

4. Matters Concerning Exercising of Voting Rights

[Exerting voting rights in writing (using the Exertion of Voting Rights Form)]

Having expressed your opinion for or against the proposal on the enclosed Exertion of Voting Rights Form, please send it to reach us by 5:00 pm March 29 (Wednesday), 2017.

[Exerting voting rights by the Internet]

Access our company's designated Internet voting site (<http://www.evotz.jp/>) and cast your vote by 5:00 pm March 29 (Wednesday), 2017.

Noritz Corp. is also a member of the electronic voting platform for corporate investors run by Investor Communications Japan (ICJ).

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- * If you plan to attend the meeting, please submit the enclosed Exertion of Voting Rights Form to the receptionist at the meeting.
 - * The following matters have been posted on our company's home page (<http://www.noritz.co.jp/>) in accordance with the law and with the stipulations of Article 19 of our Articles of Incorporation, and as such are not included in this notice. Accordingly, the documents attached to the Notice of the 67th Annual Meeting of Shareholders constitute a part of consolidated financial documents and non-consolidated financial documents audited by Accounting Auditor in the creation of the accounting audit report, and a part of business report and consolidated financial documents audited by Audit & Supervisory Board Members in the creation of the audit report.

The following matters concerning financial documents

- ① Consolidated statement of changes in equity
 - ② Notes to consolidated financial documents
 - ③ Non-consolidated statement of changes in equity
 - ④ Notes to non-consolidated financial documents
- * If any circumstances arise before the day of the shareholders meeting requiring revisions to the shareholders meeting reference documents, business report, financial documents or consolidated financial documents, notice will be made on our company's home page (<http://www.noritz.co.jp/>).

Shareholders Meeting Reference Documents

Proposals and Reference Matters

Proposal 1 Appropriation of Earned Surplus

Noritz's basic policy on dividends is to ensure an ongoing and stable provision of dividends. Taking into overall consideration business performance and the financial environment this term, the 67th term end dividend will be set as follows.

Regarding the Term End Dividend

- (1) Type of dividend assets
Cash
- (2) Regarding the dividend assets allotment and total
16 yen per common share
Dividend total of 765,008,224 yen
- (3) Date the dividends from earned surplus are effective from:
March 31, 2017

Proposal 2 Election of Nine Directors

The terms of all nine Directors will expire at the termination of this general meeting. Hence, we ask for your cooperation in electing nine Directors, inclusive of two External Directors.

The candidates for the post of Director are as follows.

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|----------------------|---------------------------------------|--|--|
| 1 (Reappointment) | Soichiro Kokui (July 31, 1953) | <p>Apr. 1976 Joined Noritz Corp. Mar. 2001 President and Representative Director of Rocket Boiler Industry, Co., Ltd. (currently RB Corporation Inc.) Oct. 2002 Vice President and Director of Harman Co., Ltd. Mar. 2003 Director of Noritz Corp. President and Representative Director of Harman Co., Ltd. Jul. 2004 Managing Director and Head of Sales & Marketing Headquarters, Noritz Corp. Mar. 2007 Director and Managing Executive Officer, Head of Sales & Marketing Headquarters, Noritz Corp. Sep. 2008 Director and Managing Executive Officer, Head of Integrated Management Headquarters, Noritz Corp. Sep. 2009 President and CEO, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director) Soichiro Kokui has assumed office as President and CEO of the Company since 2009, and has exercised leadership to achieve sales growth in the overseas business and implement structural reform of management in Japan amid sluggish domestic demand. Therefore, he has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as President and CEO will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 34,111 shares |
| 2 (Reappointment) | Takafumi Nakamura (March 15, 1956) | <p>May 1980 Joined Noritz Corp. Jul. 2004 President of Tokyo Office of Sales & Marketing Headquarters, Noritz Corp. Mar. 2005 Director of Noritz Corp. Mar. 2006 Retired from Director of Noritz Corp. Executive Officer of Noritz Corp. Jan. 2008 Executive Officer, Deputy Head of Sales & Marketing Headquarters, Noritz Corp. Sep. 2009 Managing Executive Officer, Head of Sales & Marketing Headquarters, Noritz Corp. Mar. 2010 Director and Managing Executive Officer, Head of Sales & Marketing Headquarters, Noritz Corp. Sep. 2014 Director and Senior Managing Executive Officer, Domestic Business Planning, Noritz Corp. Jan. 2016 Director and Senior Managing Executive Officer, Head of Domestic Business Headquarters, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director) After having assumed office as Director, Takafumi Nakamura has led the domestic business since 2010 as Head of Sales & Marketing Headquarters and since 2014 as a supervisor in charge of the overall domestic business, and has fulfilled his responsibilities. Therefore, he has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director who oversees the domestic business will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 10,127 shares |

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|----------------------|--------------------------------------|---|--|
| 3 (Reappointment) | Tsutomu Mizuma (August 13, 1957) | <p>Apr. 1980 Joined Noritz Corp.</p> <p>Jan. 2007 Executive Officer, President of Osaka Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2008 Executive Officer, Kansai Headquarters, General Manager of Retail Business Promotion Division of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2009 Executive Officer, Head of Kansai Headquarters of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2010 Executive Officer, President of Kansai Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2011 Executive Officer of Noritz Corp. President and Representative Director of Harman Co., Ltd. President and Representative Director of Harmanpro Co., Ltd.</p> <p>Jan. 2013 Executive Officer, President of Kanto Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Sep. 2014 Managing Executive Officer, Head of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Mar. 2015 Director and Managing Executive Officer, Head of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2016 Director and Managing Executive Officer, Head of Product Headquarters, Domestic Business Headquarters, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director) After having assumed office as Director of the Company, Tsutomu Mizuma has realized enhancement of productivity and cost reductions, and has fulfilled his responsibilities. He has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director who oversees the production division will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 2,556 shares |
| 4 (Reappointment) | Satoshi Haramaki (April 16, 1959) | <p>Apr. 1983 Joined Noritz Corp.</p> <p>Feb. 2009 President and Representative Director of SHINWA INDUSTRY CO., LTD</p> <p>Jan. 2011 Executive Officer, Deputy Head of Research & Development Headquarters, Noritz Corp.</p> <p>Sep. 2014 Managing Executive Officer, Head of Research & Development Headquarters, Noritz Corp.</p> <p>Mar. 2015 Director and Managing Executive Officer, Head of Research & Development Headquarters, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director) After having assumed office as Director of the Company, Satoshi Haramaki, as Head of Research & Development Headquarters, has led the new product development divisions which will be the core of the next medium-term management plan. He has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director who oversees research and development will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 3,000 shares |

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|----------------------|--------------------------------------|--|--|
| 5 (Reappointment) | Makoto Mizuno (September 9, 1961) | <p>Dec. 1986 Joined Noritz Corp.</p> <p>Feb. 2009 President and Representative Director of NORITZ JYUSETSU CO., LTD.</p> <p>Jan. 2013 President of Chubu Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2014 Executive Officer, President of Chubu Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Sep. 2014 Executive Officer, President of Kansai Office of Sales & Marketing Headquarters, Noritz Corp.</p> <p>Jan. 2016 Managing Executive Officer, Head of Sales & Marketing Headquarters, Domestic Business Headquarters, Noritz Corp.</p> <p>Mar. 2016 Director and Managing Executive Officer, Head of Sales & Marketing Headquarters, Domestic Business Headquarters, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director)</p> <p>After having assumed office as Director of the Company, Makoto Mizuno has contributed to improvement in profitability, including raising the sales composition ratio of highly-efficient water heaters, in the domestic sales division facing declining sales due to sluggish demand. He has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director who oversees the domestic sales division will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 5,200 shares |

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|------------------|--|---|--|
| 6 (New) | Masamine Hirosawa (December 13, 1961) | <p>Nov. 1988 Joined Noritz Corp.</p> <p>Jan. 2002 Manager of Planning Department of System Products Operational Division, Noritz Corp.</p> <p>Jul. 2004 General Manager of Products Division of Products Operational Headquarters, Noritz Corp.</p> <p>Apr. 2005 General Manager of Development & Design Division of Products Operational Headquarters, Noritz Corp.</p> <p>Jan. 2010 President and Representative Director of Kanto Sangyo Co., Ltd.</p> <p>Oct. 2011 Executive Officer of Noritz Corp. Director and General Manager of Noritz (China) Co., Ltd. Chairman of Noritz (Shanghai) Home Appliance Co., Ltd.</p> <p>Apr. 2016 Managing Executive Officer, General Manager of China Business Promotion Division of International Business Headquarters, Noritz Corp. Chairman of Sakura (Cayman) Co., Ltd. (current position) Chairman of Sakura China Holdings (H.K.) Co., Ltd. (current position)</p> <p>Jul. 2016 Chairman of Noritz (China) Co., Ltd. (current position)</p> <p>Jan. 2017 Managing Executive Officer, Head of International Business Headquarters, Noritz Corp. (current position) Chairman of Noritz Hong Kong Co., Ltd. (current position)</p> <p>Feb. 2017 Director of NORITZ AUSTRALIA PTY LTD (current position)</p> <p>(Important Concurrent Positions) Chairman of Noritz (China) Co., Ltd. Chairman of Noritz Hong Kong Co., Ltd. Chairman of Sakura (Cayman) Co., Ltd. Chairman of Sakura China Holdings (H.K.) Co., Ltd. Director of NORITZ AUSTRALIA PTY LTD</p> <p>(Reasons for nomination as a candidate for Director) Masamine Hirosawa has greatly contributed to promotion of the overseas business, including having developed Noritz (China) Co., Ltd. into a pillar of the China business as General Manager of Noritz (China) Co., Ltd. and subsequently engaged in restructuring of Sakura Bath and Kitchen Products (China) Co., Ltd. as General Manager of China Business Promotion Division. He assumed office as Head of International Business Headquarters in January 2017. Therefore, he has been nominated as a candidate for Director based on the judgment that his participation in management decision-making as Director who oversees the overseas business will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 4,992 shares |

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|---|---|---|--|
| 7 (New) | Masayuki Takenaka (September 24, 1963) | <p>Jan. 1992 Joined Noritz Corp.</p> <p>Jan. 2003 General Manager of Sales Promotion Division, Harman Co., Ltd.</p> <p>Mar. 2004 Director, Head of Planning & Administration Headquarters, Harman Co., Ltd.</p> <p>Jun. 2011 Managing Director, Head of Administration Headquarters, Harman Co., Ltd.</p> <p>Jan. 2012 General Manager of General Administration Division of Administration Headquarters, Noritz Corp.</p> <p>Oct. 2013 President and Representative Director of S-CORE Hearts K.K.</p> <p>Apr. 2016 Executive Officer of Noritz Corp.</p> <p>Jan. 2017 Senior Executive Officer, Head of Administration Headquarters, Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for Director)</p> <p>Masayuki Takenaka, as President and Representative Director of S-CORE Hearts K.K., has engaged in restructuring of S-CORE Hearts K.K. and made social contribution by newly establishing an office for supporting employment of people with disabilities. From January 2017, he assumed office as Head of Administration Headquarters as a supervisor in charge of the administration divisions of the entire Company. Therefore, he has been nominated as a candidate for Director based on the judgment that his participation in management decision-making as Director who oversees the administration divisions of the entire Company will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 3,112 shares |
| 8 (Reappointment) (External) (Independent) | Yasuhiko Ogawa (January 3, 1956) | <p>Jun. 1982 Registered as a certified public accountant</p> <p>Apr. 1987 Representative of Ogawa Certified Public Accountants Office (current position)</p> <p>May 1987 Registered as a certified tax accountant</p> <p>Jun. 2007 Vice Chairman of the Kinki Branch of the Japan Institute of Certified Public Accountants (JICPA)</p> <p>Mar. 2009 External Audit & Supervisory Board Member, Noritz Corp.</p> <p>Jun. 2010 Chairman of the Kinki Branch of the Japan Institute of Certified Public Accountants (JICPA)</p> <p>Mar. 2013 External Director of Noritz Corp. (current position)</p> <p>Jun. 2013 External Audit & Supervisory Board Member, Osaka Securities Exchange Co, Ltd. (currently Osaka Exchange, Inc.) (current position)</p> <p>(Important Concurrent Positions)</p> <p>Representative of Ogawa Certified Public Accountants Office</p> <p>External Audit & Supervisory Board Member, Osaka Exchange, Inc.</p> <p>(Reasons for nomination as a candidate for External Director)</p> <p>Yasuhiko Ogawa possesses expert insight as a certified public accountant and certified tax accountant as well as abundant experience and achievements in the Company's operations accumulated through his duty of auditing it. In addition, he meets the Company's Selection Criteria for Independent External Officers. Furthermore, he has fulfilled his responsibilities by providing advice on and supervising the Company's business execution from an independent standpoint. Therefore, he has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 0 shares |

| Candidate Number | Name (Date of Birth) | Personal History, Position, Duties (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|---|--|---|--|
| 9 (Reappointment) (External) (Independent) | Hideaki Takahashi (November 26, 1943) | <p>Apr. 1966 Joined the Kobe Bank (currently the Sumitomo Mitsui Bank)</p> <p>Apr. 1992 Kansai Administrative Manager, Sakura Bank (currently the Sumitomo Mitsui Bank)</p> <p>Jul. 1995 Director and Kobe Sales Division Manager, Sakura Bank</p> <p>Jun. 1998 President and Representative Director, Sakura KCS</p> <p>Jun. 2003 Auditor, Kobe International House</p> <p>Jun. 2004 Representative and Senior Managing Director, Kobe International House</p> <p>Director, Sakura KCS</p> <p>Jun. 2008 External Audit & Supervisory Board Member, Fujicco Co.</p> <p>Mar. 2013 External Audit & Supervisory Board Member of Noritz Corp.</p> <p>Mar. 2016 External Director of Noritz Corp. (current position)</p> <p>(Reasons for nomination as a candidate for External Director)</p> <p>Hideaki Takahashi possesses wide-ranging experience in financial institutions, abundant experience as a corporate manager, and considerable amount of experience and achievements in the Company's operations accumulated through his duty of auditing it. In addition, he meets the Company's Selection Criteria for Independent External Officers. Furthermore, he has fulfilled his responsibilities by providing advice on and supervising the Company's business execution from an independent standpoint. Therefore, he has been nominated as a candidate for Director based on the judgment that his continued participation in management decision-making as Director will contribute to improvement of the Company's corporate value over the medium to long term and realization of the Company's medium-term management plan (V-plan 20).</p> | 0 shares |

Note 1. No collusion of interests between the candidates and the Company exists.

Note 2. Yasuhiko Ogawa and Hideaki Takahashi are candidates for External Directors.

Note 3. Special matters of note regarding External Director candidates are as follows.

(1) Terms of office of the candidates for External Directors as External Directors of the Company

- The term of office for Yasuhiko Ogawa as an External Director of the Company shall have been four years at the end of this annual meeting of shareholders.
- The term of office for Hideaki Takahashi as an External Director of the Company shall have been one year at the end of this annual meeting of shareholders.

(2) Signing of liability limitation agreement with the candidate for External Directors

The Company has signed an agreement with Yasuhiko Ogawa and Hideaki Takahashi limiting their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Law, based on the regulations of Article 427, Paragraph 1 of the same law. The limitation of liability for damages according to this agreement is the minimum amount as stated in Article 425, Paragraph 1 of the Companies Law, and this agreement will be continued if Yasuhiko Ogawa and Hideaki Takahashi are reelected.

(3) Independence of the candidates for External Directors

Yasuhiko Ogawa and Hideaki Takahashi are candidates for the position of an "independent director/auditor" as prescribed by the regulations of the Tokyo Stock Exchange with which the Company lists its shares.

Note 4. The "Number of the Company's Shares in Possession" shows the number of shares (including those in the employees' shareholding association) held as of December 31, 2016.

Proposal 3 Election of One Audit & Supervisory Board Member

At the conclusion of this meeting, the Audit & Supervisory Board Member Kazuhira Akari shall retire from the post of Audit & Supervisory Board Member. Hence, we ask for your cooperation to elect one Audit & Supervisory Board Member.

This proposal has the agreement of the Audit & Supervisory Board.

The candidate for the post of Audit & Supervisory Board Member is as follows.

| Name (Date of Birth) | Personal History, Position (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|--|---|--|
| Tsuyoshi Ayabe (March 2, 1961) (New) | <p>Apr. 1983 Joined Noritz Corp.</p> <p>Mar. 2011 General Manager of Accounting & Finance Division of Administration Headquarters, Noritz Corp. (current position)</p> <p>Jan. 2014 President and Representative Director of Noritz Capital Corporation (current position)</p> <p>(Important Concurrent Positions)</p> <p>President and Representative Director of Noritz Capital Corporation</p> <p>(Reasons for nomination as a candidate for Audit & Supervisory Board Member)</p> <p>Tsuyoshi Ayabe was engaged in the corporate planning division and international business division and experienced assignment in China, etc. Subsequently, he has served as General Manager of Accounting & Finance Division, and as President and Representative Director of a subsidiary. He possesses extensive experience in the Company's business and expertise in finance. Therefore, he has been nominated as a candidate for Audit & Supervisory Board Member based on the judgment that he will be able to fulfill his responsibilities of auditing business execution, etc. from an objective standpoint as Audit & Supervisory Board Member.</p> | 1,997 shares |

Note 1. No collusion of interests between the candidate and the Company exists.

Note 2. Signing of liability limitation agreement with the candidate for External Audit & Supervisory Board Member

If the proposal to elect Tsuyoshi Ayabe as an External Audit & Supervisory Board Member is approved at this annual meeting of shareholders, based on the regulations of Article 427, Paragraph 1 of the Companies Law, we intend to sign an agreement with Tsuyoshi Ayabe to limit his liability for damages prescribed in Article 423, Paragraph 1 of the same law. The limitation of liability for damages according to this agreement is the minimum amount as stated in Article 425, Paragraph 1 of the Companies Law.

Note 3. The "Number of the Company's Shares in Possession" shows the number of shares (including those in the employees' shareholding association) held as of December 31, 2016.

Proposal 4 Election of One Substitute Audit & Supervisory Board Member

The effect of the election of Akira Otsuka, who was elected as Substitute Audit & Supervisory Board Member at the 63rd Annual Meeting of Shareholders held on March 28, 2013, will expire at the commencement of this annual meeting of shareholders. Hence, to prepare for a contingency in which the number of External Audit & Supervisory Board Members falls short of such number stipulated by laws and regulations, we ask for your cooperation to elect one Substitute Audit & Supervisory Board Member.

If Proposal 4 is approved, the election of Substitute Audit & Supervisory Board Member in this proposal shall remain effective until the commencement of the Annual Meeting of Shareholders to be held for the last fiscal year ending within four years after such election.

This proposal has the agreement of the Audit & Supervisory Board.

The candidate for the post of Substitute Audit & Supervisory Board Member is as follows.

| Name (Date of Birth) | Personal History (Important Concurrent Positions) | Number of the Company's Shares in Possession |
|--|--|--|
| Akira Otsuka (April 1, 1949) (External) (Independent) | <p>Apr. 1973 Registered as lawyer</p> <p>May 1977 Established Kobe Law Office</p> <p>Apr. 1986 Vice Chairman of Kobe Bar Association (renamed as Hyogo-Ken Bar Association in 1999)</p> <p>Apr. 2001 Chairman of Hyogo-Ken Bar Association</p> <p>Oct. 2003 Kobe City Educational Board Member</p> <p>Apr. 2004 Vice Chairman of Japan Federation of Bar Associations</p> <p>Apr. 2008 Representative of Kobe-Kyoryuchi Law Office (current position)</p> <p>Professor, The Graduate School of Law Practices, Kobe Gakuin University</p> <p>Jun. 2011 External Audit & Supervisory Board Member, Kobe Port Terminal Corporation</p> <p>External Audit & Supervisory Board Member, Nippon Meat Packers, Inc. (current position)</p> <p>(Important Concurrent Positions)</p> <p>Representative of Kobe-Kyoryuchi Law Office</p> <p>External Audit & Supervisory Board Member, Nippon Meat Packers, Inc.</p> <p>(Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member)</p> <p>Akira Otsuka possesses expert insight as a lawyer as well as abundant experience and achievements accumulated through involvement in the audits as an external audit & supervisory board member. Therefore, he has been nominated as a candidate for Substitute External Audit & Supervisory Board Member based on the judgment that he will be able to fulfill his responsibilities of auditing business execution, etc. from an independent and objective standpoint as Audit & Supervisory Board Member.</p> <p>Akira Otsuka is a member of the Special Committee established by the Company based on the "Policy against Large-scale Purchase of Shares of Noritz Corporation (Takeover Countermeasures)," and receives reports on the Company's business performance, etc. at the Special Committee meetings held regularly. Therefore, the Company is of the judgment that he is in a position to know the Company's business conditions.</p> | 0 shares |

Note 1. No collusion of interests between the candidate and the Company exists.

Note 2. Akira Otsuka is a candidate for Substitute External Audit & Supervisory Board Member.

Note 3. Special matters of note regarding Substitute External Audit & Supervisory Board Member candidate are as follows.

(1) Signing of liability limitation agreement with the candidate for Substitute External Audit & Supervisory Board Member

If Akira Otsuka assumes office as Audit & Supervisory Board Member, based on the regulations of Article 427, Paragraph 1 of the Companies Law, we intend to sign an agreement with Akira Otsuka to limit his liability for damages prescribed in Article 423, Paragraph 1 of the same law. The limitation of liability for damages according to this agreement is the minimum amount as stated in Article 425, Paragraph 1 of the Companies Law.

(2) Independence of the candidate for Substitute External Audit & Supervisory Board Member

Akira Otsuka is a candidate for the position of an "independent director/auditor" as prescribed by the regulations of the Tokyo Stock Exchange with which the Company lists its shares.

(Reference) Selection Criteria for Independent External Officers

The Company judges that External Officer or candidate for an External Officer is independent of the Company if there is no risk of conflicts of interest arising between an External Officer of the Company or a candidate for an External Officer of the Company and ordinary shareholders, which are determined when none of the descriptions in any of the following paragraphs apply to that person.

1. Relationship to the Company and its Affiliated Companies

- (1) A person who is currently an Executive Director, Executive Officer, manager or other employee of the Company or an affiliated company (hereinafter collectively referred to as the “Noritz Group”) (such persons are hereinafter collectively referred to as “Executive Director, etc.”).
- (2) A person who was an Executive Director, etc. of the Noritz Group within 10 years prior to assuming its position as an Independent External Officer; or a person who was a Director but not an Executive Director (hereinafter referred to as a “Non-Executive Director”), or was an Audit & Supervisory Board Member or Accounting Auditor of the Company at any time within 10 years prior to assuming their position and who had been an Executive Director, etc. of the Company within 10 years prior to assuming those positions.

2. Relationship to Shareholders

- (1) A shareholder who holds 10% or more of the current voting rights in the Company (hereinafter referred to as a “Major Shareholder”) or, if a Major Shareholder is a juridical person, a person who is a director, auditor, accounting auditor, accounting advisor, operating officer, senior general manager, executive officer, manager or other employee of such Major Shareholder or its parent company or subsidiary.
- (2) A person who was a director, auditor, accounting auditor, accounting advisor, operating officer, senior general manager, executive officer, manager or other employee of a company that is currently a Major Shareholder of the Company or a parent company or subsidiary of such Major Shareholder within the last five years.

3. Economic Interests

- (1) A person who is a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a company of which the Company is currently a Major Shareholder.
- (2) A person executing the business of an organization that has received the greater of a yearly average of 10 million yen for the last three fiscal years or 30% of the average total yearly costs of such organization by way of donation or grant from the Noritz Group.
- (3) A person who was a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a company, or a parent company or subsidiary of such company that has accepted a Director from the Noritz Group.

4. Relationship to Business Partners and Client Companies

- (1) A person who was a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a company, or a parent company or subsidiary of such company that has received payment from the Noritz Group of 2% or more of its annual consolidated total sales in any of the last four fiscal years.
- (2) A person who was a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a company, or a parent company or subsidiary of such company that has paid to the Noritz Group 2% or more of the Company’s annual consolidated total sales in any of the last four fiscal years.

5. Relationship to Creditors

- (1) A person who is a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a financial institution or other large creditor (hereinafter referred to as a “Large Creditor”), or a parent company or subsidiary of a Large Creditor that is essential to the financing of the Company and is relied upon by the Company to the extent that there is no substitute.
- (2) A person who was a director, auditor, accounting auditor, accounting advisor, operating officer, executive officer, manager or other employee of a Large Creditor or a parent company or subsidiary of a Large Creditor within the last three years.

6. Relationship to Professional Service Providers

- (1) A person who is a staff member, partner or employee of a certified public accountant or audit corporation that is the Accounting Auditor of the Noritz Group.
- (2) A person who in the last three years was a staff member, partner or employee of a certified public accountant or audit corporation that is the Accounting Auditor of the Noritz Group and was in charge of audit work for the Noritz Group.
- (3) A person other than persons falling under items (1) and (2) above who is a lawyer, certified public accountant, certified tax accountant or other consultant and has received from the Noritz Group, other than as officer’s remuneration, a yearly average of 10 million yen or more in the form of money or other property benefit in the last three years.
- (4) A person who is a staff member, partner, associate or employee of a legal professional corporation, law firm, audit corporation, tax accountant corporation, consulting firm or other professional advisory firm that has received from the Noritz Group a yearly average of 10 million yen or more in the form of money or other property benefit in the last three years and does not fall under items (1) and (2).

7. Term of Office

- (1) A person among the current Independent External Officers of the Company who holds the position of Director and has held that position for a term totaling more than eight years.
- (2) A person among the current Independent External Officers of the Company who holds the position of Audit & Supervisory Board Member and has held that position for a term totaling more than 12 years.

8. Close Relatives

A spouse or relative within the third degree of kinship of, or a relative cohabiting with, a person specified in any of items 1 to 7 above.

9. Other

Even if he or she does not fall under any of items 1 to 8 above, a person for whom there is a constant and substantial risk of a conflict of interest relationship arising for some other reason.