capital cost is as described in the Board of Directors' opinion on 2). This Shareholder Proposal requires disclosure of the names of the shares held and the grounds for continuing to hold them for policy shareholdings for which the benefits of holding have fallen below the capital cost. However, uniformly disclosing policy shareholdings for which the benefits of holding have fallen below the capital cost in the Annual Securities Report, as proposed in the Shareholder Proposal, is not required by laws and regulations, and since the Company legally and appropriately discloses its policy shareholdings in its Annual Securities Report in accordance with laws and regulations, the Company's Board of Directors does not believe the aforementioned disclosure to be necessary. We also believe that it is inappropriate in light of the nature of the Articles of Incorporation, as the fundamental rules of the Company, to stipulate such a rigid policy on the disclosure of policy shareholdings in the Articles of Incorporation.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

4) Disclose the criteria for any performance-linked and stock-based remuneration paid to the Representative Director

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

At a meeting of the Board of Directors held on May 12, 2022, the Company passed a resolution concerning policies for determining the content of remuneration for individual Directors (excluding Directors who concurrently serve as Audit and Supervisory Committee Members) of the Company, defining the Company's policy on performance-linked remuneration and the policy on non-monetary remuneration, etc.

First, the Company's policy on performance-linked remuneration stipulates that, with respect to executive bonuses which are performance-linked remuneration, with reference to survey data of executive remuneration by an external professional organization, of the total amount of Officer remuneration, a standard amount for the total amount of executive bonuses shall be set based on the ratio of each type of remuneration, and the total amount of executive bonuses shall be calculated by the degree of achievement of profitability indicators, etc. Specifically, the total amount of executive bonuses is calculated by calculating the target achievement ratio multiplier based on the degree of achievement of consolidated operating income, etc., and multiplying this target achievement ratio multiplier by the standard amount of total executive bonuses.

The policy on non-monetary remuneration, etc. stipulates that, with respect to performance-linked share-based remuneration, with reference to survey data of executive remuneration by an external professional organization, of the total amount of Officer remuneration, each

Director shall be granted a fixed number of points for each position based on the ratio of each type of compensation and share-based remuneration points calculated by multiplying the degree of achievement of profitability and capital efficiency indicators by the base points for each position, and will receive shares of the Company in proportion to the number of points granted. Specifically, the share-based remuneration points are calculated by calculating the target achievement ratio multiplier based on the fixed number of points for each position and the degree of achievement of ROE, etc., and multiplying this target achievement ratio multiplier by the base points for each position. Furthermore, the ratio of "monthly remuneration," "executive bonus" (when 100% of the target is achieved), and "share-based remuneration" (when 100% of the target is achieved) is determined at a ratio of 6:3:1, with reference to the data, etc. from an external professional organization's survey on Directors' remuneration.

Based on the above policy for determining the content of remuneration for individual Directors, and in order to strengthen objectivity and accountability in relation to the remuneration of Directors, the Nomination/Remuneration Committee, chaired by an independent Outside Director and a majority of whose members are independent Outside Directors, deliberates individual remuneration amounts and the total amount in advance, in response to the inquiry of the Board of Directors, and submits a report concerning the total amount of remuneration, then the Board of Directors makes a decision.

With regard to disclosure, the Company legally and appropriately discloses in its Business Report and Annual Securities Report the total amount of remuneration by officer category, the total amount of remuneration by type, and the number of officers, in accordance with laws and regulations. In particular, the Annual Securities Report includes individual disclosure of the amount of remuneration for Directors whose total amount of consolidated remuneration, etc. is 100 million yen or more. The Company believes it provides sufficient disclosure for confirmation by shareholders of the validity of the level of remuneration and the relationship between business performance and the level of remuneration.

Thus, the Company's Board of Directors believes that the procedures for determining executive bonuses and share-based remuneration, which are performance-linked remuneration, are appropriate and transparent, and that the remuneration levels, calculation methods, and disclosure methods are appropriate.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

5) Add a clawback provision on remuneration made to Directors

a. Opinion of the Company's Board of Directors

The Company's Board of Directors is opposed to this Shareholder Proposal.

b. Reason for opposing the proposal

At a meeting of the Board of Directors held on May 12, 2022, the Company passed a resolution concerning the policy for determining the content of remuneration for individual Directors (excluding Directors who concurrently serve as Audit and Supervisory Committee Members) of the Company.

In order to strengthen objectivity and accountability in relation to the remuneration of Directors, the Nomination/Remuneration Committee, chaired by an independent Outside Director and a majority of whose members are independent Outside Directors, deliberates individual remuneration amounts and the total amount in advance, in response to the inquiry of the Board of Directors, and submits a report concerning the total amount of remuneration, then the Board of Directors makes a decision. The specific monthly amounts of remuneration for each Director and executive bonuses are determined for each Director based on the results of deliberation by the Nomination/Remuneration Committee, while taking into consideration the Company's business performance and other factors, and the determination is therefore delegated to Representative Director Toshihiko Shiozaki and Representative

Director Hiroyuki Ogura. The reason for the delegation is that the Company has determined that the Representative Director is suitable to determine the individual amounts for each Director based on the results of deliberation by the Nomination/Remuneration Committee, while taking into consideration the Company's overall business performance and other factors. Governance concerning the procedures for determining the amount of remuneration, etc. of the Company's Directors including Representative Directors, is functioning effectively.

In addition, if we need to consider whether to return or defer remuneration to Directors, the Board of Directors, the Nomination/Remuneration Committee, and other appropriate bodies will need to make an appropriate decision after sufficient discussion, taking into consideration the specific individual circumstances regarding whether to return or defer remuneration and the amount involved, etc.

However, the content of the Shareholder Proposal does not take into account specific individual circumstances, rather, it makes Directors subject to deferment or forfeiture of remuneration, etc., regardless of whether they have violated their duty of care of a good manager, based solely on the fact that they held the position of Director during a certain period of time that was used as the basis for calculating a specific administrative monetary penalty. We believe that this is unfair in light of the Company's approach to the return or deferment of remuneration described above, and that it deviates from the so-called claw back clause or so-called malus clause introduced in Director remuneration practices. We also believe that this may reduce or limit the authority and decision-making flexibility of the Board of Directors, the Nomination/Remuneration Committee, and other bodies, and prevent appropriate institutional decision-making.

Therefore, **the Company's Board of Directors is opposed to this Shareholder Proposal**.

Attachment 1: Details of the Shareholder Proposals from the Proposing Shareholders

The headings, subjects, details and grounds for the proposals have been sorted for each proposal, and have been written as the original of the proposals submitted by the shareholders.

1. To make the proposed subjects set forth below the purpose of the meeting at the 78th Ordinary General Meeting of Shareholders of the Company; and

2. To include the proposed subjects, proposal details, and grounds for proposals set forth below in the Notice of the 78th Ordinary General Meeting of Shareholders and the accompanying Reference Documents.

I. Proposed subjects

1. Appropriation of surplus
2. Revision of the provisions of articles with regard to the disposition of cross-shareholdings held below the cost-of-capital
3. Revision of the provisions of articles with regard to the disclosure of cross-shareholdings held below the cost-of-capital
4. Disclose the criteria for any performance-linked and stock-based remuneration paid to the Representative Director
5. Add a clawback provision on remuneration made to Directors

II. Proposal details

Proposals 4 and 5 below (hereinafter referred to as "Proposals to Amend Remuneration") are subject to approval or rejection of other proposals (including a proposal proposed by the Company) at this Ordinary General Meeting of Shareholders. If any adjustment is required to any wording, the wording relating to the Proposals to Amend Remuneration shall be read as the wording after the necessary adjustments. For a detailed description of each of the shareholder proposals below, please refer to https://stracap.jp/5930-BUNKA/ or the special website link https://stracap.jp/ at the upper right corner of the website of Strategic Capital, Inc. All Company figures in each shareholder proposal are based on consolidated financial statements unless stated as (non-consolidated).

1. Appropriation of surplus

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

127 yen, less the amount of dividends per share of common share-based on the proposal for the appropriation of surplus proposed by the Board of Directors of the Company that was approved at the 78th Ordinary General Meeting of Shareholders, the amount of dividends per share of common stock determined by the Board of Directors of the Company by the date of the 78th Ordinary General Meeting of Shareholders as the appropriation of surplus at the end of the fiscal year ended March 31, 2024 (including the planned appropriation thereof) pursuant to Article 39 of the Company's Articles of Incorporation, and the amount of interim dividends per share of common stock of 21 yen for the fiscal year ended March 31, 2024 (the sum of these amounts is hereinafter referred to as the "Company's Dividend Amount"), which shall be added to the Company's Dividend Amount to be distributed.

If the amount of net income per share for the 78th term rounded down to the nearest yen (hereinafter referred to as the "Actual EPS") is different from 127 yen, the first amount of 127 yen shall be read as the Actual EPS.

The total amount of dividends shall be the amount obtained by multiplying the number of shares subject to dividends as of the record date of voting rights at the 78th Ordinary General Meeting of Shareholders

of the Company.

(3) Effective date of distribution of dividends of surplus

The day following the date of the 78th Ordinary General Meeting of Shareholders of the Company

This proposal shall be additionally proposed as independent from and compatible with any proposals other than this proposal approved at the 78th Ordinary General Meeting of Shareholders.

2. Revision of the provisions of articles with regard to the disposition of cross-shareholdings held below the cost-of-capital

We require to add new Article in the current Articles of Incorporation as set forth below.

Chapter 8: Policy Shareholdings

Disposal of Policy Shareholdings

Article 43.

If there are any listed shares held by the Company for purposes other than pure investment for which the benefits of holding such shares are less than the capital cost, at the Company's Board of Directors meetings held during the previous fiscal year, Representative Directors must report such fact to the Board of Directors. If there are shares for which the holding benefits are reported to be less than the capital cost, and which the Company continues to hold at the end of the previous fiscal year (hereinafter referred to as "Shares Not Subject to Reduction"), the Company shall sell all Shares Not Subject to Reduction during the current fiscal year.

3. Revision of the provisions of articles with regard to the disclosure of cross-shareholdings held below the cost-of-capital

Subject to the rejection of Proposal 2, we require to add new Article in the current Articles of Incorporation as set forth below.

Chapter 8: Policy Shareholdings

Information Disclosure

Article 43.

If there are any listed shares held by the Company for purposes other than pure investment for which the benefits of holding such shares are less than the capital cost, at the Company's Board of Directors meetings held during the previous fiscal year, Representative Directors must report such fact to the Board of Directors. If there are shares for which the holding benefits are reported to be less than the capital cost, and which the Company continues to hold at the end of the previous fiscal year (hereinafter referred to as "Shares Not Subject to Reduction"), the Company shall disclose in its Annual Securities Report the name of each issuing company of Shares Not Subject to Reduction and the grounds for the continued holding (however, limited to shares that are required to be listed by issuing company as specified investment shares in Annual Securities Reports).

4. Disclose the criteria for any performance-linked and stock-based remuneration paid to the Representative Director

This proposal requests disclosure of the amount and calculation method of performance-linked remuneration or share-based remuneration to be paid to Representative Directors.

The current remuneration plan (monetary remuneration was approved at the General Meeting of Shareholders held on June 27, 2017, and share-based remuneration was approved at the General Meeting of Shareholders held on June 21, 2022) for Directors (excluding Directors who concurrently serve as Audit and Supervisory Committee Members; the same applies hereafter) and the remuneration plan for Directors after the change shall be as follows.

Matters concerning remuneration for the Company's Directors that are not specified below shall be applied in accordance with the current remuneration plan and the provisions of other proposals approved at this Ordinary General Meeting of Shareholders.

(Current remuneration plan for Directors)

The maximum amount of monetary remuneration for Directors shall be 600 million yen per year.

The amount of share-based remuneration for Directors shall be 600 million yen or less per five (5) fiscal years and a maximum number of shares of 60,000 points or less per year.

(Remuneration plan for Directors after amendment)

The maximum amount of monetary remuneration for Directors shall be 600 million yen per year (of which, the maximum amount of fixed remuneration shall be 300 million yen, and the maximum amount of other performance-linked remuneration shall be 300 million yen).

The amount of share-based remuneration for Directors shall be 600 million yen or less per five (5) fiscal years and a maximum number of shares of 60,000 points or less per year.

However, if the Company provides performance-linked remuneration or share-based remuneration (hereinafter referred to as "Variable Remuneration, etc.") to Directors with representation authority, the Company shall announce the total amount of Variable Remuneration, etc. and the calculation method thereof through TDnet by the end of the previous fiscal year for fiscal years in which the Variable Remuneration, etc. is provided to such Directors.

5. Add a clawback provision on remuneration made to Directors

This proposal requests the deferment of remuneration to be paid to Directors who are liable for damages in connection with losses incurred by the Company due to its violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter referred to as the "Antimonopoly Act").

The current remuneration plan (monetary remuneration was approved at the General Meeting of Shareholders held on June 27, 2017, and share-based remuneration was approved at the General Meeting of Shareholders held on June 21, 2022) for Directors (excluding Directors who concurrently serve as Audit and Supervisory Committee Members; the same applies hereafter) and the remuneration plan for Directors after the change shall be as follows.

Matters concerning remuneration for the Company's Directors that are not specified below shall be applied in accordance with the current remuneration plan and the provisions of other proposals approved at this Ordinary General Meeting of Shareholders.

(Current remuneration plan for Directors)

The maximum amount of monetary remuneration for Directors shall be 600 million yen per year.

The amount of share-based remuneration for Directors shall be 600 million yen or less per five (5) fiscal years and a maximum number of shares of 60,000 points or less per year.

(Remuneration plan for Directors after amendment)

The maximum amount of monetary remuneration for Directors shall be 600 million yen per year.

The amount of share-based remuneration for Directors shall be 600 million yen or less per five (5) fiscal years and a maximum number of shares of 60,000 points or less per year.

However, with respect to the Company's Directors who served as Directors of the Company during the period from May 16, 2007 to November 18, 2008 (hereinafter referred to as the "Administrative Monetary Penalty Calculation Period") and were the basis for the calculation of the administrative monetary penalty in the two administrative monetary penalty orders (hereinafter referred to as the

"Administrative Monetary Penalty") issued to the Company by the Japan Fair Trade Commission on June 9, 2010 (hereinafter referred to as the "Directors Involved"), the payment of remuneration shall be deferred, paid, or forfeited in accordance with the following provisions.

(1) Types of remuneration subject to deferment and forfeiture
Remuneration to be paid in accordance with a resolution of the General Meeting of Shareholders, which is to be determined and paid following this Ordinary General Meeting of Shareholders and which the Nomination/Remuneration Committee deems lawful to be subject to deferment and forfeiture of payment, or for which the Directors Involved agree to deferment and forfeiture of payment.

(2) Period during which the payment of remuneration may be deferred
The period until a judgment is finalized with respect to the action to revoke the payment order for the Administrative Monetary Penalty (hereinafter referred to as a "Final Judgement").

(3) Treatment of remuneration for which payment has been deferred and forfeiture of remuneration
(a) In the event that the payment order for the Administrative Monetary Penalty is revoked in the Final Judgment
The Company shall pay the Directors Involved the total amount of the remuneration for which payment has been deferred, plus interest equivalent to the statutory interest rate.
(b) In the event that the payment order for the Administrative Monetary Penalty is not revoked in the Final Judgment, and the validity of the payment order for the Administrative Monetary Penalty and the amount of the Administrative Monetary Penalty are determined
The Company shall forfeit all remuneration that has been deferred for payment and shall forfeit all remuneration to the Directors Involved until the amount of the Administrative Monetary Penalty authorized in the Final Judgment is reached.

III. Grounds for proposals

1. Appropriation of surplus

This proposal expects the Company to pay its entire net income as dividends, as well as to adopt 100% dividend payout ratio in the future, medium- to long-term capital policy.

As of the end of March 2023, the Company's equity ratio was 46.6%, and the Company's net cash (cash, deposits and securities, etc. minus interest-bearing debt) amounted to 31.8 billion yen as of the end of March 2023, which was over 20% of its market capitalization as of the end of March 2024.

In addition, the Company's ROE and P/B ratio have, over a long period, been inferior to those of Sanwa Holdings Corporation (hereinafter referred to as "Sanwa HD"), which also mainly handles shutters, and with which the Company shares the domestic market.

Accordingly, it is not necessary to retain funds within the Company, as any further increase in the company's equity will only result in a decline in ROE and thus a decline in the P/B ratio as well. The Company should use interest-bearing debt for business-related investment and should return its net income to shareholders to increase shareholder value.

2. Revision of the provisions of articles with regard to the disposition of cross-shareholdings held below the cost-of-capital

Although the Proposing Shareholders believe that the Company should not hold any policy shareholdings, this proposal first requests the disposal of only those Shares Not Subject to Reduction for which the benefits of holding the shares are less than the capital cost.

The Company discloses that its policy is to determine the rationality of its policy shareholdings by "evaluating whether the related revenues meet the Company's capital cost." The Proposing Shareholders had recognized that, in light of this policy, the Shares Not Subject to Reduction would be reduced immediately and that, at least until reduced, the benefits would be disclosed as being less than the capital cost.

However, in reality, although the Company has reported to the Board of Directors that the benefits of its

holdings are less than the capital cost for several shares, it will not reduce these holdings, and the Company does not disclose the fact that the benefits are less than the capital cost.

Despite the policy of reducing policy shareholdings being important information that affects investment decisions, the Company's stance is grossly dishonest to its shareholders. We request the Company to reduce its policy shareholdings in accordance with its own disclosed policy.

3. Revision of the provisions of articles with regard to the disclosure of cross-shareholdings held below the cost-of-capital

   This proposal requests disclosure of the names of issuing companies of the Shares Not Subject to Reduction that the Company continues to hold and the grounds for holding such shares in the event that the previous proposal is rejected.

   First, despite the policy of reducing policy shareholdings being important information that directly affects shareholders' investment decisions, the Company's stance of not disclosing even the fact that there are shares for which the benefits of holding are less than the capital cost, is dishonest to its shareholders.

   Furthermore, this stance violates Principle 1.4 of Japan's Corporate Governance Code (hereinafter referred to as the "CGC"), which states that the appropriateness of holdings should be assessed and the details of this assessment should be disclosed.

   The CGC is the most important soft law, and at a company with a history of repeated violations of the law, thorough awareness of the standards is especially required, and compliance with the CGC, with which the Company claims to be compliant, is required.

   If the Company is to be compliant with CGC Principle 1.4, it should at least disclose the content of the assessment, in other words the names of issuing companies of the Shares Not Subject to Reduction and the grounds for determining it should continue to hold such shares, in accordance with the wording "(omitted) The results of this assessment should be disclosed."

4. Disclose the criteria for any performance-linked and stock-based remuneration paid to the Representative Director

   This proposal requests disclosure of remuneration of Variable Remuneration, etc. for Representative Directors, who bear the heaviest responsibility for increasing the Company's shareholder value.

   Sanwa HD, which operates in the same industry as the Company, has successfully increased shareholder value by far more than the Company in aspects such as the absolute level of the stock price indicator, stock price performance, and capital efficiency. Sanwa HD's President Yasushi Takayama's remuneration exceeds 100 million yen, and since the fiscal year ended March 31, 2019, remuneration for "persons whose total consolidated remuneration exceeds 100 million yen" has been disclosed each year, thereby also ensuring transparency in terms of the remuneration for top management.

   In contrast, despite failing to increase shareholder value, the Company does not even disclose individual remuneration.

   In light of the Company's current failure to increase shareholder value, the Company should at least disclose the Variable Remuneration, etc. paid to Representative Directors, and it should explain management results and the validity of remuneration to shareholders.

5. Add a clawback provision on remuneration made to Directors

   This proposal requests that payment of remuneration to Chairman Toshihiko Shiozaki be deferred.

   Chairman Toshihiko Shiozaki was a Director during the period that the administrative monetary penalty was calculated, failed to prevent the violation of the Antimonopoly Act, and was one of the people responsible for causing huge losses to the Company. We have no choice but to assess that he significantly lacks the necessary qualities as Director.

   With respect to the payment of an administrative monetary penalty for violating the Antimonopoly Act, this case involved negligence on the part of Directors, and the court ruled that the people who were

Directors during the Administrative Monetary Penalty Calculation Period are liable for damages equivalent to the administrative monetary penalty, and therefore, we believe that Chairman Toshihiko Shiozaki is similarly liable to the Company.

The Company is fighting to have the administrative monetary penalty order revoked, but lost the trial and its case in the higher court. In light of the current situation, deferring remuneration for the Directors Involved until the court's decisions on the revocation of the administrative monetary penalty order is finalized, and then forfeiting payment as necessary, will contribute to improving the Company's governance and increasing shareholder value.