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(Stock Exchange Code 6140)
June 7, 2021

To Shareholders with Voting Rights:

Kazuki Kataoka
President and Representative Director
Asahi Diamond Industrial Co., Ltd.
4-1, Kioi-cho, Chiyoda-ku, Tokyo

**NOTICE OF
THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We are pleased to inform you that the 102nd Annual General Meeting of Shareholders of Asahi Diamond Industrial Co., Ltd. (the “Company”) will be held for the purposes as described below.

The spread of the coronavirus disease (COVID-19) has led to the stay-at-home requests. Thus, we strongly encourage our shareholders to exercise their voting rights in advance in writing or via the Internet, etc. to the extent possible. Please review the attached Reference Documents for the General Meeting of Shareholders, follow the instructions on the next page, and exercise your voting rights by 6:00 p.m. on Thursday, June 24, 2021, Japan time.

- 1. Date and Time:** Friday, June 25, 2021 at 10:00 a.m. Japan time
(Reception desk opens at 9:00 a.m.)
- 2. Place:** Conference room Orizuru Rei, The Main Bldg. Arcade Floor, Hotel New Otani
at 4-1, Kioi-cho, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 102nd Fiscal Year (April 1, 2020 - March 31, 2021)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Nine (9) Directors

- ◎ Of the documents required to be provided with this Notice of Convocation, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are, in accordance with laws and regulations as well as Article 19 of the Articles of Incorporation of the Company, posted on the Company’s website (<https://www.asahidia.co.jp/>) and are therefore not included with the Attached Document. Furthermore, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements have been audited by the Accounting Auditor and Audit & Supervisory Board Members as part of the Non-consolidated Financial Statements and the Consolidated Financial Statements when preparing the Independent Auditor’s Report and the Audit Report, respectively.
- ◎ Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements will be posted

on the Company's website (<https://www.asahidia.co.jp/>).

- ◎ Any significant changes to the General Meeting of Shareholders due to the status of the COVID-19 infection will be posted on the Company's website (<https://www.asahidia.co.jp/>).
- ◎ To shareholders who have returned the Voting Exercise Form or exercised their voting rights via the Internet, etc. by the deadline mentioned above, the Company will send a QUO Card (a gift card worth ¥500) at a later date.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company intends to achieve future business development and improve corporate value by aiming to increase capital efficiency while securing financial stability.

The Company pays dividends pursuant to its dividend policy with the focus on distributing profits according to consolidated performance and maintaining a stable dividend.

The Company recorded a decrease in both sales and profit for this fiscal year due to the impact of the global pandemic of COVID-19, resulting in loss attributable to owners of parent as in the previous year. The Company, however, proposes a year-end dividend of ¥3 per share pursuant to its dividend policy.

As a result, the annual dividends for the year, including the interim dividend of ¥3, will amount to ¥6 per share.

1. Type of dividend property
Cash
2. Allocation of dividend property to shareholders and total amount thereof
¥3 per share of common stock of the Company
Total amount of dividends: ¥167,070,279
3. Effective date of dividends from surplus
June 28, 2021

Proposal 2: Election of Nine (9) Directors

The term of office of a Director of the Company is stipulated to be one (1) year. The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In order to further strengthen corporate governance, the Company has nominated Ms. Yuko Ichikawa as a new candidate for External Director, in addition to Messrs. Osamu Koyama and Shinichi Nagata, who are incumbent External Directors, and proposes the election of nine (9) Directors (of whom three (3) are External Directors).

The Company also intends to bring more diversity to the Board of Directors by newly nominating a female candidate.

The candidates for Director are as below.

The Company has nominated the candidates after consulting with the Nomination and Remuneration Advisory Committee and receiving a report from said Committee.

No.		Name (gender)	Current positions and responsibilities	Attendance at Board of Directors' meetings	Attendance at Nomination and Remuneration Advisory Committee meetings
1	Reelection	Kazuki Kataoka (male)	President and Representative Director	8/8	5/5
2	Reelection	Kazuo Kogawa (male)	Representative Managing Director; Marketing Division Director	8/8	—
3	Reelection Non-Japanese	Ming-Shong Lan (male)	Managing Director; Group Companies Management Division Director	8/8	—
4	Reelection	Toshimasa Hagiwara (male)	Director	8/8	—
5	Reelection	Hideo Abe (male)	Director; Tamagawa Factory General Manager; Engineering and Development Center Director	8/8	—
6	Reelection	Tomohiko Hara (male)	Director; Mie Factory General Manager	8/8	—
7	Reelection Candidate for External Director Independent Director	Osamu Koyama (male)	Director (External Director)	8/8	5/5
8	Reelection Candidate for External Director Independent Director	Shinichi Nagata (male)	Director (External Director)	8/8	5/5
9	New Election Candidate for External Director Independent Director	Yuko Ichikawa (female)	—	—	—

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
1	<p>Kazuki Kataoka (March 5, 1952)</p> <p>Reelection</p> <p>No. of years served as Director: 13 years</p> <p>Attendance at Board of Directors' meetings: 8/8</p> <p>Attendance at Nomination and Remuneration Advisory Committee meetings: 5/5</p>	<p>April 1976</p> <p>July 2005</p> <p>June 2008</p> <p>June 2011</p> <p>June 2013</p> <p>June 2015</p> <p>July 2019</p>	<p>Joined the Company</p> <p>General Manager, Engineering Department, Marketing Division</p> <p>Director; Marketing Division Deputy Director</p> <p>Managing Director; Business Planning Division Director and Marketing Division Deputy Director</p> <p>Representative Executive Managing Director; Marketing Division Director</p> <p>President and Representative Director (present)</p> <p>Nomination and Remuneration Advisory Committee Member (present)</p>	119,916
<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Kazuki Kataoka was involved in marketing, business planning, R&D, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As the President and Representative Director since June 2015, Mr. Kataoka has been responsible for the Company's management and has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.</p>				
2	<p>Kazuo Kogawa (January 2, 1957)</p> <p>Reelection</p> <p>No. of years served as Director: 10 years</p> <p>Attendance at Board of Directors' meetings: 8/8</p>	<p>April 1979</p> <p>July 2008</p> <p>June 2009</p> <p>June 2011</p> <p>June 2013</p> <p>June 2015</p>	<p>Joined the Company</p> <p>General Manager, Planning Department, Business Planning Division</p> <p>Executive Officer; Business Planning Division Director</p> <p>Director; Tamagawa Factory General Manager</p> <p>Managing Director; Business Planning Division Director</p> <p>Representative Managing Director; Marketing Division Director (present)</p>	33,040
<p>[Reasons for nomination as a candidate for Director]</p> <p>After joining the Company, Mr. Kazuo Kogawa was involved in business planning, marketing, production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company.</p> <p>As a Director of the Company since June 2011, Mr. Kogawa has been performing his duties appropriately. Thus, the Company judges that he satisfies the "Criteria for Appointing Directors" (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
3	Ming-Shong Lan (March 4, 1953)	September 1994	Joined the Company; Deputy General Manager Reporting to Managing Division Director (Left the Company in July 1996)	41,039
	Reelection Non-Japanese	August 1996	President, Taiwan Asahi Diamond Industrial Co., Ltd. (present)	
		June 2005	Director; International Department, the Company	
		July 2017	Director; International Division Director	
	No. of years served as Director: 16 years	June 2019	Managing Director; International Division Director	
	Attendance at Board of Directors' meetings: 8/8	November 2019	Managing Director; Global Business Management Division Director	
		January 2021	Managing Director; Group Companies Management Division Director (present)	
		[Significant concurrent positions] President, Taiwan Asahi Diamond Industrial Co., Ltd.		
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Ming-Shong Lan was involved in business planning and serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a non-Japanese Director of the Company since June 2005, Mr. Lan has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				
4	Toshimasa Hagiwara (November 10, 1959)	April 1982	Joined the Company	36,079
	Reelection	December 2004	Nagoya Branch Deputy General Manager	
		June 2009	Executive Officer; Nagoya Branch General Manager	
		June 2014	Director; Nagoya Branch General Manager	
	No. of years served as Director: 7 years	April 2015	President, Shanghai XuHui Diamond Industrial Co., Ltd. (present)	
		April 2015	Director; Representative of China Division	
		July 2017	Director; International Division; Chief Officer for Regional Operations (China and Taiwan)	
	Attendance at Board of Directors' meetings: 8/8	November 2019	Director; Global Business Management Division; Chief Officer for Regional Operations (China and Taiwan)	
January 2021		Director (present)		
[Significant concurrent positions] President, Shanghai XuHui Diamond Industrial Co., Ltd.				
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Toshimasa Hagiwara was involved in marketing. He currently serves as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2014, Mr. Hagiwara has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
5	Hideo Abe (July 15, 1957)	April 1980 July 2010	Joined the Company General Manager, Manufacturing Department No. 1, Tamagawa Factory	16,512
	Reelection No. of years served as Director: 2 years Attendance at Board of Directors’ meetings: 8/8	June 2013 June 2019 January 2021	Executive Officer; Tamagawa Factory General Manager Director; Tamagawa Factory General Manager Director; Tamagawa Factory General Manager; Engineering and Development Center Director (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Hideo Abe was involved in production and engineering, etc. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2019, Mr. Abe has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				
6	Tomohiko Hara (January 10, 1958)	April 1980 July 2010	Joined the Company General Manager, Manufacturing Department No. 2, Tamagawa Factory	22,420
	Reelection No. of years served as Director: 2 years Attendance at Board of Directors’ meetings: 8/8	February 2013 June 2013 July 2017 June 2019	International Department General Manager (temporarily transferred to P.T. Asahi Diamond Industrial Indonesia) Executive Officer; President, P.T. Asahi Diamond Industrial Indonesia Executive Officer; International Division; Chief Officer for Regional Operations (ASEAN and Australia) (President, P.T. Asahi Diamond Industrial Indonesia) Director; Mie Factory General Manager (present)	
[Reasons for nomination as a candidate for Director] After joining the Company, Mr. Tomohiko Hara was involved in production and engineering, etc., and served as the President of an overseas subsidiary. He has a wealth of business knowledge, great experience, outstanding capabilities concerning the diamond tool business and a character suitable for a person serving as a Director of the Company. As a Director of the Company since June 2019, Mr. Hara has been performing his duties appropriately. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
7	Osamu Koyama (August 8, 1948)	April 2005	Executive Officer, Mitsui & Co., Ltd. and Executive Vice President, Mitsui & Co. (U.S.A.), Inc.	0
	Reelection Candidate for External Director	April 2009	Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute (Retired from these two companies in March 2012)	
	Independent Director	January 2013	Director, Keimei Gakuen (present)	
	No. of years served as Director: 7 years	June 2014	Director of the Company (External Director) (present)	
	Attendance at Board of Directors' meetings: 8/8	April 2017	Auditor, International University of Japan (present)	
	Attendance at Nomination and Remuneration Advisory Committee meetings: 5/5	July 2019	Member of Nomination and Remuneration Advisory Committee of the Company (present)	
[Reasons for nomination as a candidate for External Director and expected roles] Having served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, Mr. Osamu Koyama has great experience and profound insight as a manager and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” and the “Criteria for Appointing External Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for External Director.				
[Matters concerning independence] Mr. Osamu Koyama has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Koyama and the Company other than Director remuneration. While Mr. Koyama previously served as Executive Managing Officer, Mitsui & Co., Ltd. and President & CEO, Mitsui Global Strategic Studies Institute, the Company and the Mitsui Group have no cross-shareholding, and although the Company procures raw materials from the Mitsui Group, the amount of such transactions was equal to approximately 0.01% of consolidated net sales of Mitsui & Co., Ltd. Mr. Koyama serves as a Director of Keimei Gakuen and an Auditor of the International University of Japan. However, no special interest exists between these educational corporations and the Company. Therefore, Mr. Koyama satisfies the “Independence Criteria for External Directors and External Audit & Supervisory Board Members” (see page 12) and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Mr. Osamu Koyama to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held
8	Shinichi Nagata (January 31, 1948)	July 1998	Associate Director-General, Loan Planning Department, The Fuji Bank, Ltd. (current Mizuho Bank, Ltd.) (Left the company in June 1999)	1,000
	Reelection	June 1999	Director, Fine Credit Co., Ltd. (current Yamato Credit & Finance Co., Ltd.)	
	Candidate for External	July 2000	Managing Director; Fine Credit Co., Ltd.	
	Director	July 2006	Managing Executive Officer; Fine Credit Co., Ltd. (retired in June 2008)	
	Independent Director	June 2008	Audit & Supervisory Board Member (External Audit & Supervisory Board Member) of the Company (retired in June 2015)	
	No. of years served as Director: 6 years	June 2015	Director of the Company (External Director) (present)	
	Attendance at Board of Directors' meetings: 8/8	July 2019	Member of Nomination and Remuneration Advisory Committee the Company (present)	
	Attendance at Nomination and Remuneration Advisory Committee meetings: 5/5			
[Reasons for nomination as a candidate for External Director and expected roles] Mr. Shinichi Nagata has great experience and profound insight gained through his career at financial institutions and is expected to fulfill the role and responsibilities of an External Director, including management oversight and provision of advice on overall management. Thus, the Company judges that he satisfies the “Criteria for Appointing Directors” and “Criteria for Appointing External Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have nominated him for reelection as a candidate for External Director.				
[Matters concerning independence] Mr. Shinichi Nagata has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Mr. Nagata and the Company other than Director remuneration. Mr. Nagata previously worked for Mizuho Bank, Ltd., which is one of the financial institutions the Company has transactions with, but 22 years have passed since he left the bank. The Company and the Mizuho Financial Group have no cross-shareholding. Loans payable to the said bank amount to only ¥281 million pertaining to an overseas subsidiary of the Company, and the said bank is not a major financial institution for the Company. While Mr. Nagata previously served as a Managing Executive Officer of Yamato Credit & Finance Co., Ltd., no special interest exists between Yamato Credit & Finance Co., Ltd. and the Company. Therefore, Mr. Nagata satisfies the “Independence Criteria for External Directors and External Audit & Supervisory Board Members” (see page 12) and is judged to be independent.				
[Liability limitation agreement] The Company has entered into an agreement with Mr. Shinichi Nagata to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act so that he can fulfill his expected role. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. If his reelection is approved, the Company intends to renew the liability limitation agreement with him.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
	Yuko Ichikawa (December 26, 1970) New election Candidate for External Director Independent Director	June 2016 General Manager, Investor Relations Department, Rakuten, Inc. (current Rakuten Group, Inc.) (Left the company in June 2017) March 2018 External Director, Allied Architects, Inc. May 2019 Founded Market River Corporation; Representative Director, Market River Corporation (present) March 2020 External Director (Audit & Supervisory Board Member), Allied Architects, Inc. (present)	0
9	<p>[Reasons for nomination as a candidate for External Director and expected roles]</p> <p>Ms. Yuko Ichikawa, as the General Manager of Investor Relations Department at Rakuten, Inc., established an IR team and prepared for the listing on the first section of the Tokyo Stock Exchange. She also has experience of having served as a member of the Study Group on Long-term Investment (Investment evaluating ESG Factors and Intangible Assets) toward Sustainable Growth (Ito Report 2.0) of the Ministry of Economy, Trade and Industry, and thus she has extensive knowledge about investor relations and corporate governance. She is expected to fulfill the role and responsibilities expected of an External Director, including management oversight and provision of advice on overall management. The Company judges that she satisfies the “Criteria for Appointing Directors” and “Criteria for Appointing External Directors” (see page 11) and is a suitable person to serve as a Director of the Company. We, therefore, have newly nominated her for election as a candidate for External Director.</p> <p>[Matters concerning independence]</p> <p>Ms. Yuko Ichikawa has no potential conflicts of interest with general shareholders of the Company because there is no offering or receiving of money between Ms. Ichikawa and the Company.</p> <p>Ms. Ichikawa previously served as the General Manager of Investor Relations Department at Rakuten, Inc. and currently serves as Representative Director of Market River Corporation. and an External Director (Audit & Supervisory Board Member) of Allied Architects, Inc. However, no special interest exists between these companies and the Company. Therefore, Ms. Ichikawa satisfies the “Independence Criteria for External Directors and External Audit & Supervisory Board Members” (see page 12) of the Company and is judged to be independent.</p> <p>The Company has designated her as an independent director/auditor prescribed in Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.</p> <p>[Liability limitation agreement]</p> <p>If the election of Ms. Yuko Ichikawa is approved, the Company intends to enter into an agreement with her to limit her liability pursuant to Article 423, Paragraph 1 of the Companies Act so that she can fulfill her expected role. The maximum amount of liability pursuant to the agreement will be the amount stipulated by laws and regulations.</p>		

(Notes)

- Special interest between candidates for Director and the Company
 - Mr. Ming-Shong Lan, a candidate for Director, also serves as the president of Taiwan Asahi Diamond Industrial Co., Ltd., a subsidiary of the Company, with which the Company has a business relationship, including sales of products.
 - No special interest exists between other candidates for Director and the Company.
- Messrs. Osamu Koyama and Shinichi Nagata and Ms. Yuko Ichikawa are candidates for External Directors, and the Company has designated them as independent directors/auditors prescribed by Tokyo Stock Exchange, Inc.
- The Company has entered into a directors and officers liability insurance agreement as prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover damage that may arise as a result of the insured assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are exemptions, such as no compensation to be paid for any damage caused intentionally or by gross negligence. The insurance premiums are borne in their entirety by the Company. At the time of renewal, the Company intends to renew the insurance agreement through the resolution of the Board of Directors.
- The number of years served as a Director is the number of years that will have been served at the conclusion of this Annual General Meeting of Shareholders.
- The number of shares of the Company held by each candidate for Director is the number held as of March 31, 2021, and includes the number of shares held through the Executive Shareholding Association.

(Reference)

Policies and Procedures for Nominating Candidates for Director and Audit & Supervisory Board Member

The Company has established the “Nomination and Remuneration Advisory Committee” as a voluntary advisory body to the Board of Directors on July 31, 2019 in order to ensure transparency and objectivity in the procedures concerning the nominations and remuneration, as well as to further enhance the corporate governance system.

The Nomination and Remuneration Advisory Committee consists of three or more Directors appointed by the Board of Directors, and the majority of them are independent External Directors. The chairman was appointed from the committee members who are independent External Directors through the resolution of the “Nomination and Remuneration Advisory Committee.”

This committee deliberates on matters concerning nominations and remuneration in response to requests from the Board of Directors, submit reports to the Board of Directors, and has set the “Criteria for Appointing and Dismissing Directors.”

The committee attaches the greatest importance to the independence in the election of External Directors and External Audit & Supervisory Board Members, and has set forth its own “Independence Criteria” as follows.

Criteria for Appointing and Dismissing Directors

1. Criteria for Appointing Directors
 - 1) There is no significant impediment to the execution of duties as a Director, including mental and physical health.
 - 2) There is no violation of laws, regulations, or the Articles of Incorporations, etc.
 - 3) A person who possesses knowledge, capabilities, ethical standards required as a Director.
 - 4) A person who has experience required for a Director and maintain a high level of foresight.
 - 5) A person who can contribute to improvement in the Company’s business performance and corporate value through the creation of a management plan, execution of duties in the area under their supervision or the division in charge.
2. Criteria for Appointing External Directors
 - 1) A person who satisfies the independence criteria stipulated by the Company.
 - 2) A person who can provide fair and highly transparent advice and recommendations for decision-making by the Board of Directors from an independent and objective standpoint.
 - 3) A person who can supervise the Company’s management through the appointment and dismissal of management executives as well as other important decision-making by the Board of Directors from an independent and objective standpoint.
 - 4) A person who can oversee conflicts of interests among the Company, management executives, and controlling shareholders from an independent and objective standpoint.
 - 5) A person who can reflect opinions of stakeholders including non-controlling shareholders to the Board of Directors from an independent and objective standpoint.
3. Criteria for Dismissing Directors
 - 1) In the case where the Director has committed an act that offends against public order and decency
 - 2) In the case where the Director has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
 - 3) In the case where the Director has significant difficulties in performing duties

Criteria for Appointing and Dismissing Audit & Supervisory Board Members

1. Criteria for Appointing Audit & Supervisory Board Members
 - 1) There is no significant impediment to the execution of duties as an Audit & Supervisory Board Member, including mental and physical health.
 - 2) There is no violation of laws and regulations, the Articles of Incorporations, etc.
 - 3) A person who possesses knowledge, capabilities, ethical standards required as an Audit & Supervisory Board Member.
 - 4) At least one Audit & Supervisory Board Member in the Audit & Supervisory Board must possess extensive knowledge about finance and accounting.
2. Criteria for Appointing External Audit & Supervisory Board Members
 - 1) A person who satisfies the independence criteria stipulated by the Company.
 - 2) A person who can audit and make recommendations on reasonableness and appropriateness of the Board of Directors from an independent and objective standpoint.
3. Criteria for Dismissing Audit & Supervisory Board Members
 - 1) In the case where the Audit & Supervisory Board Member has committed an act that offends against public order and decency
 - 2) In the case where the Audit & Supervisory Board Member has violated laws and regulations, the Articles of Incorporation or any other rules of the Group, causing significant losses or business interruption to the Group
 - 3) In the case where the Audit & Supervisory Board Member has significant difficulties in performing duties

Independence Criteria for External Directors and External Audit & Supervisory Board Members

If none of the following attributes applies to an External Director or External Audit & Supervisory Board Member, the Company judges that such person is independent from the Company.

- (1) A person affiliated with a major shareholder that substantially holds 10% or more of the voting rights of the Company
- (2) A person affiliated with an entity that substantially holds 10% or more of the voting rights of the Company
- (3) A person affiliated with a business partner whose purchases from the Company accounted for 3% or more of the Company's consolidated net sales for the previous year
- (4) A person affiliated with a business partner whose annual sales to the Company accounted for 3% or more of the business partner's consolidated net sales for the previous year
- (5) A person affiliated with a financial institution that is indispensable for the Company's financing and on whom the Company is dependent to the extent that it is irreplaceable
- (6) A consultant, an accounting professional or a legal professional who received money or other assets amounting to 10 million yen or more from the Company in the previous year other than the Director's or Audit & Supervisory Board Member's remuneration (If the person receiving money, etc. is an organization such as a legal entity, a person affiliated with such organization)
- (7) A person affiliated with a legal entity that received donations amounting to 10 million yen or more from the Company in the previous year
- (8) A person to whom any of (1) to (7) above applied in the past three years
- (9) The spouse or relative in the second degree of kinship of a person to whom any of (1) to (8) above apply