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Securities Code: 2531
June 3, 2020

To our shareholders:

Mutsumi Kimura
Director and President
TAKARA HOLDINGS INC.
20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru,
Shimogyo-ku, Kyoto, Japan

Notice of the 109th Annual General Meeting of Shareholders

We write to inform you that the 109th Annual General Meeting of Shareholders of TAKARA HOLDINGS INC. (the “Company”) will be held as indicated below.

In order to prevent the spread of novel coronavirus infection, shareholders are strongly encouraged to exercise your voting rights prior to the meeting in writing (by mail) or via the Internet, if at all possible. Regardless of your own state of health, you are strongly urged to refrain from attending the meeting in person on the date of the meeting.

Please review the attached Reference Documents for General Meeting of Shareholders and exercise your voting rights by Thursday, June 25, 2020, at 5:30 p.m. (JST)

[Voting in writing (by mail)]

Please indicate your approval or disapproval of the proposals in the enclosed voting form and return it so that your vote is received by the voting deadline indicated above.

[Voting via the Internet]

Please review the “Instructions on Exercise of Voting Rights via the Internet” (in Japanese only) and enter your approval or disapproval of the proposals by the deadline indicated above.

1. Date and Time: Friday, June 26, 2020, at 10:00 a.m. (JST)

2. Venue: RIHGA Royal Hotel Kyoto, 2nd floor, “Shunju”
Shimogyo-ku Higashihorikawa-dori Shiokoji-sagaru Taimatsu-cho 1, Kyoto

* We will have significantly fewer seats than normal at this year’s meeting because we will need to space them out to prevent the spread of novel coronavirus infection. As a result, it is possible that not everyone who comes to the meeting will be able to enter the venue. We appreciate your understanding.

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 109th fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 109th fiscal year (from April 1, 2019 to March 31, 2020)

Matter to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of Nine Directors |
| Proposal No. 3 | Election of One Audit & Supervisory Board Member |

- If you attend the meeting in person, please present the enclosed voting form at the venue’s reception. The reception desk is scheduled to open at 9:00 a.m.
- Of the documents that should be attached to the notice, the following documents are posted on the Company’s website (<https://www.takara.co.jp>), pursuant to laws and regulations and the provisions of the Company’s Articles of Incorporation, and are not attached to the notice. Consequently, the documents attached to the notice are part of the Consolidated Financial Statements and

the Non-consolidated Financial Statements that were audited by the Accounting Auditor in preparing the financial audit report and part of the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members in preparing the audit report.

- (i) “Overview of Systems to Ensure Properness of Operations and Outline of Management of such Systems” and “Basic Guidelines on Company’s Control” in the Business Report
 - (ii) “Consolidated Statement of Changes in Equity” and “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements
 - (iii) “Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” in the Non-consolidated Financial Statements
- If any revision is made to the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements and the Reference Documents for General Meeting of Shareholders, the Company will post such revision on the Company’s website (<https://www.takara.co.jp>).
 - The Company participates in “electronic voting platforms” for institutional investors operated by ICJ Inc.
 - If the future situation of the spread of novel coronavirus infection necessitates a major change in the way the General Meeting of Shareholders will be run, the Company will post a notice on the Company’s website (<https://www.takara.co.jp>). Please be sure to check such notice.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Company views proactive profit returns to shareholders as one of its important management issues, and returns are provided after comprehensive consideration of a range of factors that include business performance, financial position and future business development.

In accordance with this policy, for the fiscal year under review, the Company proposes to increase the amount of a year-end dividend by ¥2 from the previous fiscal year, and pay ¥20 per share as follows:

Year-end dividends

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and their aggregate amount
¥20 per common share of the Company
Total amount of dividend: ¥3,954,091,600
- (3) Effective date of dividends of surplus
June 29, 2020

Proposal No. 2 Election of Nine Directors

The terms of office of all nine Directors, Hisashi Omiya, Mutsumi Kimura, Koichi Nakao, Kenji Murata, Hideo Takahashi, Keisuke Mori, Toshihiko Yoshida, Masako Tomotsune and Tomoko Kawakami will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of nine Directors.

The candidates for Director are as follows:

Please refer to page 12 and thereafter for the criteria for candidates for Director and the independence criteria for outside officers established by the Company.

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p>Hisashi Omiya [Reelection] June 9, 1943</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p>	<p>Apr. 1968 Joined the Company</p> <p>May 1974 Director of the Company</p> <p>June 1982 Managing Director of the Company</p> <p>June 1988 Senior Managing Director of the Company</p> <p>June 1991 Representative Director and Vice President of the Company</p> <p>June 1993 Representative Director and President of the Company</p> <p>Apr. 2002 Representative Director and President of the Company</p> <p> Representative Director and President of Takara Shuzo Co., Ltd.</p> <p> Director and Chairman of Takara Bio Inc.</p> <p>June 2012 Representative Director and Chairman of the Company</p> <p> Representative Director and Chairman of Takara Shuzo Co., Ltd.</p> <p> Director and Chairman of Takara Bio Inc.</p> <p>July 2017 Representative Director and Chairman of the Company</p> <p> Representative Director and Chairman of Takara Shuzo Co., Ltd.</p> <p> Representative Director and Chairman of Takara Shuzo International Co., Ltd.</p> <p> Director and Chairman of Takara Bio Inc. (to the present)</p> <p>Significant concurrent positions outside the Company</p> <p>Representative Director and Chairman of Takara Shuzo Co., Ltd.</p> <p>Representative Director and Chairman of Takara Shuzo International Co., Ltd.</p> <p>Director and Chairman of Takara Bio Inc.</p>	439,450 shares
<p>Reasons for nomination as candidate for Director</p> <p>Hisashi Omiya has displayed leadership as Representative Director of the Company for many years, possesses abundant experience and track records in every business and area of the Group including the domestic business, overseas business and bio business, and meets the criteria for candidates for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director.</p>			

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p data-bbox="347 663 523 752">Mutsumi Kimura [Reelection] February 3, 1963</p> <p data-bbox="284 790 587 846">Relationship of special interest in the Company: None</p> <p data-bbox="300 887 571 1003">Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p>	<p data-bbox="611 264 1238 1406"> Apr. 1985 Joined the Company Apr. 2002 Director of Takara Bio Inc. June 2004 Managing Director of Takara Bio Inc. June 2007 Senior Managing Director of Takara Bio Inc. May 2009 Director and Vice President of Takara Bio Inc. June 2009 Representative Director and Vice President of Takara Bio Inc. June 2014 Director of the Company Senior Managing Director of Takara Shuzo Co., Ltd. June 2016 Representative Director and Vice President of the Company Senior Managing Director of Takara Shuzo Co., Ltd. June 2017 Representative Director and Vice President of the Company Director of Takara Shuzo Co., Ltd. July 2017 Representative Director and Vice President of the Company Representative Director and President of Takara Shuzo International Co., Ltd. Director of Takara Shuzo Co., Ltd. June 2018 Representative Director and President of the Company Representative Director and President of Takara Shuzo International Co., Ltd. Director of Takara Shuzo Co., Ltd. Apr. 2020 Representative Director and President of the Company Director of Takara Shuzo Co., Ltd., Director of Takara Shuzo International Co., Ltd. (to the present) Significant concurrent positions outside the Company Director of Takara Shuzo Co., Ltd. Director of Takara Shuzo International Co., Ltd. </p>	63,500 shares
<p data-bbox="276 1417 1441 1563"> Reasons for nomination as candidate for Director Mutsumi Kimura has displayed leadership as Representative Director of the Company, possesses abundant experience and track records in the areas of management planning, finance, accounting, etc., of the Group and experience engaging in overseas business, and meets the criteria for candidates for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director. </p>			

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p>Koichi Nakao [Reelection] June 16, 1962</p> <p>Relationship of special interest in the Company: See below</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2002 Director of Takara Bio Inc.</p> <p>June 2003 Managing Director of Takara Bio Inc.</p> <p>June 2004 Senior Managing Director of Takara Bio Inc.</p> <p>June 2007 Representative Director and Vice President of Takara Bio Inc.</p> <p>May 2009 Representative Director and President of Takara Bio Inc.</p> <p>June 2009 Director of the Company Representative Director and President of Takara Bio Inc. (to the present)</p> <p>Significant concurrent positions outside the Company Representative Director and President of Takara Bio Inc.</p>	20,600 shares
	<p>Reasons for nomination as candidate for Director Koichi Nakao possesses abundant experience and a track record at the bio business of the Group, and meets the criteria for candidates for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director.</p> <p>Relationship of special interest in the Company The Company has the following transactions with Takara Bio Inc., where he serves as Representative Director.</p> <ul style="list-style-type: none"> - Licensing of the Company's trademarks - Consigned operations and maintenance, consigned development, equipment rental, and sales of equipment, software and supplies related to information systems - Office (part of building owned by Takara Bio Inc.) rental 		
4	<p>Kenji Murata [Reelection] November 27, 1959</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p>	<p>Apr. 1983 Joined the Company</p> <p>June 2010 Director and Managing Executive Officer of Takara Shuzo Co., Ltd.</p> <p>June 2014 Managing Director of Takara Shuzo Co., Ltd.</p> <p>June 2016 Director of the Company Representative Director and Vice President of Takara Shuzo Co., Ltd.</p> <p>June 2017 Director of the Company Representative Director and President of Takara Shuzo Co., Ltd. (to the present)</p> <p>Significant concurrent positions outside the Company Representative Director and President of Takara Shuzo Co., Ltd.</p>	36,400 shares
	<p>Reasons for nomination as candidate for Director Kenji Murata possesses abundant experience and a track record at the domestic business of the Group, and meets the criteria for candidates for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director.</p>		

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Hideo Takahashi [Reelection] December 7, 1961 Relationship of special interest in the Company: None Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13	Apr. 1985 Joined the Company June 2016 Executive Officer of Takara Shuzo Co., Ltd. June 2017 Executive Officer of the Company June 2018 Director of the Company Audit & Supervisory Board Member of Takara Shuzo Co., Ltd. (to the present) Current responsibility in the Company In charge of Personnel, General Affairs, Environment & Public Relations and Quality Assurance Significant concurrent positions outside the Company Audit & Supervisory Board Member of Takara Shuzo Co., Ltd.	12,800 shares
	Reasons for nomination as candidate for Director Hideo Takahashi possesses abundant experience and track records in areas of human resources, etc., of the Group, and meets the criteria for a candidate for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director.		
6	Keisuke Mori [Reelection] July 8, 1962 Relationship of special interest in the Company: None Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13	Apr. 1985 Joined the Company June 2017 Executive Officer of the Company July 2017 Executive Officer of the Company Audit & Supervisory Board Member of Takara Shuzo International Co., Ltd. June 2018 Director of the Company Audit & Supervisory Board Member of Takara Shuzo International Co., Ltd. (to the present) Current responsibility in the Company In charge of Business Management, Financial & Investor Relations, Accounting and Business Support & IT Promotion Significant concurrent positions outside the Company Audit & Supervisory Board Member of Takara Shuzo International Co., Ltd.	13,600 shares
	Reasons for nomination as candidate for Director Keisuke Mori possesses abundant experience and track records in areas of management planning, etc., of the Group, and meets the criteria for candidates for Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as a Director.		

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
7	<p>Toshihiko Yoshida [Reelection] <Outside> <Independent> March 18, 1955</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p> <p>Tenure as outside Director of the Company: 4 years (at the conclusion of this meeting)</p>	<p>Apr. 1973 Joined Sendai Regional Taxation Bureau, National Tax Agency</p> <p>July 2003 Special Officer for Research on Tax, Tax Bureau, Ministry of Finance</p> <p>July 2004 District Director, Choshi Tax Office, Tokyo Regional Taxation Bureau, National Tax Agency</p> <p>July 2006 Special Officer (Liquor Tax and Industry), Second Taxation Department, Tokyo Regional Taxation Bureau, National Tax Agency</p> <p>July 2007 Director (Liquor Tax and Industry), Liquor Tax and Industry Division, Taxation Department, National Tax Agency</p> <p>July 2009 Director, Planning Division, Planning and Administration Department, Tokyo Regional Taxation Bureau, National Tax Agency</p> <p>July 2010 Director, Liquor Tax and Industry Division, Second Taxation Department, Tokyo Regional Taxation Bureau, National Tax Agency</p> <p>July 2012 Director, Consumption Tax Office, Taxation Department, National Tax Agency</p> <p>July 2014 Regional Commissioner, Takamatsu Regional Taxation Bureau, National Tax Agency</p> <p>July 2015 Retired from National Tax Agency</p> <p>Aug. 2015 Tax accountant, Toshihiko Yoshida Certified Tax Accountant Office (current position)</p> <p>June 2016 Outside Director of the Company (current position) Director (non-Executive Director) of Takara Shuzo Co., Ltd. (until June 2017) (to the present)</p> <p>Significant concurrent positions outside the Company Tax accountant, Toshihiko Yoshida Certified Tax Accountant Office</p>	0 shares
<p>Reasons for nomination as candidate for outside Director, etc.</p> <ul style="list-style-type: none"> - Toshihiko Yoshida is a candidate for outside Director. The Company judges that his abundant experience, a track record and deep insight in tax affairs could be incorporated in the further enrichment of the Company's management structure, and he meets the criteria for candidates for outside Director established by the Company. Therefore, the Company nominated him as a candidate to continue serving as an outside Director. - He has never been involved in the management of a company except as an outside officer or non-executive officer. However, the Company judges that he will appropriately fulfill his duties as an outside Director based on the above reasons. - He was a Director (non-Executive Director) of Takara Shuzo Co., Ltd., which is a subsidiary of the Company. - He fulfills the requirements of the independence criteria for outside officers established by the Company, and the Company has submitted notification to the Tokyo Stock Exchange, Inc., where the shares of the Company are listed, concerning his appointment as an independent officer as provided for by the regulations of the aforementioned exchange. <p>Limited liability agreement The Company has entered into a limited liability agreement with him to limit his liability for damages to the total amount under each item of Article 425, paragraph 1 of the Companies Act. If his election is approved in accordance with this proposal, the Company plans to continue this limited liability agreement.</p>			

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
8	<p>Masako Tomotsune (Name on family registry: Masako Izaki) [Reelection] <Outside> <Independent> February 17, 1972</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 13 of 13</p> <p>Tenure as outside Director of the Company: 2 years (at the conclusion of this meeting)</p>	<p>Oct. 2002 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association) Joined Tanabe & Partners</p> <p>Apr. 2010 Member of SDF Ethics Review Board (Until March 2020)</p> <p>Apr. 2013 Partner of Tanabe & Partners (current position)</p> <p>June 2018 Outside Director of the Company (current position) (to the present)</p> <p>Significant concurrent positions outside the Company Partner of Tanabe & Partners</p>	0 shares
<p>Reasons for nomination as candidate for outside Director, etc.</p> <ul style="list-style-type: none"> - Masako Tomotsune is a candidate for outside Director. The Company judges that her abundant experience, track records and deep insight in corporate legal affairs, etc., as an attorney could be incorporated in the further enrichment of the Company's management structure, and she meets the criteria for candidates for outside Director established by the Company. Therefore, the Company nominated her as a candidate to continue serving as an outside Director. - She has never been involved in the management of a company except as an outside officer. However, the Company judges that she will appropriately fulfill her duties as an outside Director based on the above reasons. - She fulfills the requirements of the independence criteria for outside officers established by the Company, and the Company has submitted notification to the Tokyo Stock Exchange, Inc., where the shares of the Company are listed, concerning her appointment as an independent officer as provided for by the regulations of the aforementioned exchange. <p>Limited liability agreement The Company has entered into a limited liability agreement with her to limit her liability for damages to the total amount under each item of Article 425, paragraph 1 of the Companies Act. If her election is approved in accordance with this proposal, the Company plans to continue this limited liability agreement.</p>			

Candidate no.	Name, date of birth, etc.	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	<p>Tomoko Kawakami [Reelection] <Outside> <Independent> May 3, 1965</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: 10 of 10 (after appointment as Director)</p> <p>Tenure as outside Director of the Company: 1 year (at the conclusion of this meeting)</p>	<p>Apr. 2000 Assistant Professor, Faculty of Commerce, Kansai University</p> <p>Apr. 2002 Associate professor, Faculty of Commerce, Kansai University</p> <p>Apr. 2003 Visiting Scholar, Foster School of Business, University of Washington (until March 2004, and from October 2007 until March 2008)</p> <p>Apr. 2009 Professor, Faculty of Commerce, Kansai University (until March 2015)</p> <p>Aug. 2012 Visiting Scholar, INSEAD Blue Ocean Strategy Institute (France) (current position)</p> <p>Jan. 2013 Fulbright Visiting Scholar, Foster School of Business, University of Washington (until March 2013)</p> <p>Oct. 2013 Research Fellow, The Institute on Asian Consumer Insight, Nanyang Technological University (Singapore) (until July 2018)</p> <p>Apr. 2015 Professor, Waseda Business School, Graduate School of Faculty of Commerce, Waseda University (current position)</p> <p>Apr. 2016 Associate Director, Waseda Blue Ocean Strategy Institute (currently, Waseda Blue Ocean Shift Institute), Comprehensive Research Organization, Waseda University (current position)</p> <p>Apr. 2019 Director, Marketing International Institute, Comprehensive Research Organization, Waseda University (current position)</p> <p>June 2019 Outside Director of the Company (current position)</p> <p>Dec. 2019 Examiner, Certified Public Accountant Examination (current position) (to the present)</p> <p>Significant concurrent positions outside the Company Professor, Waseda Business School, Graduate School of Faculty of Commerce, Waseda University Examiner, Certified Public Accountant Examination</p>	0 shares
<p>Reasons for nomination as candidate for outside Director, etc.</p> <ul style="list-style-type: none"> - Tomoko Kawakami is a candidate for outside Director. The Company judges that her abundant experience, a track record and deep insight in the fields of business administration, marketing, etc., could be incorporated in the further enrichment of the Company's management structure, and she meets the criteria for candidates for outside Director established by the Company. Therefore, the Company nominated her as a candidate to continue serving as an outside Director. - She has never been involved in the management of a company except as an outside officer. However, the Company judges that she will appropriately fulfill her duties as an outside Director based on the above reasons. - She fulfills the requirements of the independence criteria for outside officers established by the Company, and the Company has submitted notification to the Tokyo Stock Exchange, Inc., where the shares of the Company are listed, concerning her appointment as an independent officer as provided for by the regulations of the aforementioned exchange. <p>Limited liability agreement The Company has entered into a limited liability agreement with her to limit her liability for damages to the total amount under each item of Article 425, paragraph 1 of the Companies Act. If her election is approved in accordance with this proposal, the Company plans to continue this limited liability agreement.</p>			

Proposal No. 3 Election of One Audit & Supervisory Board Member

Minoru Washino will resign as Audit & Supervisory Board Member at the conclusion of this meeting.

Therefore, the Company proposes to newly elect one Audit & Supervisory Board Member.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Please refer to page 12 for the criteria for candidates for Audit & Supervisory Board Member established by the Company.

Name, date of birth, etc.	Career summary and position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
<p>Teruaki Mitsui [New election] November 11, 1961</p> <p>Relationship of special interest in the Company: None</p> <p>Attendance at the Board of Directors meeting during the fiscal year under review: -</p> <p>Attendance at the Audit & Supervisory Board meeting during the fiscal year under review: -</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2011 General Manager of Business Support Center of Takara Shuzo Co., Ltd.</p> <p>Apr. 2015 General Manager of Accounting & Shared Services Dept. of the Company General Manager of Accounting Dept. of Takara Shuzo Co., Ltd.</p> <p>June 2017 Executive Officer and General Manager of Accounting & Shared Services Dept. of the Company Audit & Supervisory Board Member of Takara Shuzo Co., Ltd.</p> <p>June 2018 Executive Officer and General Manager of Accounting & Shared Services Dept. of the Company</p> <p>Apr. 2020 Executive Officer and General Manager of Accounting Dept. of the Company (to the present)</p>	<p>10,600 shares</p>
<p>Reasons for nomination as candidate for Audit & Supervisory Board Member</p> <p>Teruaki Mitsui possesses abundant experience and track records in the areas of finance and accounting, etc., of the Group and meets the criteria for candidates for Audit & Supervisory Board Member established by the Company. Therefore, the Company nominated him as a candidate to serve as an Audit & Supervisory Board Member.</p>		

(Reference)

Policy and Procedure for Nomination of Candidates for Director and Audit & Supervisory Board Member

Representative Director and President and the other Representative Directors, based on the following criteria, hold discussions about the nomination of candidates for Director and then submit their proposals to the Board of Directors meeting for final decisions.

- These individuals must have outstanding character and knowledge, as well as the ability to recognize and solve management issues from a perspective of management as a whole.
- Executive Directors must have sufficient knowledge, experience and track records in their respective fields of expertise, as well as outstanding skill concerning the operation of an organization.
- Outside Directors must have considerable experience in their respective fields, as well as the capability to provide advice and suggestions from an independent standpoint for ensuring that decisions of the Board of Directors meeting are valid and appropriate.

Representative Director and President and the other Representative Directors, based on the following criteria, hold discussions about the nomination of candidates for Audit & Supervisory Board Member, obtain consent from the Audit & Supervisory Board, and then submit their proposals to the Board of Directors meeting for final decisions.

- These individuals must have outstanding character and knowledge, as well as the ability to recognize management issues from a perspective of management as a whole, and observe and provide advice and suggestions from an independent standpoint for ensuring that the decisions of the Board of Directors meeting are valid and appropriate.
- Audit & Supervisory Board Members from within the Company must have sufficient knowledge, experience and track records in their respective fields of expertise.
- Outside Audit & Supervisory Board Members must have considerable experience in their respective fields.

Independence Criteria for Outside Officers

The Company determines that outside Directors and outside Audit & Supervisory Board Members (hereinafter “outside officers”) are independent of the Company if they fulfill all of the following requirements.

1. Fulfillment of the following requirement presently and at any time in the past:
The individual was never a business executive (an Executive Director, an Executive Officer, or a manager or other employee, same hereinafter) of the Company or a subsidiary or related company of the Company (hereinafter the “Group”).
2. Fulfillment of all of the following requirements presently and at any time during the previous five years:
 - (1) Not a major shareholder (a party who owns at least 10% of the total of voting rights directly or indirectly) or a business executive thereof
 - (2) Not a company or other organization in which the Group owns at least 10% of the total of voting rights or a business executive thereof
 - (3) Not a major business partner (an entity where transactions with the Group account for at least 2% of consolidated sales in the Company’s fiscal year) with the Group or a business executive thereof
 - (4) Not an entity where the Group is a major business partner (an entity where transactions with the Group account for at least 2% of consolidated sales of that entity’s fiscal year) or a business executive thereof
 - (5) Not a major provider of loans to the Group (a lender where loans to the Group account for at least 2% of the Company’s consolidated total assets; however, even when this is not applicable, a lender is treated as a major provider of loans to the Group if it is included in the list of major lenders in the Company’s Business Report or other report) or a business executive thereof
 - (6) Not an attorney at law, certified public accountant, tax accountant, consultant or other provider of professional services (for services provided by companies and other organizations, not an individual who provides the service as a member of the company or organization) who has received from the Group annual compensation, etc., of at least ¥10 million separately from compensation received from the Group as an officer
 - (7) Not an Accounting Auditor (for a company, not an individual performing the service as a member of the company) of the Group
 - (8) Not an individual (for a company or other organization, not an individual performing business activities as a member of the company or organization) who has received an annual donation of at least ¥10 million from the Group
 - (9) Not a business executive of a company, between which and the Company outside officers are mutually appointed (a business executive of the Group is an outside officer of a company outside the Group and a business executive of that company outside the Group is an outside officer of the Company)
 - (10) Not a close relative (spouse or persons within the second degree of kinship) is a business executive (if an employee, must be a department’s general manager or higher) of the Group or violates any of the preceding criteria (1) through (9) (but for a company business executive, if an employee, must be a department’s general manager or higher; if the individual is a member of an organization other than a company, must be a person who performs significant business tasks)
3. In addition, not an individual for whom there is justification for a rational judgment that the individual is unable to perform the duties of an independent outside officer.