

[Translation]

February 13, 2020

Company Name	Sapporo Holdings Limited
Representative	Masaki Oga President and Representative Director
Stock Code	2501
Listed on	Tokyo Stock Exchange Sapporo Securities Exchange
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### **Notice in Respect of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Anti-Takeover Policy)**

In relation to the “Policy toward the Large-Scale Purchase of Share Certificates, etc. of Sapporo Holdings Limited (the “Company”)” which was consented to by the shareholders at the 93<sup>rd</sup> Ordinary General Meeting of Shareholders held on March 30, 2017, and became effective on the same date (with a period of validity until the end of the 96<sup>th</sup> Ordinary General Meeting of Shareholders to be held on March 27, 2020 (hereinafter referred to as the “General Meeting”)), the Company has continually been assessing the role of such policy, including whether or not to extend the period of validity of such policy, from the perspective of enhancing the corporate value and ultimately protecting the common interests of the shareholders of the Company while at the same time considering subsequent changes in the circumstances.

As a result of these deliberations, at the meeting of the Board of Directors of the Company held on February 13, 2020, by the agreement of all Board Directors, the “Basic Policy Regarding What and How a Person Controlling Decisions on a Stock Company’s Financial and Business Policies Should Be” (hereinafter referred to as the “Basic Policy on Company Control”) provided for in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act was resolved, and in addition, conditional upon consent by the shareholders at the General Meeting, it was decided to continue with the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Policy”), and we hereby give notice to that effect. With respect to the Policy, each of the four Audit & Supervisory Board Members of the Company rendered affirmative opinions on condition that the actual administration of the Policy is appropriate.

If the Policy is approved by the shareholders at the General Meeting, the Policy shall continue to be in effect and the expiration date shall be the end of the 99<sup>th</sup> Ordinary General Meeting of Shareholders of the Company to be held by March 31, 2023.

No specific proposal with respect to share certificates, etc. of the Company, such as a Large-Scale Purchase, has been received as of February 13, 2020.

As for the contents of the Basic Policy on Company Control as well as the Policy, please see the Attachment hereto. In addition, the main features of the Policy and the parts that have been amended upon continuation of the Policy are as set out below.

#### **1. Main Features of the Policy**

The Company has reviewed and revised the Policy as necessary since it has been adopted in February 2006 from the perspective of protecting the common interests of the shareholders of the Company considering the enforcement of the Companies Act and the Financial Instruments and Exchange Act, or the “Role of Anti-Takeover Policy Taking Into Account the Recent Changes of Various Environment” announced by the Corporate Value Study Group as of June 30, 2008, or any other environmental change or opinions from the shareholders and investors. The main features of such

Policy are as follows:

- 1) Structures to Avoid Unnecessary Prolongation of the Process of Large-Scale Purchase Rules
  - Specific contents of the necessary information the provision of which is to be requested to Large-Scale Purchasers have been limited to the extent necessary and sufficient for the shareholders of the Company to determine or the Board of Directors of the Company to form its opinion.
  - An upper limit (which shall be 60 days, unless an extension is requested by a Large-Scale Purchaser) on the requesting period for the provision of information from Large-Scale Purchasers has been set.
  - The assessment period for the Board of Directors shall be set as necessary within 60 days, and even if such assessment period is to be extended, such period shall be limited to 90 days maximum, including the original assessment period.
- 2) Structures to Eliminate Arbitrary Decisions by the Board of Directors of the Company
  - An Independent Committee, which shall be independent from the Board of Directors of the Company as its monitoring body, shall be established, and upon making important decisions concerning the Policy, the Board of Directors of the Company shall consult with such independent committee and give utmost respect to the recommendations of such independent committee.
  - Furthermore, where a resolution of the Board of Directors is conducted in relation to an important decision relating to the Policy, such decision may not be resolved unless there is agreement by two-thirds or more of the Independent Outside Directors attending the Board of Directors' Meeting.
  - In addition to the monitoring by the Independent Committee and the Independent Outside Directors as described above, the Policy specifies that resolutions at the Shareholders' Meeting or approval of the shareholders may be required depending on the content of the countermeasures selected.
- 3) Structures to Limit Implementation of Countermeasures
  - If a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the Board of Directors of the Company shall not take countermeasures against the Large-Scale Purchase, unless it is an exceptional case where it is considered that the common interests of the shareholders of the Company will be clearly and seriously damaged. The Company shall not deem that a Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules just because a Large-Scale Purchaser has not provided a part of the necessary information requested by the Board of Directors of the Company.
  - Cases where exceptional measures may be taken against Large-Scale Purchasers complying with the Large-Scale Purchase Rules are limited to cases where Large-Scale Purchases are considered to clearly and seriously damage the common interests of the shareholders of the Company, and the Policy specifies that exceptional measures will not be taken against any Large-Scale Purchase just because the intention of a Large-Scale Purchaser formally falls under any act exemplified in the Policy or the Large-Scale Purchase adversely affects the interests of any stakeholder other than the shareholders.
- 4) Others
  - In the event that the Board of Directors of the Company selects to issue stock acquisition rights by allotment to the shareholders as a specific countermeasure, it has been set in relation to the acquisition terms and acquisition conditions of the stock acquisition rights that no money shall be delivered as consideration to any persons belonging to a specific Group of Shareholders.

**2. Parts Which Have Been Amended upon Continuation of the Policy**

Upon continuation of the Policy, the following amendments shall be made.

- (1) An explanation about the "Group Management Plan 2024", the five-year plan starting from 2020, which was announced on February 13, 2020 based on the "Sapporo Group

Long-Term Management Vision ‘SPEED150’ that will continue through 2026, the year marking the 150<sup>th</sup> anniversary of the Group’s founding, is given in Attachment “II Effective Utilization of Our Assets, the Formation of the Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control”. Furthermore, if the Company’s proposals are approved at the 96<sup>th</sup> Ordinary General Meeting of Shareholders of the Company to be held on March 27, 2020, the Company will become a Company with Audit & Supervisory Committee and increase the ratio of the Independent Outside Directors in the Board of Directors to one-half, and as such, the Company will further reinforce its corporate governance. With respect to the details thereof, please see the latest efforts of the Company described in the “Efforts toward Strengthening and Reinforcing of the Corporate Governance”.

- (2) With respect to the “total number of shares to be acquired upon the exercise of the stock acquisition right” described in “Type and Number of Shares to be Acquired upon Exercise of the Stock Acquisition Right” of Appendix 2 “Outline of Stock Acquisition Rights”, the maximum number of shares is revised from the previous number of 120,000,000 shares to 116,000,000 shares since convertible type bonds with stock acquisition rights have been issued.
- (3) Appendix 3 “The Major Shareholders of the Company” has been updated.
- (4) In addition to the matters set forth above, some of the dates and phrases have been revised and some of the wording has been reorganized.

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**(Attachment)**

## **I Basic Policy on Company Control**

The Board of Directors of the Company believes that the shareholders of the Company should be entrusted to make the final decision regarding whether or not to accept a large-scale purchase by a specific person.

However, in managing the Company that, as a holding company, controls the management of the entire business of the Group, which is primarily comprised of the alcoholic beverage business, food and soft drink business and real estate business, it is indispensable to have extensive know-how, abundant experience, and an understanding of the relationships established with the stakeholders, including domestic and foreign customers, employees, business partners, etc. Without a sufficient understanding of the above matters by a person controlling decisions on our financial and business policies, the shareholder value that could be realized in the future by our shareholders may be damaged.

We shall make every effort to cultivate the shareholders' and the investors' understanding of the appropriate value of the Company's shares through IR activities; however, it is indispensable that the shareholders of the Company are provided with appropriate and sufficient information by both a purchaser and the Board of Directors of the Company in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, we believe that information regarding the impact of the purchase on the Company, the basic management policy that the purchaser wishes to adopt if the purchaser participates in the management of the Company, and the opinion of the Board of Directors of the Company towards the purchase, etc. is material to the decision making process of the shareholders of the Company who intend to hold the Company's shares continuously in respect of whether or not to continue to hold such shares.

Taking the above into account, we believe that it is necessary for a large-scale purchaser to commence a large-scale purchase only after the purchaser provides necessary and sufficient information regarding the purchase in advance and a certain period for the Board of Directors of the Company elapses, in accordance with the rules established and disclosed in advance by the Company (please refer to III 3 for details; hereinafter referred to as the "Large-Scale Purchase Rules") for the benefit of the decision making process of the shareholders of the Company.

In addition, in large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question will be determined as clearly and seriously damaging to the common interests of the shareholders of the Company. In order to protect the common interests of the shareholders of the Company, we believe that it is necessary to take such measures against such purchase as the Board of Directors of the Company deems appropriate in accordance with the Large-Scale Purchase Rules.

## **II Effective Utilization of Our Assets, the Formation of the Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control**

In addition to the efforts set forth in III below, we will make every special effort to realize the Basic Policy on Company Control as follows.

### **1 Efforts Based on the Sapporo Group Long-Term Management Vision**

In November 2016, the Sapporo Group formulated and announced the “Sapporo Group Long-Term Management Vision ‘SPEED150’”. This vision sets forth the overall direction the Company should pursue over the 10 years from 2017 to 2026, the year marking the 150<sup>th</sup> anniversary of the Group’s founding. The Group once again recognizes that the source of the Group’s growth lies in the “Brand Assets” cultivated over the Group’s 140-year history since it was founded, and promoted the “First Medium-Term Management Plan (2017 ~2020)”.

However, in light of recent business trends, we judged that the current organizational structure and continuation of business activities were insufficient to respond to changes in the market environment and customer consumption styles. Accordingly, we formulated a new management plan, the “Group Management Plan 2024” and announced it on February 13, 2020. The “Group Management Plan 2024” is a five-year plan starting in 2020, taking into account the issues faced by each business and differences in the speed of growth. Based on the following basic policies, we will vigorously push forward toward achieving the plan in 2024.

“Basic Policy”

- (1) Concentration and strengthening of core business
- (2) Acceleration of global growth
- (3) Establishment of a simple and compact corporate structure
- (4) Promotion of sustainable management

## **2 Efforts toward the Strengthening and Reinforcing of Corporate Governance**

We shifted to a pure holding company system in July 2003, and established the management philosophy and basic management policy of the Group as well as the basic principles of the operation of the Group and formulated the corporate governance system based on the “Basic Policy on Corporate Governance” (hereinafter referred to as the “Basic Policy”) as follows:

### **(1) Management Philosophy of the Group and Basic Policy on Our Management**

Sapporo Group states its management philosophy to be “create enjoyment and contribute to enrichment” and its basic management policy is “strive to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value”, and is focused on improving the corporate value of the whole Group by achieving continuous growth and revenue and to contribute to the stakeholders in the future.

### **(2) Basic principles of the Operation of the Group**

Under a holding company system, Sapporo Group has established the basic principles of group operation (the total optimization of the Group, the maintenance of autonomy of each Group company and the mutual cooperation among Group companies) and aims to maximize corporate value by achieving total optimization of Sapporo Group and creating synergies, while retaining the autonomy of each business segment.

### **(3) Basic Policy on the Constitution of the System of Corporate Governance**

In order to realize the management philosophy and the basic policy of management and to promote the

continuous improvement of the corporate value of the whole Group, we established the “Basic Policy” in December 2015. We, in accordance with this Basic Policy, regard the strengthening and reinforcement of corporate governance as an important management issue. We are clarifying the supervisory function, operating function and audit function of our Group under the holding company system, and are endeavoring to improve the transparency of the management and to reinforce the management monitoring function toward the achievement of management goals.

#### **(4) Efforts toward Strengthening the Corporate Governance System**

We have made positive efforts toward strengthening the corporate governance system as follows:

In November 1998, we have voluntarily established a “nominating committee” and a “compensation committee” (each of such committees consists of the Independent Outside Directors and the Director and President, and one chairman is elected from the Independent Outside Directors) to enhance the transparency of the operations concerning personnel and the treatment of Directors and made efforts to maintain and improve the soundness of management organizations.

In March 1999, the Operating Officer System was adopted.

In March 2002, the term of office of the Directors was reduced to one year.

In July 2003, we shifted to a pure holding company system, and since then we have gradually increased the number of Outside Directors, and we have elected three Independent Outside Directors since 2009.

In December 2015, we set up an “Independent Outside Directors Committee” (which consists of the Independent Outside Directors) to encourage the Independent Outside Directors to exchange information and share their thoughts with regard to the Company and the Group’s management strategy and matters relating to corporate governance, etc.

If our proposals are approved at our 96th Ordinary General Meeting of Shareholders to be held on March 27, 2020, we will become a Company with Audit & Supervisory Committee, and will further enhance our corporate value by further enhancing our corporate governance, enhancing management transparency and efficiency, and enabling flexible decision-making as follows:

- (1) A Company with Audit & Supervisory Committee will not have any Audit & Supervisory Board Members and Audit & Supervisory Board. Instead, an Audit & Supervisory Committee consisting of three or more Directors, where the Outside Directors are the majority, will be established;
- (2) A Director who is an Audit & Supervisory Committee Member is entitled to vote as a Director at a meeting of the Board of Directors, and a Director who is an Audit & Supervisory Committee Member appointed by the Audit & Supervisory Committee may state, at the meeting of shareholders, the opinions of the Audit & Supervisory Committee on the election and dismissal and the remunerations of Directors who are not Audit & Supervisory Committee Members; and  
(The “Nominating Committee”, the “Compensation Committee” and the “Independent Outside Directors Committee,” which the Company voluntarily established, will be maintained.)
- (3) The Company’s Board of Directors will consist of ten Directors (of which three Directors will be the Audit & Supervisory Committee Members), of which five Directors will be the Independent Outside Directors (of which two Directors will be the Audit & Supervisory Committee Members); therefore, the ratio of the Independent Outside Directors in the Board of Directors will increase from one-third to one-half.
- (4) The Company will delegate part of decisions of execution of important operations to

Directors and ensure swift and efficient decision-making.

After we become a Company with Audit & Supervisory Committee e, we will properly establish and operate the system of such company, and further endeavor to strengthen and reinforce corporate governance in order to realize continuous growth and improve corporate value in the medium-to-long term.

### **III Efforts to Prevent the Company’s Financial and Business Policies from Being Controlled by an Inappropriate Party According to the Basic Policy on Company Control**

In accordance with the Basic Policy on Company Control described in I above, we consider that it is the efforts to prevent the Company’s financial and business policies from being controlled by an inappropriate party according to the Basic Policy on Company Control that we establish certain reasonable rules that the Large-Scale Purchaser (as defined below) is requested to follow (“Large-Scale Purchase Rules”) in the event of the implementation of any purchase of Share Certificates, Etc.<sup>3</sup> of the Company by a Group of Shareholders<sup>1</sup> with the intent to hold 20% or more of the Voting Rights Ratio<sup>2</sup> of the Group of Shareholders or any purchase of Share Certificates, Etc. of the Company resulting in a Group of Shareholders holding 20% or more of the total voting rights of the Company (we do not make any distinction based on specific means of purchase, such as market transactions or tender offers, but the purchases to which the Board of Directors of the Company has given prior consent are not included; such a purchase shall be hereinafter referred to as a “Large-Scale Purchase” and a person that conducts a Large-Scale Purchase shall be hereinafter referred to as a “Large-Scale Purchaser”); and that we constitute certain policies depending on whether or not the Large-Scale Purchaser observes the rules. We materialize those rules and policies as the policy toward Large-Scale Purchase of share Certificates, etc. of the Company (hereinafter referred to as the “Policy”), and set forth them as follows.

Notes

1 A Group of Shareholders means:

- (i) a Holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law. The same shall apply hereinafter) and any Joint Holders (provided in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law, including a person deemed as a Joint Holder pursuant to Paragraph 6 thereof. The same shall apply hereinafter) of Share Certificates, Etc. (provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) of the Company; or
- (ii) a person who makes purchases, etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law, including any purchase, etc. made on a Financial Instruments Exchange Market) of the Share Certificates, Etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law) and any Specially Related Parties (provided in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law).

2 Voting Rights Ratio means:

- (i) in the case of Note 1(i) above, the Share Holding Ratio (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law; in this case, the number of Share Certificates, Etc. Held (the number of Share Certificates, Etc. Held as provided in the same Paragraph. The same shall apply hereinafter) of the Joint Holders in respect of the holder shall be added) of the holder of the Share Certificates, Etc. of the Company; or
- (ii) in the case of Note 1(ii) above, the amount of the sum of the Shareholding Ratio (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) of the Large-Scale Purchaser and its Specially Related Parties.

In calculating the Shareholding Ratio, the annual report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting Rights (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) or Total Number of Issued Shares (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law).

3 Share Certificates, Etc. mean Share Certificates, Etc. as provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law.

## **1 Necessity of the Policy**

### **(1) Purpose of Introducing the Policy**

As described in I above, we believe that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the Board of Directors of the Company with necessary and sufficient information regarding the Large-Scale Purchase in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the Board of Directors of the Company elapses, in accordance with the Large-Scale Purchase Rules that the Company established and disclosed in advance, for the benefit of the decision making process of the shareholders.

After such information is provided, the Board of Directors of the Company will immediately start to consider its opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from outside experts, etc. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the shareholders alternative plans developed by the Board of Directors of the Company, if deemed necessary. Such process shall enable the shareholders of the Company to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the opinion of the Board of Directors of the Company, and thus, the shareholders of the Company shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

In addition, the Board of Directors of the Company established a certain policy to be applied depending on whether or not the Large-Scale Purchaser Rules are observed, and determined to establish the Policy as efforts in the case of a Large-Scale Purchase by an inappropriate party according to the Basic Policy on Company Control.



The Policy is in compliance with the three principles set forth in “Guidelines With Respect To Anti Takeover Policy for Securing And Enhancing Corporate Value and Common Interests of Shareholders” made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005 and has been drafted in reference to “Role of Anti Takeover Policy Based on Recent Changes of Environments” made by Corporate Value Study Group and dated June 30, 2008.

## **(2) Necessity of Continuing the Policy**

The Group formulated the “Sapporo Group Long-Term Management Vision ‘SPEED150’” in November 2016, which set out the direction to be taken over the 10-year period from 2017 to 2026, the year marking the 150<sup>th</sup> anniversary of the Group’s founding, and has been working to increase its corporate value. However, there is always the possibility that unforeseen circumstances will occur. We cannot, even at this point, completely deny the risk that a “Large-Scale Purchaser” may emerge and significantly undermine the common interests of the shareholders of the Company.

As described in II, in “Sapporo Group Long-Term Management Vision ‘SPEED150’”, the Group recognized that the Group’s further growth lies in “Our Unique Brand Assets” cultivated with support from customers since our founding in 1876 and “Group Management Plan 2024” (announced on February 13, 2020) was launched. Under such circumstances, the policy and strategy of a “Large-Scale Purchaser” who does not fully understand the Group’s business may damage those brand values, resulting in a decline in corporate value in the medium-to-long term.

As describe in II, the Company believes that strengthening the base of the corporate governance system and achieving the goals set up under the “Sapporo Group Long-Term Management Vision ‘SPEED150’” will result in lowering the risk that a “Large-Scale Purchaser” will emerge. Thus, at this point, we believe that it is essential to continue the Policy.

For the avoidance of doubt, the Company has not received any specific offer of the Large-Scale Purchase at this point.

## **2 Establishment of Independent Committee**

The Independent Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the Board of Directors of the Company (hereinafter referred to as the “Independent Committee”). The Independent Committee shall have at least three members and in order to be able to judge fairly and neutrally, its members shall be elected from the Independent Outside Directors of the Company or outside knowledgeable persons<sup>4</sup> who are independent of the management team of the Company. The names and personal histories of those who are elected as the members will be immediately disclosed. In addition, the term of office of the members shall expire at the close of the meeting of the Board of Directors that is to be held immediately after the ordinary general meeting of shareholders regarding the last fiscal year ending within one year after the appointment, and the members for the next term shall be elected at such meeting of the Board of Directors.

For reference, the names and personal histories of those who will be elected as the members of the Independent Committee at the meeting of the Board of Directors, to be held immediately after the General Meeting, are described in Appendix 1.

In the Policy, we set forth the objective requirements for the invocation of countermeasures, that we will not take the countermeasures in the event the Large-Scale Purchaser observes the Large-Scale Purchase Rules, unless it is an exceptional case where it is considered that the common interests of the shareholders of the Company will be clearly and seriously damaged (described in III 4(1) below), and that we may take the countermeasures in the event the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III 4(2) below); however, in the event the Board of Directors of the Company makes a significant determination pertaining to the Policy, including an event in which we make an exceptional response described in III 4(1) below and an event in which we take the countermeasures described in III 4(2) below, the Board of Directors of the Company shall consult with the Independent Committee and respect the recommendations of the Independent Committee to the utmost extent.

Furthermore, where a vote of the Board of Directors is conducted in relation to an important decision relating to the Policy, the decision will not be resolved unless there is agreement by two-thirds or more of the Independent Outside Directors of the Company attending the meeting.

Note 4 Outside knowledgeable persons are elected from corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Corporation Law, etc. or persons who are equivalent to these personnel.

### **3 Details of the Large-Scale Purchase Rules**

#### **(1) Provision of Information**

The Large-Scale Purchase Rules which we hereby establish require that (i) a Large-Scale Purchaser provide, in advance, necessary and sufficient information regarding the Large-Scale Purchase to the Board of Directors of the Company, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors of the Company.

More specifically, first, a Large-Scale Purchaser is required to submit to the Representative Director of the Company a “letter of intent” to comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative, contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase, and in addition, a Large-Scale Purchaser is required to provide the Board of Directors of the Company with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow shareholders of the Company to make their decision and the Board of Directors of the Company to form its opinion.

Within ten (10) business days after receipt of such letter of intent, the Board of Directors of the Company will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed less than as the Necessary Information as a result of the Board of Directors’ examination, the Board of Directors of the Company will require the Large-Scale Purchaser to provide additional information until the Company has received all of the Necessary Information.

The Board of Directors of the Company may, as necessary, set the due date for responses of the Large-Scale Purchaser every time the Board of Directors of the Company requests the provision of information

from the perspective of prompt administration of the Large-Scale Purchase Rules. In addition, the Board of Directors of the Company shall set a period equal to 60 days commencing on the date of dispatch of the list of the Necessary Information to be initially provided by the Large-Scale Purchaser as the upper limit of the period within which the Board of Directors of the Company shall request the Large-Scale Purchaser to provide information and the Large-Scale Purchaser shall respond (hereinafter referred to as the “Information Provision Request Period”). In the event that the Information Provision Request Period reaches the upper limit and expires, the Board of Directors of the Company shall terminate the correspondence with the Large-Scale Purchaser with respect to the provision of information at that time and immediately commence the Board Assessment Period (as defined below.), even where not all Necessary Information has been provided. However, if the Large-Scale Purchaser requests for an extension of the Information Provision Request Period for reasonable cause, the Board of Directors may extend the Information Provision Request Period by up to 30 days as necessary. On the other hand, the Board of Directors shall terminate the Information Provision Request Period and commence the Board Assessment Period immediately upon provision of all Necessary Information even before the expiration of the Information Provision Request Period.

Part of the general items of the Necessary Information is as set forth in (1) through (5) below. Details of the Necessary Information may differ according to the characteristics of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; however, in all cases, such Necessary Information shall be limited to within the necessary and sufficient scope for the judgment of the shareholders of the Company and the formation of opinion of the Board of Directors of the Company. In the case that the Large-Scale Purchaser is unable to provide part of the Necessary Information, the Board of Directors will request the Large-Scale Purchaser to provide instead the specific reasons for the inability to provide such information. Such inability of the Large-Scale Purchaser to provide information and the reasons for such inability will be information subject to evaluation and analysis for the judgment of the shareholders of the Company and the formation of opinion of the Board of Directors of the Company.

- (1) An outline (including information relating to the substance of the business of the Large-Scale Purchaser, capital structure and experience in businesses similar to the Company’s business or the Group’s business) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- (2) The purpose and substance of the Large-Scale Purchase (including amounts/type of the consideration of the purchase, etc., timing of the purchase, etc., structure of related transactions, and legality of the means of purchase, etc., feasibility of purchase, etc. and related transactions);
- (3) The basis for the calculation of the value of the Company’s shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);
- (4) The candidates for the management team (including information regarding experience at businesses similar to business of the Company and the Group), basic management policy, business plan, capital policy, distribution policy, policy of utilization of assets, etc. (hereinafter referred to as the “Management Basic Policy after Purchase”) expected

after the Large-Scale Purchaser participates in the management of the Company's business and the Group's business; and

- (5) The possibility and basic substance of any change of the Company's and the Group's relationship with stakeholders, such as business partners, customers, employees, etc., as planned after the completion of the Large-Scale Purchase.

In addition to the cases of disclosure required in accordance with laws and regulations and the rules of financial instruments exchanges, we will disclose at the time the Board of Directors of the Company deems appropriate all or part of the fact that a Large-Scale Purchase was proposed and the Necessary Information provided to the Board of Directors of the Company, if such disclosure is considered necessary for the shareholders of the Company to make their decisions.

## **(2) Assessment Period for the Board of Directors**

Subsequent to the expiration or termination of the Information Provision Request Period, the Board of Directors of the Company shall set a period equal to or less than 60 days which is necessary for the Board of Directors to assess, examine, negotiate, form an opinion and seek alternative plans (hereinafter referred to as the "Board Assessment Period"). The Board of Directors of the Company sets the specific period in consideration of the level of difficulty in making an assessment of the Large-Scale Purchase, including an assessment of the purpose of the purchase, the kind of consideration, the means of the purchase, etc., and the Board of Directors of the Company may extend the period to a maximum of 90 days (including the initial set period), upon consultation with the Independent Committee and giving the utmost respect to the recommendations of the Independent Committee. The Large-Scale Purchase may only be commenced after the Board Assessment Period has elapsed. Moreover, in the event the Necessary Information is completely provided, the Board of Directors of the Company shall promptly disclose such fact and the expiration date of the Board Assessment Period. In addition, in the event the Board of Directors of the Company extends the Board Assessment Period after receiving the recommendation of the Independent Committee, it promptly discloses the extended period and the reasons for the extension.

The Board of Directors of the Company shall thoroughly assess and examine the Necessary Information it receives, in consultation with the Independent Committee, with advice from outside experts during the Board Assessment Period as needed and giving the utmost respect to the recommendation of the Independent Committee, and shall form and disclose its opinion. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, as necessary.

## **4 Policy toward Large-Scale Purchases**

### **(1) In the Event a Large-Scale Purchaser Observes the Large-Scale Purchase Rules**

If a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the Board of Directors of the Company, even if it disagrees with the proposed Large-Scale Purchase, will not, except for the exceptional cases set forth below, take countermeasures against the Large-Scale Purchase, while it may attempt to persuade the shareholders of the Company by expressing an objection to the proposal of the Large-Scale Purchase or by offering alternative plans. The Board of Directors of the Company believes that the shareholders of the Company should make their own decision as to whether or not they accept

the proposal of the Large-Scale Purchaser upon consideration of such proposal and the opinion on such proposal and alternative plans provided by the Company.

As exceptional cases, in the event that it is considered that the Large-Scale Purchase will clearly and seriously damage the common interests of the shareholders of the Company, including the case where, for example, it is intended that the Large-Scale Purchase entails any of the acts set forth in (1) through (5) below and such act will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares, the Board of Directors of the Company may take any measures considered to be appropriate, as exceptional measures, in order to protect the interests of the shareholders of the Company.

- (1) act of purchasing a substantial portion of shares and demanding the company to repurchase such shares at a high price;
- (2) acts such as temporarily controlling the company and managing it to realize a profit for the purchaser at the sacrifice of the company, including the acquisition of important assets, etc. of the company at a low price;
- (3) act of using the assets of the company as security or the source of repayment of the debt of the purchaser or its Group companies, etc.;
- (4) act of temporarily controlling the management of the company and to have the company dispose of its valuable assets, etc., which have no immediate relationship with the businesses of the company, and to have the company temporarily pay large dividends against the profits gained from such disposition, or sell the shares at a higher price, taking the opportunity to rapidly increase the share price influenced by the temporarily large payment of dividends; or
- (5) act of purchasing shares, including takeover bids, etc., without soliciting the purchase of all shares at the initial purchase and with terms and conditions for second purchase that are less favorable or that are unclear.

However, even in the case where the Large-Scale Purchaser intends with respect to such Large-Scale Purchase to use the assets of the company as security for the purchaser's debt or to dispose of idle assets of the company and have the company pay large dividends against the profits of such disposition, the above-mentioned exceptional measures shall be taken only in the event that such Large-Scale Purchase is determined as clearly and seriously damaging the common interests of the shareholders of the Company, and shall not be taken solely for reasons that the intention of the Large-Scale Purchaser falls within the actions set forth above or negatively affects the interests of stakeholders other than the shareholders.

In addition, in order to secure the objectiveness and reasonableness of the decisions made in the event that the exceptional measures described above are taken, the Board of Directors of the Company shall assess the specific details of the Large-Scale Purchaser and the Large-Scale Purchase and the influence of the Large-Scale Purchase on the common interests of the shareholders of the Company by taking into account the Necessary Information, including the Management Basic Policy after Purchase, provided by the Large-Scale Purchaser, and obtaining the advice of outside experts, etc., as necessary, and give utmost respect to the recommendations of the Independent Committee, before making judgment.

## **(2) In the Event a Large-Scale Purchaser Does Not Observe the Large-Scale Purchase Rules**

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchase to protect the common interests of the shareholders of the Company. Countermeasures include the issuance of stock acquisition rights or any other measures that the Board of Directors of the Company is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company. When determining whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the Board of Directors shall sufficiently consider to a reasonable extent various facts on the side of the Large-Scale Purchaser, including the facts that the Large-Scale Purchaser may not necessarily have detailed information with respect to the Company or that there are items with respect to which the Large-Scale Purchaser is not expected to disclose voluntarily due to its takeover strategy (for example, specific figures of profits after acquisition, etc.), and at least shall not determine that the Large Scale Purchaser has not complied with the Large-Scale Purchase Rules solely for the reason that part of the Necessary Information that has been requested by the Board of Directors of the Company has not been provided by the Large-Scale Purchaser. The Board of Directors of the Company shall decide whether or not a Large-Scale Purchaser observes the Large-Scale Purchase Rules and whether it is appropriate to take countermeasures by taking into account the opinions of outside experts, etc. and by giving the utmost respect to the recommendations of the Independent Committee.

The Board of Directors of the Company will select the specific countermeasures that it deems most appropriate at that time and adopt such countermeasures after receiving the recommendations of the Independent Committee. Depending on the content of the countermeasures selected, the Board of Directors may request resolutions of the general meeting of shareholders in accordance with the laws and regulations or provisions of the Articles of Incorporation, or approval by the shareholders present at the general meeting of shareholders based on the recommendations of the Independent Committee.

In the event the Board of Directors of the Company elects to issue stock acquisition rights as a specific countermeasure, the outline of such stock acquisition rights shall be as described in Appendix 2 attached hereto; however, if the Board of Directors of the Company actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the conditions for exercise, acquisition terms and acquisition conditions etc., of the stock acquisition rights considering the effectiveness thereof as a countermeasure, including, for instance, the condition not to belong to a specific Group of Shareholders with a 20% or more Voting Rights Ratio.

## **(3) Cessation, etc. of Taking Countermeasures**

When the Board of Directors of the Company, after having decided to take the exceptional measures described in III 4(1) above or the countermeasures described in III 4(2) above, judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by the Large-Scale Purchaser of the Large-Scale Purchase, it may cease to take or change countermeasures upon giving the utmost respect to the recommendations of the Independent Committee.

For example, when the Board of Directors of the Company judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by a Large-Scale Purchaser of the Large-Scale Purchase in the case of the gratuitous allotment of stock acquisition rights, even after shareholders

who are entitled to receive stock acquisition rights have been determined, it may cease the countermeasures, as follows:

- (1) Until the effective date of the stock acquisition rights, the Board of Directors of the Company may cease the gratuitous allotment of stock acquisition rights upon the recommendation of the Independent Committee; or
- (2) After the gratuitous allotment of stock acquisition rights and until the exercise period begins, the Board of Directors of the Company may acquire stock acquisition rights gratuitously upon the recommendation of the Independent Committee.  
In the event of such cessation of countermeasures, the Board of Directors of the Company shall disclose the information that the Independent Committee believes necessary.

## **5 Influence, etc. on Shareholders and Investors**

### **(1) Influence, etc. of the Large-Scale Purchase Rules on Shareholders and Investors**

The purpose of the Large-Scale Purchase Rules is to provide the shareholders of the Company with the information necessary for them to determine whether or not to accept a Large-Scale Purchase in addition to the opinion of the Board of Directors of the Company that is actually in charge of the Company's management, and to ensure that the shareholders of the Company have opportunities to receive any alternative plans. The Board of Directors of the Company believes that under the Large-Scale Purchase Rules, the shareholders of the Company, with sufficient information, will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the shareholders of the Company shall be protected. Accordingly, the Board of Directors of the Company believes that the establishment of the Large-Scale Purchase Rules is a prerequisite for appropriate investment decisions of the shareholders of the Company and investors and is for the interest of the shareholders of the Company and investors.

The Board of Directors of the Company hereby advises the shareholders of the Company and investors to observe carefully any actions by a Large-Scale Purchaser, because the policy of the Company will differ depending on whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III 4 above.

### **(2) Influence, etc. of Countermeasures on Shareholders and Investors**

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the Board of Directors of the Company may take countermeasures, which the Board of Directors of the Company is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company, to protect the common interests of the shareholders of the Company. However, given the structure of the countermeasures, the Board of Directors of the Company does not expect that taking such countermeasures will cause any legal or economic damage or loss to the shareholders of the Company (excluding a Large-Scale Purchaser who does not observe the Large-Scale Purchase Rules or implements a Large-Scale Purchase which is considered to clearly and seriously damage the common interests of the shareholders of the Company). When the Board of Directors of the Company elects to take any specific countermeasure, the Board of Directors of the Company will make an appropriate disclosure in a timely

manner in accordance with the relevant laws, regulations and stock exchange regulations.

The procedures related to the shareholders of the Company in respect of the issuance of stock acquisition rights, as one of the possible countermeasures, are as follows.

With respect to the issuance of stock acquisition rights, it may be necessary for the shareholders to make a payment of certain amount of money within a specific period in order to acquire new shares upon exercising his/her stock acquisition rights. When the Board of Directors of the Company decides to acquire stock acquisition rights, it may issue new stock to shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the stock acquisition rights. Details of these procedures will be informed in accordance with the laws and regulations in the event of actual issuance of stock acquisition rights. However, in order for shareholders to acquire the stock acquisition rights, the shareholders of the Company need to be recorded in the register of shareholders as of the end of the date of the allotment of the stock acquisition rights to be separately decided upon and publicly announced by the Board of Directors of the Company.

In addition, in the event the Board of Directors of the Company ceases to issue stock acquisition rights or acquire issued stock acquisition rights gratuitously, upon the recommendation of the Independent Committee, the share value shall not be diluted, so that shareholders and investors, who purchased or sold shares after the date of the expiration of the gratuitous allotment of stock acquisition rights on the assumption that the stock value of the Company would be diluted do not suffer unexpected losses because of movements in share price.

## **6 Period of Validity, and Expiration and Repeal of the Policy**

The Policy shall continue to be in effect, provided it is approved at the General Meeting, and the Policy will remain effective until the close of the Company's 99<sup>th</sup> Ordinary General Meeting of Shareholders to be held on or before March 31, 2023.

However, the Policy may be repealed, even during the period of validity, if a repeal of the Policy is resolved at the general meeting of shareholders. Furthermore, the Policy shall be repealed on the date of resolution of the Board of Directors of the Company if it adopts a resolution of repeal of the Policy without the resolution of the general meeting of shareholders. If the Policy is determined to be repealed, the Board of Directors of the Company shall promptly give notice of such fact.

In addition, during the period of validity of the Policy, from the viewpoint of the improvement of corporate value and, ultimately, the protection of the common interests of the shareholders of the Company, the Board of Directors of the Company will review the Policy from time to time in light of improvement of related laws and regulations and the listing system of the Tokyo Stock Exchange and the Sapporo Stock Exchange, and may change the Policy upon the approval of the Company's general meeting of shareholders. In such case, the Board of Directors of the Company will promptly disclose the content of such change.

Although the period of validity of the Policy is approximately three years, up to the close of the Company's 99<sup>th</sup> Ordinary General Meeting of Shareholders, as described above, the Policy may be repealed by the resolution of the general meeting of shareholders or the Board of Directors of the Company before the expiration of the period of validity of the Policy. Moreover, the Board of Directors



of the Company may exempt the application of the Policy to a specific purchase of shares, etc. of the Company, even during the period of validity of the Policy, by consenting in advance to the purchase. Therefore, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Directors of the Company (excluding a Director who is a member of the Audit & Supervisory Committee) is one year and the Company has not adopted a staggered board, the Policy is not a slow-hand takeover defense measure either (i.e., a takeover defense measure the triggering of which takes more time to stop due to the fact that the Directors cannot be replaced all at once), and the Policy can be repealed by way of replacing the Directors (excluding a Director who is a member of the Audit & Supervisory Committee) at the annual general meeting of shareholders.

#### **IV The Policy Will Comply with the Basic Policy on Company Control, So As Not to Damage the Common Interests of Shareholders and Not to Pursue the Maintenance of the Status of Directors and Reasons Therefor**

##### **(1) The Policy Will Comply with the Basic Policy on Company Control**

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Independent Committee, and the influence on shareholders and investors.

In the Policy, it is stipulated that a Large-Scale Purchaser is required to provide the Board of Directors of the Company with all necessary and sufficient information concerning the Large-Scale Purchase in advance and that it may commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors of the Company has elapsed, and that the Board of Directors of the Company may take countermeasures against any Large-Scale Purchaser who does not observe these rules.

In addition, it is stipulated that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors of the Company judges that the Large-Scale Purchase by the Large-Scale Purchaser will seriously damage the common interests of the shareholders of the Company, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the common interests of the shareholders of the Company.

As set forth above, the Policy is consistent with the Basic Policy on Company Control.

##### **(2) The Policy Will Not Damage the Common Interests of Shareholders of the Company**

As described in I, the Basic Policy on Company Control is based on the assumption that the common interests of shareholders of the Company should be respected. The Policy is consistent with the Basic Policy on Company Control and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the Board of Directors of the Company and the opportunity to receive alternative plans. Because the shareholders of the Company and investors can make proper investment judgments through the Policy, it does not damage the common interests of the shareholders of the Company, but rather contributes to their interests.

In addition, we believe that the facts that, among other things, (i) the implementation and continuation of the Policy depend on the approval of shareholders of the Company, (ii) when the Board of Directors of the Company makes a material decision in relation to the Policy, it gives the utmost respect to the recommendation made by the Independent Committee, which consists of members who are independent of the management team operating businesses of the Company, and (iii) the shareholders of the Company can repeal the Policy if they so desire, ensure that the Policy will not damage the common interests of shareholders of the Company.

**(3) The Policy Will Not Pursue the Maintenance of the Status of Directors**

The Policy has a broad principle that leaves the final decision whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders of the Company, requires compliance with the Large-Scale Purchase Rules and allows countermeasures to the extent necessary to protect the common interests of the shareholders of the Company. The Policy discloses the condition that the Board of Directors of the Company may take countermeasures in advance and in detail, and countermeasures by the Board of Directors of the Company may be taken in accordance with the provisions of the Policy. The Board of Directors of the Company cannot solely implement and continue the Policy, and the approval of shareholders of the Company is necessary.

In addition, in the event that, in relation to a Large-Scale Purchase, the Board of Directors of the Company assesses and reviews the purchase, forms opinions, suggests alternative plans, negotiates with the Large-Scale Purchaser, or takes countermeasures, the Board of Directors requests advice from outside experts, etc., as necessary, and consults with the Independent Committee consisting of members who are independent of the management team operating businesses of the Company and gives utmost respect to the recommendation of the Independent Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors of the Company are ensured.

As described above, we believe that it is clear that the Policy does not pursue the maintenance of the status of Directors.

[End of document]

## Name and Personal History of the Members of Independent Committee

### Shizuka Uzawa

Jan. 1946	Born
Apr. 1969	Joined Nisshin Cotton Spinning Co., Ltd. (now Nisshinbo Holdings Inc.)
Jun. 2001	Director, Chief of Accounting and Finance Division of Joined Nisshin Cotton Spinning Co., Ltd.
Jun. 2004	Managing Director of Joined Nisshin Cotton Spinning Co., Ltd.
Jun. 2006	Director, Executive Managing Officer, and Chief of General Affairs Division of Joined Nisshin Cotton Spinning Co., Ltd.
Apr. 2007	Director, Senior Executive Managing Officer, and Chief of Paper Products Division of Joined Nisshin Cotton Spinning Co., Ltd.
Apr. 2008	Director, Senior Executive Managing Officer, and Chief of Paper Products Division and Concurrent Chief of Business Support Center of Joined Nisshin Cotton Spinning Co., Ltd.
Jun. 2009	Representative Director, President of Nisshinbo Holdings, Inc.
Jun. 2013	Representative Director, Chairman of Nisshinbo Holdings, Inc.
Mar. 2015	Outside Director of the Company (up to the present)
Jun. 2016	Advisor of Nisshinbo Holdings, Inc.

<Status of Major Concurrent Offices>

Outside Director of Japan Finance Corporation; and Outside Director of Nichirei Corporation

### Shuji Fukuda

Dec. 1951	Born
Apr. 1974	Joined Onoda Cement Co., Ltd. (now Taiheiyo Cement Corporation)
Apr. 2008	Executive Officer, Chief of Human Resources Department and Manager of the center of HR operations of Taiheiyo Cement Corporation
Oct. 2008	Executive Officer, and Chief of Human Resources Department
Aug. 2010	Director, Executive Managing Officer, and Chief of Human Resources Department of Taiheiyo Cement Corporation
Oct. 2010	Director, Executive Managing Officer of Taiheiyo Cement Corporation
Apr. 2012	Representative Director, President of Taiheiyo Cement Corporation
Apr. 2018	Director, Chairman of Taiheiyo Cement Corporation (up to the present)
Mar. 2019	Outside Director of the Company (up to the present)

<Status of Major Concurrent Offices >

Director, Chairman of Taiheiyo Cement Corporation; and Outside Director of Yakushima Denko Co., Ltd.

### Kotaro Yamamoto

Oct. 1955	Born
Apr. 1985	Registered as a lawyer (Daiichi Tokyo Bar Association) Joined Yamashita & Oshima Law Office
Sep. 1991	Registered as a qualified lawyer in the State of New York
Jun. 1994	Established YAMAMOTO & Partners Law Office (currently YAMAMOTO & SHIBASAKI Law Offices)
Apr. 2012	Vice President of Daiichi Tokyo Bar Association

<Status of Major Concurrent Offices>

Outside Director of Keihin Corporation

[End of document]

## Outline of Stock Acquisition Rights

### **1. Shareholders Who are Entitled to Receive Stock Acquisition Rights and Conditions of Issuance Thereof:**

One (1) stock acquisition right shall be allotted to a shareholder for each share of common stock of the Company held by such shareholder (excluding the Company's common stocks held by the Company), whose name is recorded in the register of shareholders as of the end of the date of allotment to be specified by the Board of Directors of the Company.

### **2. Type and Number of Shares to be Acquired upon Exercise of the Stock Acquisition Right:**

The type of shares to be acquired upon exercise of the stock acquisition right shall be common stock of the Company, and the total number of such shares shall be up to 116,000,000. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the Board of Directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company performs a stock split or a stock consolidation.

### **3. Total Number of Stock Acquisition Rights to be Issued:**

The total number of stock acquisition rights to be allotted shall be separately determined by the Board of Directors of the Company. The Board of Directors of the Company may allot stock acquisition rights in installments.

### **4. Issuance Price of Stock Acquisition Rights:**

The issuance price of the stock acquisition right is nil.

### **5. Amount to be Paid upon Exercise of Stock Acquisition Rights:**

The amount to be paid upon exercise of a stock acquisition right shall be an amount to be determined by the Board of Directors of the Company which shall be at least one (1) Japanese yen.

### **6. Restriction on Transfer of Stock Acquisition Rights:**

Stock acquisition rights may not be transferred without the approval of the Board of Directors of the Company.

### **7. Conditions of Exercise, Terms of Acquisition and Conditions of Acquisition of Stock Acquisition Rights:**

Certain conditions of exercise shall be provided, including a condition that a person belonging to a Group of Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise stock acquisition rights. Details of the conditions shall be separately determined by the Board of Directors of the Company.

In addition, there could be terms of acquisition and conditions of acquisition established. As between certain shareholder groups holding at least 20% of the Voting Rights Ratio and other shareholders, there could be differences in treatment relating to the price of the acquisition or other terms, and the stock acquisition rights held by people belonging to a certain group of shareholders holding at

least 20% of the Voting Right Ratio will not be within the class that can acquire. In the case of acquisition of the stock acquisition rights held by people belonging to a certain group of shareholders holding at least 20% of the Voting Right Ratio, the Company shall not pay cash as consideration of such stock acquisition rights. Further details will be decided separately by the Board or Directors of the Company.

**8. Exercise Period, etc. of Stock Acquisition Rights:**

The exercise period, extinguishment grounds, extinguishment conditions and other necessary subject matter of the stock acquisition rights shall be separately determined by the Board of Directors of the Company.

[End of document]

### The Major Shareholders of the Company

The major shareholders of the Company as of December 31, 2019 were as below.

Name of Shareholder	Number of Shares Held (thousands of shares)	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (on trust)	6,520	8.36
Japan Trustee Services Bank, Ltd. (on trust)	3,100	3.97
Mizuho Trust & Banking of the employee pension trust of Trust and Custody Service Bank, Ltd.	2,442	3.13
Nippon Life Insurance Company	2,237	2.87
Meiji Yasuda Life Insurance Company	2,236	2.87
The Norinchukin Bank	1,875	2.40
Marubeni Corporation	1,649	2.11
Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Trust and Custody Service Bank, Ltd.	1,594	2.04
Taisei Corporation	1,400	1.79
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,387	1.78
<b>TOTAL</b>	<b>24,443</b>	<b>31.3</b>

#### Note

1 The total number of the issued and outstanding shares of the Company is 78,794,298. The Percentage of Shares Held is calculated after deducting the number of shares held by the Company as treasury stock (763,242 shares).

2 2,442,000 shares held by Mizuho Trust & Banking of the employee pension trust of Trust and Custody Service Bank, Ltd., are trust assets of the employee pension trust entrusted to Trust and Custody Service Bank, Ltd. by Mizuho Trust & Banking Co., Ltd., and the voting rights of such shares are retained by Mizuho Trust & Banking Co., Ltd. Other than those set forth above, Mizuho Trust & Banking Co., Ltd. has 832,000 shares.

3 The 1,594,000 shares held by Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Trust and Custody Service Bank, Ltd., are trust assets of the employee pension trust entrusted to Trust and Custody Service Bank, Ltd. by Mizuho Bank, Ltd., and the voting rights of such shares are retained by Mizuho Bank, Ltd.

4 As of July 1, 2016, the shares of the Company have been consolidated (five (5) shares consolidated into one (1) share) and the number of shares in one share unit has been modified from 1,000 shares to 100 shares.

[End of document]