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(Securities Code: 2270)  
June 3, 2020

**To Shareholders with Voting Rights:**

1-1, Naebocho 6-chome, Higashi-ku,  
Sapporo City, Hokkaido  
MEGMILK SNOW BRAND Co., Ltd.  
Representative Director and President  
Keiji Nishio

**NOTICE OF  
THE 11TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are hereby informed that the 11th Annual General Meeting of Shareholders of MEGMILK SNOW BRAND Co., Ltd. (the "Company") will be held for the purposes as described below.

In a bid to prevent the spread of the new coronavirus infection, the venue has changed from Sapporo to Tokyo for this year's Meeting. We place the highest priority on the safety of our shareholders and **sincerely ask you to refrain from visiting the venue to attend the Meeting.**

**As the number of shareholders permitted to enter the venue on the day is limited due to space (20 persons), the Company has introduced a pre-registration requirement for attending this Meeting.** Please follow the pre-registration procedure described on page 5 if you wish to attend the Meeting on the day.

In exercising your voting rights in advance, please review the attached "Reference Documents for the General Meeting of Shareholders," **indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it, or exercise your voting rights via the Internet. Voting rights must be exercised by 6:00 p.m. on Tuesday, June 23, 2020, Japan time.**

- 1. Date and Time:** Wednesday, June 24, 2020 at 9:30 a.m., Japan time  
(Reception begins at 9:00 a.m.)
- 2. Place:** **Head Office Conference Room on 9th Floor, MEGMILK SNOW BRAND Co., Ltd. 5-1, Yotsuya-Honshio-cho, Shinjuku-ku, Tokyo**  
The Meeting will be held at a location significantly further from the location used in the past, in light of the expansion of the new coronavirus infection, and as part of efforts to prevent the possibility that the movement of officers and staff across prefectures could spread the infection. In addition, the Meeting will be held in our conference room to prioritize using a venue in a stable manner.
- 3. Meeting Agenda:**  
**Matters to be reported:** The Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the Company's 11th Fiscal Year (April 1, 2019 - March 31, 2020) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements  
**Proposals to be resolved:**
  - Proposal 1:** Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
  - Proposal 2:** Election of Three Directors Serving as Audit and Supervisory Committee Members
  - Proposal 3:** Election of Two Substitute Directors Serving as Audit and Supervisory Committee Members

- Proposal 4:** Revision of the Compensation Amount for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 5:** Determination of the Amount and Details of Performance-based Stock Compensation for Directors

#### 4. Matters Concerning Exercise of Voting Rights, etc.

Please review “Matters Concerning Exercise of Voting Rights” on pages 3-4.

#### 5. Matters Concerning the Meeting

- (1) For shareholders who have given consent to receive Notices of General Meetings of Shareholders via the Internet and indicated that paper copies of the Voting Rights Exercise Form are not required, the Company has not sent Voting Rights Exercise Forms. If you plan to attend on the day of the Meeting, please request a paper copy of the Voting Rights Exercise Form from the shareholder registry administrator (Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.) by Tuesday, June 16, 2020 at 5:00 p.m., Japan time.
- (2) Votes may only be exercised via proxy if the proxy is a shareholder with voting rights in the Company. You may not designate more than one proxy. Additionally, in this event, the Voting Rights Exercise Form of the shareholder must be submitted accompanied by written documentation proving the authority of the proxy.
- (3) Shareholders who require assistance or Japanese interpretation are allowed to be accompanied by one caregiver or interpreter. However, unless these accompanying individuals are shareholders with voting rights, their speech and conduct will be limited to their capabilities as a caregiver or interpreter.

[Contact Information for Voting Rights Exercise Form Requests]  
Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.  
8-4 Izumi 2-chome, Suginami-ku, Tokyo, 168-8507  
Telephone: 0120-288-324 (Toll free within Japan)  
Hours of operation: 9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays, and holidays)

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- When attending on the day of the Meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist. We also request that you bring these documents with you to as reference.
  - In the event that there are revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised versions shall be posted on the Company’s website.
  - Of the documents to be provided with this Notice of General Meeting of Shareholders, the following items are posted on the Company’s website in accordance with laws and regulations and Article 16 of the Company’s Articles of Incorporation, and are not included in this booklet. As a result, the content of this booklet is a subset of the documents audited by the Audit and Supervisory Committee and the Accounting Auditor to prepare the Audit Reports.
    1. Basic Policies on Control of a Stock Company
    2. Consolidated Statement of Changes in Net Assets
    3. Notes to Consolidated Financial Statements
    4. Non-consolidated Statement of Changes in Net Assets
    5. Notes to Non-consolidated Financial Statements
  - Please note that the proceedings of this General Meeting of Shareholders will be conducted entirely in Japanese.

Company’s website (<https://www.meg-snow.com/>)

# Matters Concerning Exercise of Voting Rights

## 1. Exercise of Voting Rights via Mail

Please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form, and **return it so that it arrives by 6:00 p.m. on Tuesday, June 23, 2020, Japan time.**

## 2. Exercise of Voting Rights via the Internet

### (1) Voting Rights Exercise Website

In lieu of exercising voting rights via writing, voting rights may be exercised on the “Voting Rights Exercise Website” (below) designated by the Company. For shareholders who wish to exercise voting rights via the Internet, please log in and follow the on-screen instructions by utilizing the voting rights exercise code and password printed along the right edge of the enclosed Voting Rights Exercise Form. For security purposes, you will be required to change your password upon initial login.

**<https://soukai.mizuho-tb.co.jp/>**

### (2) Exercise of Voting Rights

- a. **Votes exercised by 6:00 p.m. on Tuesday, June 23, 2020, Japan time are valid.**
- b. In the event that voting rights are exercised both via writing and the Internet, the vote cast via the Internet shall be deemed valid.
- c. In the event that voting rights are exercised multiple times via the Internet, the most recent vote cast shall be deemed valid.

### (3) Passwords

- a. Passwords (including those modified by shareholders) are valid only for this general meeting. New passwords will be issued for the next General Meeting of Shareholders.
- b. Passwords are an important method to verify the identity of shareholders that are exercising votes via the voting rights exercise website. Please ensure that other people do not know your password. The Company and the shareholder registry administrator (Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.) will never request passwords from shareholders.
- c. After a certain number of failed login attempts, the password will become locked and invalid. If it becomes locked, please follow the on-screen instructions.

(4) Other Matters to Note

- a. Expenses to use the Internet (Internet service provider fees, transmission fees, etc.) are to be borne by the shareholder.
- b. The voting rights exercise website has been tested with typical Internet connection equipment, but the website may not be accessible depending upon your equipment.
- c. For any questions, please contact the organizations below.

[Contact Information]

1. Dedicated line for inquiries concerning using the voting rights exercise website, etc.  
Internet Help Center, Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.  
Telephone: 0120-768-524 (Toll free within Japan)  
Hours of operation: 9:00 a.m. to 9:00 p.m. (excluding Saturdays, Sundays, and holidays)
2. Inquiries concerning questions other than 1. above  
Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.  
Telephone: 0120-288-324 (Toll free within Japan)  
Hours of operation: 9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays, and holidays)

◇ Exercise of Voting Rights via the “Electronic Voting Rights Exercise Platform” for Institutional Investors

Institutional investors that have applied to use the Electronic Voting Rights Exercise Platform operated by ICJ Co., Ltd. ahead of time may use the Platform as the electronic method for exercise of voting rights for this General Meeting of Shareholders of the Company.

## < Pre-registration Requirement for Attending the Annual General Meeting of Shareholders >

As the number of shareholders permitted to enter the venue on the day of the Meeting is limited due to space, the Company has introduced a pre-registration requirement for attending the Meeting. If the Company receives pre-registration applications more than the seating capacity (20 seats), successful applicants will be decided by a fair lottery. Only shareholders who apply in advance and are successful in their application can attend the General Meeting of Shareholders on the day.

The pre-registration method is as follows.

### 1. Application method

- (1) If you wish to pre-register, please apply for pre-registration by sending an email to the following address:  
[soukai@meg-snow.com](mailto:soukai@meg-snow.com)  
If you wish to apply for pre-registration by post, please send your application to the following address.  
Office of the General Meeting of Shareholders, General Affairs Dept.  
MEGMILK SNOW BRAND Co., Ltd.  
5-1, Yotsuya-Honshio-cho, Shinjuku-ku, Tokyo, 160-8575
- (2) Information requested in advance
  - a. Name/Company name (In the case of a company, the department name, title, and name of the attendee)
  - b. Address
  - c. Shareholder number
  - d. Number of shares owned
- (3) Application deadline  
No later than 6:00 p.m., Japan time on Monday, June 15, 2020

### 2. Result of pre-registration application

You will be notified by e-mail of the result of pre-registration application by Thursday, June 18, 2020 (If you apply by post, the result will be dispatched by the above date by post). Shareholders who were not selected as successful applicants as a result of the lottery are kindly requested to exercise their voting rights by mail or via the Internet.

### 3. Notes

- (1) Shareholders who were successful to pre-register are kindly requested to submit the Voting Rights Exercise Form to the receptionist when attending the Meeting on the day. Additionally, in the wake of the spread of the new coronavirus infection, various infection prevention measures will be implemented at the venue. We kindly ask you to cooperate with mask-wearing, temperature-measurement, and other measures to be taken on the day. Please see page 6 for details.
- (2) Please note that if the Company receives pre-registration applications more than the seating capacity (20 seats), any shareholder other than those successful applicants will not be able to attend the Meeting. We will inform you of the application status at the application deadline on our website.

Company's website (<https://www.meg-snow.com/>)

**< Announcement Regarding the New Coronavirus Infectious Disease >**

We place the highest priority on the safety of our shareholders and sincerely ask you to refrain from visiting the venue to attend the Meeting.

We will implement the following measures to prevent the infection on the day of the Meeting.

- Please wear a mask when visiting the venue. Anyone without a mask will not be admitted.
- Alcohol sanitizers will be provided at the entrance of the venue. Please use it to disinfect your hands and fingers.
- We will take body temperatures of visitors at the entrance of the venue. Those who are found to have a fever of 37.5 degrees Celsius or higher by temperature-measurement will not be admitted (The Company does not allow anyone whose body temperature is above 37.5 degrees Celsius to enter the building). In addition, we may decline the entry of anyone who appears to be sick.
- The proceedings of this year's Meeting are likely to be shorter than usual.
- Souvenirs and beverages will not be provided at the Meeting.
- The number of seats will be limited (20 seats) as we ensure large space between seats.
- The Company's officers and staff will handle the Meeting with masks on.
- A video-recording of the Meeting will be uploaded onto the Company's website by around the end of June 2020.
- We will notify you on the Company's web site if there are any other measures or changes to prevent the spread of the new coronavirus infection.

Company's website (<https://www.meg-snow.com/>)

## Reference Documents for the General Meeting of Shareholders

### Proposals and References

**Proposal 1:** Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The term of office of all six Directors (excluding Directors Serving as Audit and Supervisory Committee Members; hereinafter the same applies within this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of six Directors is proposed.

In the event that the election of the Directors is approved, the term of office of Directors will be up to the conclusion of the next Annual General Meeting of Shareholders.

The candidates for Director were decided after deliberation by the Nomination Advisory Committee, which comprises of a majority of independent External Directors.

In addition, the Audit and Supervisory Committee has stated that there are no issues to be noted for this proposal.

The candidates for Director are as follows:

No.	Name	Present positions at the Company	Present responsibilities at the Company	Candidate category
1	Keiji Nishio	Representative Director and President	Overall management	Reappointment
2	Shigeru Nishibaba	Representative Director and Executive Vice President	Overall management, assistant to the President, In charge of Internal Audit and Logistics	Reappointment
3	Hideki Motoi	Representative Director and Executive Vice President	Overall management, assistance to the President, In charge of General Affairs, Secretarial Dept. and Personnel	Reappointment
4	Toshio Itabashi	Managing Executive Officer	In charge of Marketing, Dairy Foods Marketing, and Milk Beverages & Desserts Marketing	New appointment
5	Takehiko Inoue	General Manager, Production Dept.		New appointment
6	Hisa Anan	External Director		Reappointment External Director Independent Officer

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p>Reappointment Keiji Nishio (February 19, 1959)</p> <p>Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p> <p>Years in office 7 years</p>	<p>April 1981      Joined Snow Brand Milk Products Co., Ltd.</p> <p>April 2002      General Manager, Dairy &amp; Grocery Foods Division of Snow Brand Milk Products Co., Ltd.</p> <p>October 2002    General Manager, Dairy, Grocery Foods &amp; Wine Marketing Dept. of Snow Brand Milk Products Co., Ltd.</p> <p>June 2003      Executive Officer and General Manager, Dairy, Grocery Foods &amp; Wine Marketing Dept. of Snow Brand Milk Products Co., Ltd.</p> <p>January 2004    Executive Officer and Deputy General Manager, Cheese Division of Snow Brand Milk Products Co., Ltd.</p> <p>June 2004      Managing Executive Officer and Chief Operations Officer, Kanto Regional Sales Division of Snow Brand Milk Products Co., Ltd.</p> <p>June 2009      Managing Executive Officer, General Manager, Sales Promotion Dept., and Chief Operations Officer, Kanto Regional Sales Division of Snow Brand Milk Products Co., Ltd.</p> <p>October 2009    Director, Executive Officer, General Manager, Sales Promotion Dept., and Chief Operations Officer, Kanto Regional Sales Division of Snow Brand Milk Products Co., Ltd.</p> <p>April 2011      Executive Officer and General Manager, Marketing Control Dept. of the Company</p> <p>June 2013      Director and Executive Officer</p> <p>March 2014     Director, Executive Officer, and General Manager, Milk Beverages &amp; Desserts Marketing Dept.</p> <p>April 2015      Representative Director and President</p> <p>May 2018      President and Representative Director of Japan Dairy Trade Co., Ltd. (current position)</p> <p style="text-align: right;">To the present</p> <p>(Responsibilities) In charge of overall management</p> <p>(Significant concurrent positions) Chairman of Japan Cheese Promotion Council Committee Chair of Japan Cheese Fair Trade Council President and Representative Director of Japan Dairy Trade Co., Ltd. Chairman of Japan Dairy Industry Association</p>	Common stock 12,582 shares
<p>[Reasons for selecting the candidate for Director]</p> <p>Mr. Keiji Nishio possesses abundant experience and wide-ranging insight as a corporate manager and is familiar with the Company's business including management planning, sales planning, and product planning, and has shown leadership as a top executive by setting forth clear management policies and others. The Company has determined that he possesses experience and ability fitting of a Director of the Company and has reappointed him as candidate for Director.</p>			



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Reappointment Shigeru Nishibaba (October 16, 1956)</p> <p>Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p> <p>Years in office 2 years</p>	<p>April 1979      Joined National Federation of Agricultural Cooperative Associations (ZEN-NOH)</p> <p>February 2000      General Manager, Central Livestock Center Meat Dept. of ZEN-NOH</p> <p>February 2004      Manager, Meat Div., Headquarters Livestock Sales Dept. of ZEN-NOH</p> <p>September 2006      Managing Director and General Manager, Business Planning Dept. of JA ZEN-NOH MEAT FOODS CO., LTD.</p> <p>August 2007      Adviser of ZEN-NOH</p> <p>August 2010      Senior Managing Director of ZENNOH CHICKEN FOODS CORPORATION</p> <p>June 2011      Representative Director and President of ZENNOH CHICKEN FOODS CORPORATION</p> <p>August 2012      Adviser of the Company</p> <p>June 2013      Director and Executive Officer</p> <p>June 2014      Director, Executive Officer and General Manager, Institutional Foods Dept.</p> <p>April 2015      Director and Executive Officer</p> <p>June 2016      Managing Executive Officer</p> <p>June 2018      Representative Director and Executive Vice President</p> <p style="text-align: right;">To the present</p> <p>(Responsibilities) In charge of overall management, assistance to the President, Internal Audit and Logistics</p>	Common stock 15,230 shares
<p>[Reasons for selecting the candidate for Director] Mr. Shigeru Nishibaba possesses abundant experience and wide-ranging insight as a corporate manager and is familiar with management planning, marketing divisions, and others, and has shown leadership as a management executive. The Company has determined that he possesses experience and ability fitting of a Director of the Company and has reappointed him as candidate for Director.</p>			
3	<p>Reappointment Hideki Motoi (December 20, 1961)</p> <p>Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p> <p>Years in office 4 years</p>	<p>April 1984      Joined The Norinchukin Bank</p> <p>July 2004      General Manager, Naha Branch of The Norinchukin Bank</p> <p>August 2005      General Manager of JA Sales Dept. of Mizuho Securities Co., Ltd.</p> <p>July 2007      Deputy General Manager, Credit &amp; Alternative Portfolio Planning Div. of The Norinchukin Bank</p> <p>July 2009      General Manager, Corporate Planning Dept. of Snow Brand Milk Products Co., Ltd.</p> <p>October 2009      General Manager, Corporate Planning Dept. of the Company</p> <p>April 2011      General Manager, Corporate Planning Div.</p> <p>July 2011      General Manager, Agriculture, Forestry, Fishery &amp; Ecology Business Planning Div. of The Norinchukin Bank</p> <p>June 2014      Managing Director of The Norinchukin Bank</p> <p>May 2016      Adviser of the Company</p> <p>June 2016      Director and Managing Executive Officer</p> <p>June 2019      Representative Director and Executive Vice President</p> <p style="text-align: right;">To the present</p> <p>(Responsibilities) In charge of overall management, assistance to the President, General Affairs, Secretarial Dept. and Personnel</p>	Common stock 3,801 shares
<p>[Reasons for selecting the candidate for Director] Mr. Hideki Motoi possesses abundant experience and wide-ranging insight as a corporate manager and is familiar with the fields such as management planning, personnel, finance, information systems, and others, and has shown leadership as a management executive of the Company. The Company has determined that he possesses experience and ability fitting of a Director of the Company and has reappointed him as candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
4	New appointment Toshio Itabashi (July 9, 1961)	April 1984	Joined Snow Brand Milk Products Co., Ltd.	Common stock 6,336 shares
		January 2005	General Manager, Kanto Regional Sales Office of Snow Brand Milk Products Co., Ltd.	
April 2006	General Manager in charge of Household Products Division of Snow Brand Milk Products Co., Ltd.			
February 2007	General Manager, Chubu Regional Sales Office of Snow Brand Milk Products Co., Ltd.			
June 2009	Deputy Chief Operations Officer, Kanto Regional Sales Division of Snow Brand Milk Products Co., Ltd.			
April 2011	Deputy Senior General Manager, Kanto Regional Sales Headquarters of the Company			
April 2013	Deputy Senior General Manager, Kansai Regional Sales Headquarters			
March 2014	Managing Executive Officer and Senior General Manager, Kansai Regional Sales Headquarters			
April 2015	General Manager dedicated to the President			
June 2015	Director and Executive Officer			
	June 2016	Managing Executive Officer	To the present	
	(Responsibilities)	In charge of Marketing, Dairy Foods Marketing and Milk Beverages & Desserts Marketing		
[Reasons for selecting the candidate for Director] As Mr. Toshio Itabashi has abundant experience in the sales division, and is particularly familiar with the fields of sales strategy, product planning, and marketing, the Company has determined that he possesses experience and ability fitting of a Director of the Company and has appointed him as candidate for Director.				
5	New appointment Takehiko Inoue (December 15, 1965)	April 1989	Joined Snow Brand Milk Products Co., Ltd.	Common stock 474 shares
		April 2015	General Manager, Fukuoka Plant of the Company	
April 2017	General Manager, Taiki Plant			
April 2019	General Manager, Production Dept.			
			To the present	
[Reasons for selecting the candidate for Director] As Mr. Takehiko Inoue has abundant and wide-ranging experience in the production division, and is particularly familiar with the fields of production technology and production control, the Company has determined that he possesses experience and ability fitting of a Director of the Company and has appointed him as candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	<p>Reappointment External Director Independent Officer Hisa Anan (February 17, 1950)</p> <p>Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p> <p>Years in office 5 years</p>	<p>June 1991 Director of CO-OP TOKYO</p> <p>June 1999 Director of Tokyo Consumers' Co-operative Union</p> <p>June 2001 Director of Japanese Consumers' Co-operative Union</p> <p>August 2003 Director of National Federation of Workers and Consumers Insurance Cooperatives</p> <p>October 2007 Secretariat of SHODANREN</p> <p>May 2008 Secretary General of SHODANREN</p> <p>August 2012 Secretary-General of Consumer Affairs Agency</p> <p>August 2014 Retired from position as Secretary-General of Consumer Affairs Agency</p> <p>June 2015 External Director of the Company</p> <p>To the present</p> <p>(Significant concurrent positions) Representative Director of Association to Create a Society with Consumer Citizenship</p>	<p>Common stock 1,186 shares</p>
<p>[Reasons for selecting the candidate for External Director] Although Ms. Hisa Anan has not been previously involved in corporate management directly, as she has abundant experience in consumer organizations and has served as the Secretary-General of Consumer Affairs Agency, etc., and is particularly familiar with the field of consumer lifestyle and others, the Company has determined that she can draw on her background to provide guidance, recommendations and supervision for the Company's management and has reappointed her as candidate for External Director.</p> <p>[Independence as an External Director] Ms. Hisa Anan has been filed as an Independent Officer provided for by the Tokyo Stock Exchange and Sapporo Stock Exchange. If this proposal is approved and Ms. Hisa Anan assumes the position as External Director, she will continue to be filed as an Independent Officer.</p> <p>She is not scheduled to receive large sums of money or property (excluding remuneration as a Director) from the Company or parties related to the Company, and has not received such items during the past two years. In addition, she is not a spouse, a relative within the third degree of kinship or the equivalent thereof of an executive officer or a non-executive director of the Company or a business entity that has a special relationship with the Company.</p>			

(Notes)

1. Mr. Keiji Nishio is President and Representative Director of Japan Dairy Trade Co., Ltd., of which the Company holds 30.1% of its stock, and there are competitive relationships between the Company and said company in the real estate leasing business. There are no special interests between other candidates and the Company.
2. The number of years in office for each candidate are as of the conclusion of this Annual General Meeting of Shareholders.
3. Ms. Hisa Anan is a candidate for External Director.
4. Ms. Hisa Anan is currently an External Director of the Company, and her term of office as External Director of the Company will be five years at the conclusion of this Annual General Meeting of Shareholders.
5. Conclusion of limited liability contract with candidate for External Director  
The Company has concluded a liability limitation contract pursuant to Article 423, Paragraph 1 of the Companies Act with Ms. Hisa Anan. The terms of the contract have stipulated that her upper limit of liability toward the Company is ¥10 million, or the amount provided by laws and regulations, whichever is greater. If she is reappointed Director, the Company plans to continue with said contract.
6. Designation of Independent Officers is made pursuant to the "MEGMILK SNOW BRAND Co., Ltd. Independence Standards for External Directors" on pages 18-19.

**Proposal 2:** Election of Three Directors Serving as Audit and Supervisory Committee Members

The term of office of all three Directors Serving as Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of three Directors Serving as Audit and Supervisory Committee Members is proposed.

In the event that the election of the Directors Serving as Audit and Supervisory Committee Members is approved, the term of the office of the Directors Serving as Audit and Supervisory Committee Members will be up to the conclusion of the 13th Annual General Meeting of Shareholders.

The candidates for Directors Serving as Audit and Supervisory Committee Members were decided after deliberation by the Nomination Advisory Committee, which comprises of a majority of independent External Directors.

This proposal has been approved in advance by the Audit and Supervisory Committee.

The candidates for Directors Serving as Audit and Supervisory Committee Members are as follows.

No.	Name	Present positions at the Company	Candidate category
1	Shinya Kosaka	Director and Senior Managing Executive Officer	New appointment
2	Ikuo Nishikawa	External Director Serving as Audit and Supervisory Committee Member	Reappointment External Director Independent Officer
3	Akito Hattori	External Director Serving as Audit and Supervisory Committee Member	Reappointment External Director Independent Officer

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p data-bbox="247 571 446 660">New appointment Shinya Kosaka (September 15, 1957)</p> <p data-bbox="247 694 446 817">Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p>	<p data-bbox="470 268 1292 302">April 1980      Joined Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 302 1292 358">April 2002      General Manager, Corporate Planning Dept. of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 358 1292 414">January 2003    General Manager, Supply Chain Management Dept. of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 414 1292 470">June 2003      Executive Officer and General Manager, Supply Chain Management Dept. of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 470 1292 526">January 2004    Executive Officer and General Manager, Cheese Division of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 526 1292 582">April 2005      Executive Officer and General Manager, Institutional Foods Division of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 582 1292 638">June 2006      General Manager, Institutional Foods Division of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 638 1292 694">October 2006    General Manager, Investment Planning Dept. of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 694 1292 750">October 2007    General Manager, Distribution Dept. of Snow Brand Milk Products Co., Ltd.</p> <p data-bbox="470 750 1292 806">October 2009    Deputy General Manager, Integration Strategy Dept. of the Company</p> <p data-bbox="470 806 1292 840">April 2010      General Manager, Integration Strategy Dept.</p> <p data-bbox="470 840 1292 873">April 2011      Executive Officer</p> <p data-bbox="470 873 1292 907">June 2011      Director and Executive Officer</p> <p data-bbox="470 907 1292 940">June 2013      Director and Managing Executive Officer</p> <p data-bbox="470 940 1292 974">June 2016      Director and Senior Managing Executive Officer</p> <p data-bbox="470 974 1292 1008" style="text-align: right;">To the present</p> <p data-bbox="470 1008 1292 1041">(Responsibilities)</p> <p data-bbox="470 1041 1292 1108">In charge of Corporate Planning Div., Administration and Affiliated Company Control</p>	<p data-bbox="1316 616 1460 683">Common stock 12,691 shares</p>
<p data-bbox="255 1120 1324 1153">[Reasons for selecting the candidate for Director Serving as Audit and Supervisory Committee Member]</p> <p data-bbox="255 1153 1452 1265">As Mr. Shinya Kosaka has abundant experience in the administration division and has extensive and deep knowledge and insight based on his management experience at the Company, the Company has determined that he possesses experience and ability fitting of an individual who will supervise and audit Directors' business execution, and has appointed him as candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	<p>Reappointment External Director Independent Officer Ikuo Nishikawa (July 1, 1951)</p> <p>Record of attendance at Board of Directors meetings 18 out of 18 (100%)</p> <p>Years in office 4 years</p>	<p>October 1974      Joined Eiko Accounting Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>September 1990      Representative Partner of KPMG Century Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>January 1993      Japanese Representative, Board of Directors, International Accounting Standards Committee (IASC)</p> <p>July 1995      Executive Director of The Japanese Institute of Certified Public Accountants</p> <p>June 1998      Retired from Japanese Representative, Board of Directors, International Accounting Standards Committee (IASC)</p> <p>June 2001      Retired from Executive Director of The Japanese Institute of Certified Public Accountants</p> <p>July 2001      Retired from Shin Nihon &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>August 2001      Vice Chairman of The Accounting Standards Board of Japan</p> <p>April 2007      Chairman of The Accounting Standards Board of Japan</p> <p>April 2012      Professor of Faculty of Business and Commerce, Keio University</p> <p>June 2014      Outside Director of Eisai Co., Ltd.</p> <p>June 2014      External Audit &amp; Supervisory Board Member of the Company</p> <p>June 2016      Outside Director of Daiwa Securities Group Inc. (current position)</p> <p>June 2016      Outside Audit &amp; Supervisory Board Member of Mitsubishi Corporation (current position)</p> <p>June 2016      External Director Serving as Audit and Supervisory Committee Member of the Company</p> <p>April 2017      Visiting Professor of Graduate School of Business and Commerce, Keio University (current position)</p> <p>June 2019      Outside Audit &amp; Supervisory Board Member of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (current position)</p> <p style="text-align: right;">To the present</p> <p>(Significant concurrent positions)</p> <p>Outside Director of Daiwa Securities Group Inc.</p> <p>Outside Audit &amp; Supervisory Board Member of Mitsubishi Corporation</p> <p>Outside Audit &amp; Supervisory Board Member of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd.</p>	Common stock 1,160 shares
<p>[Reasons for selecting the candidate for External Director Serving as Audit and Supervisory Committee Member] Although Mr. Ikuo Nishikawa has not been previously involved in corporate management directly, as he has a specialized and high degree of knowledge and wide-ranging experience regarding finance and accounting as a certified public accountant, the Company has determined he will be able to draw on his background in the supervision and auditing of Directors' business execution, and has reappointed him as candidate for Director Serving as Audit and Supervisory Committee Member. The Company designates Directors Serving as Audit and Supervisory Committee Members pursuant to the "Nomination Policies for Candidates for Director" on pages 18-19 by including at least one person with expertise on finance and accounting.</p> <p>[Independence as an External Director Serving as Audit and Supervisory Committee Member] Mr. Ikuo Nishikawa has been filed as an Independent Officer provided for by the Tokyo Stock Exchange and Sapporo Stock Exchange. If this proposal is approved, he will continue to be filed as an Independent Officer. He is not scheduled to receive large sums of money or property (excluding remuneration as a Director) from the Company or parties related to the Company, and has not received such items during the past two years. In addition, he is not a spouse, a relative within the third degree of kinship or the equivalent thereof of an executive officer or a non-executive director of the Company or a business entity that has a special relationship with the Company.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Reappointment External Director Independent Officer Akito Hattori (November 28, 1958)  Record of attendance at Board of Directors meetings 18 out of 18 (100%)  Years in office 2 years	<p>April 1989 Registered as an attorney Joined Miyake, Hatazawa &amp; Yamazaki Law Office</p> <p>April 1991 Joined Ozaki Law Office</p> <p>November 2006 Established Akito Hattori Law Office</p> <p>January 2013 Representative Director and President of Haigwarazaimokuten, Inc. (current position)</p> <p>September 2016 Outside Corporate Auditor of ANABUKI KOSAN INC. (current position)</p> <p>June 2018 External Director Serving as Audit and Supervisory Committee Member of the Company</p> <p>To the present</p> <p>(Significant concurrent positions)</p> <p>Representative of Akito Hattori Law Office</p> <p>Representative Director and President of Haigwarazaimokuten, Inc.</p> <p>Outside Corporate Auditor of ANABUKI KOSAN INC.</p>	Common stock 404 shares
<p>[Reasons for selecting the candidate for External Director Serving as Audit and Supervisory Committee Member] As Mr. Akito Hattori is well-versed in corporate law as an attorney, the Company has determined that he can utilize his highly specialized background in the supervision and auditing of Directors' business execution, and has reappointed him as a candidate for Director Serving as Audit and Supervisory Committee Member.</p> <p>[Independence as an External Director Serving as Audit and Supervisory Committee Member] Mr. Akito Hattori has been filed as an Independent Officer provided for by the Tokyo Stock Exchange and Sapporo Stock Exchange. If this proposal is approved, he will continue to be filed as an Independent Officer.</p> <p>Although he is not scheduled to receive large sums of money or property (excluding remuneration as a Director Serving as Audit and Supervisory Committee Member) from the Company, and has not received such items during the past two years, he has concluded a legal advisory contract with AEON CO., LTD., which is a party related to the Company, receives compensation, etc., from said company as part of said contract, and is scheduled to receive such compensation in the future. In addition, he is not a spouse, a relative within the third degree of kinship or the equivalent thereof of an executive officer or a non-executive director of the Company or a business entity that has a special relationship with the Company.</p>			

(Notes)

- Mitsubishi Corporation, for which Mr. Ikuo Nishikawa serves as Outside Audit & Supervisory Board Member, has transactions with the Company for the sale of products and the purchase of raw materials, while Tokio Marine & Nichido Fire Insurance Co., Ltd., for which he serves as Outside Audit & Supervisory Board Member, has transactions with the Company for insurance contracts. However, the amount of transactions is less than 1% of the consolidated sales of the Company or the respective companies, and therefore there are no special interests between the candidates including Mr. Ikuo Nishikawa and the Company. In addition, Tokio Marine & Nichido Fire Insurance Co., Ltd. owns 91 thousand shares of the Company (shareholding ratio of 0.13%).
- The number of years in office for each candidate are as of the conclusion of this Annual General Meeting of Shareholders.
- Mr. Ikuo Nishikawa and Mr. Akito Hattori are candidates for External Director.
- Mr. Ikuo Nishikawa, currently External Director Serving as Audit and Supervisory Committee Member of the Company, will have been in office as External Director Serving as Audit and Supervisory Committee Member of the Company for four years at the conclusion of this Annual General Meeting of Shareholders. Furthermore, he was Corporate Auditor of the Company prior to the Company's transition to a Company with an Audit and Supervisory Committee, and his term of office in that position was two years.
- Mr. Akito Hattori, currently External Director Serving as Audit and Supervisory Committee Member of the Company, will have been in office as External Director Serving as Audit and Supervisory Committee Member of the Company for two years at the conclusion of this Annual General Meeting of Shareholders.
- Conclusion of limited liability contract with each candidate for Director Serving as Audit and Supervisory Committee Member  
The Company has concluded liability limitation contracts pursuant to Article 423, Paragraph 1 of the Companies Act with Mr. Ikuo Nishikawa and Mr. Akito Hattori, respectively. The terms of the contracts have stipulated that their upper limit of liability toward the Company is ¥10 million, or the amount provided by laws and regulations, whichever is greater. If they are reappointed Directors Serving as Audit and Supervisory Committee Members, the Company plans to continue with said contracts. If Mr. Shinya Kosaka is appointed Director Serving as Audit and Supervisory Committee Member, the Company plans to conclude a similar contract with him.
- Designation of Independent Officers is made pursuant to the "MEGMILK SNOW BRAND Co., Ltd. Independence Standards for External Directors" on pages 18-19.

**Proposal 3:** Election of Two Substitute Directors Serving as Audit and Supervisory Committee Members

To prepare for the case where the number of Directors Serving as Audit and Supervisory Committee Members falls below the number required by laws and regulations, the Company proposes the election of two Substitute Directors Serving as Audit and Supervisory Committee Members.

The candidates for Substitute Directors Serving as Audit and Supervisory Committee Members are as follows. Mr. Setsuya Omori is a candidate for Substitute Director for Mr. Shinya Kosaka if Proposal 2 is approved and passed as proposed. Similarly, Mr. Tomohiko Manabe is a candidate for Substitute External Director for Mr. Ikuo Nishikawa and Mr. Akito Hattori if Proposal 2 is approved and passed as proposed. The resolution of this proposal shall remain in effect up to the beginning of the next Annual General Meeting of Shareholders.

The candidates for Substitute Directors Serving as Audit and Supervisory Committee Members were decided after deliberation by the Nomination Advisory Committee, which comprises of a majority of independent External Directors.

In addition, this proposal has been approved in advance by the Audit and Supervisory Committee.

No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
1	Setsuya Omori (April 29, 1956)	<p>April 1980      Joined Snow Brand Milk Products Co., Ltd.</p> <p>February 2002    General Manager, General Affairs Dept. of Michinoku Milk Co., Ltd.</p> <p>April 2006      Deputy General Manager, General Affairs &amp; Personnel Group, Generalized Administration Dept. of Nippon Milk Community Co., Ltd.</p> <p>June 2009      General Manager, General Affairs &amp; Personnel Group, Generalized Administration Dept. of Nippon Milk Community Co., Ltd.</p> <p>October 2009    General Manager, Personnel Planning Dept. of the Company</p> <p>April 2011      General Manager, Personnel Dept.</p> <p>June 2013      Corporate Auditor</p> <p>June 2016      Corporate Auditor of Snow Brand Seed Co., Ltd. (current position)</p> <p style="text-align: right;">To the present</p> <p>(Significant concurrent positions) Corporate Auditor of Snow Brand Seed Co., Ltd.</p>	Common stock 2,100 shares
<p>[Reasons for selecting the candidate for Substitute Director Serving as Audit and Supervisory Committee Member] As Mr. Setsuya Omori has abundant experience as Corporate Auditor at the Company and group companies, the Company has determined that he possesses experience and ability befitting to an individual who supervises and audits Directors' business execution, and has appointed him as a candidate for Substitute Director Serving as Audit and Supervisory Committee Member.</p>			



No.	Name (Date of birth)	Past experience and significant concurrent positions	Number of shares of the Company held
2	Tomohiko Manabe (October 3, 1963)	<p>October 1991      Joined Showa Ota &amp; Co. (currently Ernst &amp; Young ShinNihon LLC)</p> <p>May 2007         Partner of Ernst &amp; Young ShinNihon (currently Ernst &amp; Young ShinNihon LLC)</p> <p>July 2010         Partner of Certified Public Tax Accountants' Co. Takano Sogo Accounting Firm</p> <p>July 2013         Senior Partner of Certified Public Tax Accountants' Co. Takano Sogo Accounting Firm (current position)</p> <p>May 2015         Outside Director of Freund Corporation (current position)</p> <p>June 2015         Outside Corporate Auditor of NIPPON SHUPPAN HANBAI INC. (currently NIPPAN GROUP HOLDINGS, INC.) (current position)</p> <p>June 2017         Outside Corporate Auditor of Shuppan Kyodo Ryutsu Inc. (current position)</p> <p>March 2019       Corporate Auditor of Humans' Data Inc. (current position)</p> <p>June 2019         Councilor of the Nakabe Scholarship Foundation (current position)</p> <p style="text-align: right;">To the present</p> <p>(Significant concurrent positions)</p> <p>Senior Partner of Certified Public Tax Accountants' Co. Takano Sogo Accounting Firm</p> <p>Outside Director of Freund Corporation</p> <p>Outside Corporate Auditor of NIPPAN GROUP HOLDINGS, INC.</p> <p>Outside Corporate Auditor of Shuppan Kyodo Ryutsu Inc.</p> <p>Corporate Auditor of Humans' Data Inc.</p> <p>Councilor of the Nakabe Scholarship Foundation</p>	Common stock 0 shares
<p>[Reasons for selecting the candidate for Substitute External Director Serving as Audit and Supervisory Committee Member]</p> <p>Although Mr. Tomohiko Manabe has not been previously involved in corporate management directly, as he has a specialized and high degree of knowledge and wide-ranging experience as a certified public accountant, the Company has determined that he will be able to draw on his background in the supervision and auditing of Directors' business execution, and has appointed him as a candidate for Substitute External Director Serving as Audit and Supervisory Committee Member.</p> <p>[Independence as a Substitute External Director Serving as Audit and Supervisory Committee Member]</p> <p>Mr. Tomohiko Manabe is not scheduled to receive large sums of money or property (excluding remuneration as a Director Serving as Audit and Supervisory Committee Member) from the Company or parties related to the Company, and has not received such items during the past two years. In addition, he is not a spouse, a relative within the third degree of kinship or the equivalent thereof of an executive officer or a non-executive director of the Company or a business entity that has a special relationship with the Company.</p>			

(Notes)

1. There is no significant conflict of interest between the Company and each candidate.
2. Mr. Tomohiko Manabe is a candidate for Substitute External Director Serving as Audit and Supervisory Committee Member.
3. Conclusion of limited liability contract with candidate for Substitute Directors Serving as Audit and Supervisory Committee Members  
In the event that each candidate assumes the position as a Director Serving as Audit and Supervisory Committee Member, the Company plans to conclude a liability limitation contract with each candidate pursuant to Article 423, Paragraph 1 of the Companies Act. The terms of the contract shall stipulate that each candidate's upper limit of liability toward the Company is a predetermined amount of ¥10 million or higher, or the amount provided by laws and regulations, whichever is greater.
4. Mr. Tomohiko Manabe meets the "MEGMILK SNOW BRAND Co., Ltd. Independence Standards for External Directors" on pages 18-19. If he assumes the position as External Director Serving as Audit and Supervisory Committee Member, he will be filed as an Independent Officer provided for by the Tokyo Stock Exchange and Sapporo Stock Exchange.

## Reference Material

### Nomination Policies for Candidates for Director

Under the premise that none of the candidates for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) fall under any of the disqualifying reasons stipulated by the Companies Act, the candidates are appointed from among persons who possess high ethics, in addition to superior personality, insight, ability, and abundant experience for conducting overall corporate monitoring and supervision of business execution. They are appointed also in consideration of a well-balanced Board of Directors without an overabundance of specialties in any particular field.

Under the premise that none of the candidates for Directors Serving as Audit and Supervisory Committee Members fall under any of the disqualifying reasons stipulated by the Companies Act, the candidates are appointed from among persons who possess high ethics, in addition to superior personality, insight, ability, and abundant experience for conducting overall corporate monitoring and supervision of business execution. They are appointed also in consideration of whether they can secure their independence from officers with executive authority or whether they can maintain a fair and unchanged attitude, etc. The candidates for Directors Serving as Audit and Supervisory Committee Members must include at least one person who has expertise in finance and accounting.

### MEGMILK SNOW BRAND Co., Ltd. Independence Standards for External Directors

MEGMILK SNOW BRAND CO., Ltd. (hereinafter the “Company”) and its subsidiaries (collectively, the “Group”) judges External Directors (hereinafter “External Directors”) to be sufficiently independent so long as they do not fall under any of the following.

1. The following individuals who have had business transactions with the Company or its subsidiaries in any of the past three fiscal years
  - (1) Of those who have the Company or its subsidiaries as a client, an individual who the Group has paid an amount totaling more than 2% of the consolidated net sales of that business partner or an officer or employee who executes business of that corporation such as an executive Director, an Executive Officer, or others (hereinafter “executives”)
  - (2) Of those who the Company or its subsidiaries have as a client, an individual or their executives who pays to the Group an amount totaling more than 2% of the Group’s consolidated net sales
  - (3) An individual or their executives whose loans to the Company or its subsidiaries total more than 2% of the Group’s consolidated total assets
  - (4) A consultant, accounting professional, or legal professional who has received from the Company or its subsidiaries monetary or other assets totaling ¥10 million or 2% of total revenue, whichever is greater (excluding Director compensation), or in the event that an organization is acquiring said assets, an individual belonging to that organization
2. The following individuals who have been major shareholders in the past three years
  - (1) An individual who possesses a proportion of 10% or more of the Company’s voting rights (including indirect possession) or their executives
  - (2) An executive of a company whose voting rights the Company or its subsidiaries possesses a proportion of 10% or more of (including indirect possession)
3. Relatives of the Company, the Company’s subsidiaries, the Company’s business partners, or other related persons
  - (1) An individual who was a spouse or relative within the second degree of kinship of one of the following within the past ten years
    - 1) An executive Director or Executive Officer of the Company or its subsidiaries or a General Manager of Head Office
    - 2) A non-executive Director of the Company
  - (2) An individual who was a spouse or relative within the second degree of kinship of one of the following within the past three years
    - 1) An individual who corresponds to the aforementioned 1. (1), (2), or (3) or the aforementioned

2., and in the case that the individual is an executive, an officer who executes business of that corporation such as an executive Director or an Executive Officer, or an individual equivalent to a General Manager of departments

- 2) An individual who corresponds to the aforementioned 1. (4) (limited in the case of an accounting professional to a certified public accountant, and in the case of a legal professional to an attorney-at-law (including associates))

4. Other related persons

- (1) An individual who, in any of the past three fiscal years, has received donations from the Company or its subsidiaries in a single fiscal year equivalent to ¥10 million or 2% of total revenue, whichever is greater, or their executives
- (2) An executive of a company in which, within the past three years, an individual from the Company or its subsidiaries has served as an external officer

**Proposal 4:** Revision of the Compensation Amount for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

At the 7th Annual General Meeting of Shareholders held on June 28, 2016, an approval was made to limit compensation for the Company's Directors (excluding Directors Serving as Audit and Supervisory Committee Members) to no more than ¥1,000 million per year (including no more than ¥50 million per year for External Directors). This has not changed to this day.

As described in Proposal 5: Determination of the Amount and Details of Performance-based Stock Compensation for Directors, a performance-based stock compensation plan will be introduced to Directors (excluding Directors Serving as Audit and Supervisory Committee Members and External Directors). In light of this, the Company proposes that compensation, etc. for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) shall be reduced from the previously determined amount and set at no more than ¥800 million per year (including no more than ¥50 million per year for External Directors). This amount shall not include salaries for Directors for their services in the capacity of Company employees.

In addition, as described in Proposal 5: Determination of the Amount and Details of Performance-based Stock Compensation for Directors, the performance-based stock compensation for which the Company seeks approval in Proposal 5 will be separate from the compensation for which the Company seeks approval in this proposal.

This proposal has been decided following deliberation by the Compensation Advisory Committee, which comprises of a majority of independent External Directors. Furthermore, the Audit and Supervisory Committee has stated that there are no issues to be noted for this proposal.

The current number of Directors (excluding Directors Serving as Audit and Supervisory Committee Members) is six (including one External Director). When Proposal 1 is approved and passed as proposed, the number of Directors (excluding Directors Serving as Audit and Supervisory Committee Members) will remain at six (including one External Director).

**Proposal 5:** Determination of the Amount and Details of Performance-based Stock Compensation for Directors

1. Reason for the proposal and justification for the compensation plan

Compensation for the Company’s Directors (excluding Directors Serving as Audit and Supervisory Committee Members) consists of basic compensation and performance-based compensation. This proposal requests approval for the introduction of a new performance-based stock compensation plan (hereinafter the “Plan”) for the Company’s Directors (excluding Directors Serving as Audit and Supervisory Committee Members and External Directors as described below). The Company requests that the details of the Plan will be left to the Board of Directors’ discretion within the limits described in 2 below.

The objective of the Plan is to improve medium- to long-term business performance and raise awareness of contributing to corporate value enhancement, while clarifying the link between compensation of Directors and the performance and share value of the Company, and Directors sharing benefits and risks stemming from stock price fluctuations with shareholders. As such, the Company believes that the compensation plan is appropriate.

Under this proposal, new performance-based stock compensation will be provided to Directors (excluding Directors Serving as Audit and Supervisory Committee Members and External Directors; hereinafter the same applies within this proposal) who will be in office during the three fiscal years from the year ending March 31, 2021 to the year ending March 31, 2023 (hereinafter the “Eligible Period”). The new compensation will be separate from the maximum compensation amount for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) for which the Company seeks approval in Proposal 4.

When Proposal 1: Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members) is approved and passed as proposed, the number of Directors (excluding Directors Serving as Audit and Supervisory Committee Members and External Directors) covered by the Plan will be five.

\* If this proposal is approved and passed as proposed, the same stock compensation plan will be introduced to Executive Officers who signed delegation agreements with the Company.

This proposal has been decided following deliberation by the Compensation Advisory Committee, which comprises of a majority of independent External Directors. Furthermore, the Audit and Supervisory Committee has stated that there are no issues to be noted for this proposal.

This proposal is subject to the approval and passing of Proposal 4: Revision of the Compensation Amount for Directors (Excluding Directors Serving as Audit and Supervisory Committee Members).

2. Amount and details of compensation under the Plan

(1) Overview of the Plan

The Plan is a stock-based compensation plan where a trust established by the Company through money contribution (hereinafter the “Trust”) acquires the Company’s shares, and the Company’s shares corresponding to the number of points granted to each Director by the Company are delivered to them through the Trust.

In principle, Directors shall receive the delivery of the Company’s shares when they retire from their positions.

a. Eligible persons under the Plan	Directors of the Company (excluding Directors Serving as Audit and Supervisory Committee Members and External Directors)
b. Eligible period	From the fiscal year ending March 31, 2021 to the fiscal year ending March 31, 2023
c. Maximum amount of money contributed by the Company as a source of funds to acquire the Company’s shares to be delivered to eligible persons described in a. during the Eligible Period described in b.	¥172 million in total
d. Method of acquiring the Company’s shares	Disposal of treasury shares or acquisition from the stock exchange market (including after-hours trading)
e. Maximum number of points to be granted to eligible persons described in a.	23,800 points per fiscal year
f. Criteria for granting points	Points are granted according to positions, achievement of performance targets, and other factors
g. Delivery date of the Company’s shares to eligible	In principle, at retirement from Director positions

## (2) Maximum amount of money contributed by the Company

The initial trust period of the Trust shall be approximately three years. During the Eligible Period, the Company shall pay up to ¥172 million in total as compensation for Directors who will be in office during the Eligible Period, which will be a source of funds to acquire the Company's shares to be delivered to Directors under the Plan, thereby establishing the Trust with Directors meeting certain requirements as its beneficiaries. The Trust shall use the money that the Company entrusts as a source of funds to acquire the Company's shares through either the disposal of treasury shares or acquisition from the stock exchange market (including after-hours trading).

Note: Money that the Company actually entrusts to the Trust will be the sum of the estimated amount of necessary expenses such as trust fees and trust administrator fees, as well as the above-mentioned funds to acquire the Company's shares. If the same stock compensation plan is introduced to Executive Officers who signed delegation agreements with the Company, as stated above, funds to acquire the Company's shares to be delivered to Executive Officers under the same plan will be entrusted together.

The Company's Board of Directors may decide to continue the Plan by extending the Eligible Period through setting up a period of four fiscal years or less each time, and with it, the trust period of the Trust (this includes when the trust period is effectively extended by transferring the trust assets of the Trust to another trust whose purpose is the same as that of the Trust set up by the Company; the same applies hereafter). In such a case, during the extended Eligible Period, the Company shall additionally contribute money to the Trust up to the amount obtained by multiplying the number of fiscal years of the extended Eligible Period by ¥57.3 million, which will be a source of funds to additionally acquire the Company's shares to be delivered to Directors under the Plan, and continue to grant points described in (3) below and deliver the Company's shares.

In addition, even if the Company does not extend the Eligible Period and continue the Plan as described above, when there are Directors who have already been granted points but have not retired from their positions at the time of expiration of the trust period, the trust period of the Trust may be extended until those Directors retire from their positions and the delivery of the Company's shares is completed.

## (3) Calculation method and maximum number of the Company's shares to be delivered to Directors

## a. Method of granting points to Directors

In accordance with the share delivery rules specified by the Company's Board of Directors, the Company shall grant each Director points according to his/her position, achievement of performance targets, and other factors, on the point-granting date specified in the share delivery rules during the trust period.

However, the total number of points granted by the Company to Directors shall be up to 23,800 points per fiscal year.

## b. Delivery of the Company's shares according to the number of points granted

Directors shall receive the delivery of the Company's shares according to the number of points granted in a. above based on the procedure c. below.

One point corresponds to one share of the Company. However, if there is an event involving the Company's shares where it is considered reasonable to adjust the number of the Company's shares to be delivered, such as a stock split and a reverse stock split, the Company shall make a reasonable adjustment depending on the split ratio or reverse split ratio.

## c. Delivery of the Company's shares to Directors

The delivery of the Company's shares to each Director described in b. above shall be made from the Trust by each Director following the specified beneficiary confirmation procedure at the time of retirement from his/her position.

However, a certain percentage of those shares may be sold for cash within the Trust in order for the Company to collect funds to pay taxes at source, such as withholding income taxes, and delivered in the form of cash instead of shares. In addition, if the Company's shares held in the Trust are converted to cash, such that they are settled through participation in a tender offer, cash may be delivered instead of the Company's shares.

## (4) Exercise of voting rights

The voting rights of the Company's shares held in the Trust shall not be exercised uniformly under the instructions of the trust administrator, who is independent of the Company and its officers. By using this

method, the Company intends to secure neutrality towards management of the Company in terms of the exercise of the voting rights of the Company's shares held in the Trust.

(5) Handling of dividends

Dividends on the Company's shares held in the Trust shall be received by the Trust and used to fund the acquisition of the Company's shares and to pay fees for the trustee of the Trust.