

[Translation]

Securities Code: 9303

June 4, 2020

To Those Shareholders with Voting Rights

Takanori Ono  
President  
The Sumitomo Warehouse Co., Ltd.  
2-18, Nakanoshima 3-chome,  
Kita-ku, Osaka, Japan

## NOTICE OF CONVOCAATION OF THE 143RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 143rd Ordinary General Meeting of Shareholders of The Sumitomo Warehouse Co., Ltd. (the “Company”). The meeting will be held as described below. Amid concerns over the impact of the novel coronavirus disease (COVID-19), as a result of careful consideration, we have decided to take the appropriate measures to prevent the spread of COVID-19 in connection with holding this General Meeting of Shareholders.

From the standpoint of preventing the spread of COVID-19, we strongly recommend our shareholders to exercise the voting rights in writing or by electronic means (through the Internet) as much as possible and to avoid attending in person of the General Meeting of Shareholders regardless of your health condition. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the guidance on pages 3 and 4 by 5:00 p.m. on Wednesday, June 24, 2020.

**1. Date and Time:** 10:00 a.m., Thursday, June 25, 2020

**2. Place:** “Conference Room,” Festival Suite, 37th Floor, Nakanoshima Festival Tower  
3-18, Nakanoshima 2-chome, Kita-ku, Osaka, Japan

This year, to prevent the spread of COVID-19, we will keep more space between the seats at the meeting, and, accordingly, the number of seats will be significantly reduced compared to the past years. We greatly appreciate your understanding in advance.

**3. Agenda:**

**Matters to be reported:**

- (1) Business Report, Consolidated Financial Statements for the 143rd Fiscal Term (from April 1, 2019 to March 31, 2020) and the Results of Audits on Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
- (2) Non-consolidated Financial Statements for the 143rd Fiscal Term (from April 1, 2019 to March 31, 2020)

**Matters to be resolved:**

**Proposal No.1:** Appropriation of Surplus

**Proposal No.2:** Election of Six Directors

**Proposal No.3:** Election of One Corporate Auditor

**Proposal No.4:** Determination of Remuneration for Directors (Excluding Outside Directors) by Allotment of Restricted Shares

<Request to our shareholders>

- We may change the above details subject to the change in the circumstances of the spread of COVID-19 and the announcements from the government and other public bodies up until the day of the General Meeting of Shareholders. We kindly ask that you follow any information we may release on the Company's website (<https://www.sumitomo-soko.co.jp>).
- Please use hand sanitizers which will be placed at the venue check-in desk for our shareholders. We also ask our shareholders to enter the venue with a mask worn.
- If attending shareholders are found feverish or otherwise apparently unwell, we may not allow such shareholders to attend the meeting. We greatly appreciate your understanding in advance.
- The staff for the General Meeting of Shareholders will have their health conditions checked, including taking their temperature, and will wear masks.
- At this meeting, from the standpoint of shortening the meeting to prevent the spread of COVID-19, we plan to avoid explaining the details of both the reporting items and agenda. We kindly request that our shareholders read the notice of convocation in advance.
- Starting this year, no gift will be provided to shareholders attending the meeting. We greatly appreciate your understanding.

© In the event that any change is made in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated and Non-consolidated Financial Statements, such changes will be posted on our website (<https://www.sumitomo-soko.co.jp>) or in writing by mail.

## **Guidance on the Exercise of Voting Rights**

The right to vote at the general meeting of shareholders is a principal right of shareholders. Please exercise your voting rights after reviewing the attached Reference Documents for the General Meeting of Shareholders.

You may exercise your voting rights by one of the following three methods.

### **If you will attend the Ordinary General Meeting of Shareholders**

Date and Time: 10:00 a.m., Thursday, June 25, 2020

Shareholders attending the meeting in person are kindly requested to submit the enclosed Voting Rights Exercise Form at the reception desk of the Conference Room.

### **If you will not attend the Ordinary General Meeting of Shareholders**

#### **Exercising voting rights in writing**

Voting Deadline: 5:00 p.m., Wednesday, June 24, 2020

Please indicate your approval or disapproval of each proposal on the enclosed Voting Rights Exercise Form and return it by mail so that it arrives no later than the above voting deadline.

#### **Exercising voting rights via the Internet**

Voting Deadline: 5:00 p.m., Wednesday, June 24, 2020

Please register your approval or disapproval for each proposal no later than the voting deadline. For further information, please see page 4.

### **Matters Relating to Exercise of Voting Rights**

- a. When voting rights have been exercised in duplicate in writing and via the Internet, the vote received via the Internet shall be deemed valid.
- b. When voting rights have been exercised via the Internet more than once or in duplicate through personal computers, smartphones and mobile phones, the last vote received shall be deemed valid.

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<p>This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or direct, indirect or any other forms of damages arising from the translation.</p>
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## Guidance on the Exercise of Voting Rights via the Internet

### <Scanning the QR Code “Smart Vote”>

[Voting by smartphone]

You can simply log in to the voting service website without entering your voting rights exercise code and password.

1. Please scan the QR Code printed on the lower right side of the Voting Rights Exercise Form.  
\* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Register your approval or disapproval by following the instructions on the screen.  
**Please note that exercising voting rights by using “Smart Vote” is available only once.**  
If you need to change your votes after exercising your voting rights, please access the voting website for a personal computer(\*) and log in by using your voting rights exercise code and password printed on the Voting Rights Exercise Form, and exercise your voting rights again.  
\*If you rescan the QR Code, you can access the voting website for a personal computer.

### <Entering Voting Rights Exercise Code and Password>

[Voting Service Website Address] <https://www.web54.net> (This website is available in Japanese only.)

1. Please access the voting service website.
2. Enter your voting rights exercise code printed on the Voting Rights Exercise Form.
3. Enter your password printed on the Voting Rights Exercise Form.
4. Register your approval or disapproval by following the instructions on the screen.

If you have any inquiries regarding exercising your voting rights via the Internet, please contact the following:

**Sumitomo Mitsui Trust Bank, Limited**  
**Stock Transfer Agency Business Planning Department Web Support**  
**Phone: 0120-652-031 (toll free within Japan)**  
**Hours: 9:00 a.m. to 9:00 p.m.**

### Electronic Voting Platform for Institutional Investors

The “Electronic Voting Platform” operated by ICJ, Inc. is available for institutional investors that have applied in advance to use the platform.

## Reference Documents for the General Meeting of Shareholders

### Proposal No.1: Appropriation of Surplus

Regarding the appropriation of surplus, in the Three-Year Medium-Term Business Plan that ended in FY2019, the Company set a basic policy on capital management, which includes a target consolidated dividend payout ratio of 35%, and also, irrespective of the level of profits, a target to maintain an annual dividend of ¥30 per share (an amount reflecting the reverse stock split with the effective date of October 1, 2018).

Based on this policy, in consideration of the strong performance achieved in the fiscal term under review by increased income from our Logistics and Real Estate businesses, as well as improvements in losses in our Sea Transportation business, the Company proposes that the year-end dividend for this fiscal term be ¥29.00 per share composed of an ordinary dividend of ¥19.00 and a 120th anniversary commemorative dividend of ¥10.00 as described below.

As for internal reserves, the Company will appropriate them to investments, etc. to improve its corporate value, and pass them on to shareholders through business development in the future.

#### 1. Matters related to the year-end dividend

(1) Type of the dividend property:

Cash

(2) Matters related to and the aggregate amount of the dividend property to be allotted to shareholders:

¥29.00 (an ordinary dividend of ¥19.00 and a 120th anniversary commemorative dividend of ¥10.00) per ordinary share of the Company, and a total of ¥2,423,031,258 is paid.

(3) Effective date of dividends of surplus:

June 26, 2020

Note: The annual dividend is ¥47.00 per share with the addition of the interim dividend of ¥18.00 per share paid on December 2, 2019, and increased by ¥1.50 compared to the previous year's results (an amount reflecting the reverse stock split with the effective date of October 1, 2018).

#### 2. Other matters related to the appropriation of surplus

(1) Items and the amount of increasing surplus:

General reserves: ¥3,000,000,000

(2) Items and the amount of decreasing surplus:

Retained earnings brought forward: ¥3,000,000,000

**Proposal No.2: Election of Six Directors**

All of six Directors (including two Outside Directors) will complete their term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of six Directors, including two Outside Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and duties of the Company
1	Takanori Ono <span style="border: 1px solid black; padding: 2px;">Reappointment</span>	Representative Director, President and Chief Executive Officer
2	Hiroshi Majima <span style="border: 1px solid black; padding: 2px;">Reappointment</span>	Representative Director and Senior Managing Executive Officer (responsible for Administrative, Marketing Management, and Real Estate Divisions, and in charge of General Affairs Department, Finance & Accounting Department, Business Promotion Department and Information Systems Department)
3	Seiichi Fujimura <span style="border: 1px solid black; padding: 2px;">New Appointment</span>	Managing Executive Officer (in charge of East Japan Logistics Department, West Japan Logistics Department, Project Department, Logistics Engineering Planning Department and Logistics Administration Department, and General Manager, Project Department)
4	Katsunori So <span style="border: 1px solid black; padding: 2px;">New Appointment</span>	Executive Officer (General Manager, Yokohama Branch)
5	Shuji Yamaguchi <span style="border: 1px solid black; padding: 2px;">Reappointment</span> <span style="border: 1px solid black; padding: 2px;">A Candidate for Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director/Corporate Auditor</span>	Director
6	Hideaki Kawai <span style="border: 1px solid black; padding: 2px;">New Appointment</span> <span style="border: 1px solid black; padding: 2px;">A Candidate for Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director/Corporate Auditor</span>	

<p>Candidate No. 1</p> <p>Takanori Ono</p> <p>Date of birth: December 19, 1953</p> <p>Number of shares of the Company held: 39,330 shares</p> <p><u>Reappointment</u></p>	<p>Career summary, position and duties of the Company, and status of important concurrent positions</p> <p>April 1977      Joined the Company</p> <p>June 2010      Executive Officer of the Company, General Manager of Marketing Promotion Department</p> <p>June 2012      Executive Officer of the Company, General Manager of Marketing Promotion Department, General Manager of International Project Department</p> <p>June 2013      Director and Managing Executive Officer of the Company (in charge of Overseas Business Department, Marketing Promotion Department, Logistics Department No. 2 and International Project Department)</p> <p>June 2015      Representative Director, President and Chief Executive Officer of the Company to the present</p>
	<p>[Reasons for selection as a candidate for Director]</p> <p>While possessing a wealth of experience and insight fostered primarily in the international division of the Company, after assuming office as Representative Director, President, Mr. Takanori Ono heads the management of the Company with strong leadership to contribute to the improvement of corporate value of the Company. As he is expected to make further contributions going forward, he has been selected as a candidate for Director.</p>

	Career summary, position and duties of the Company, and status of important concurrent positions	
Candidate No. 2	April 1976	Joined the Company
	June 2010	Executive Officer of the Company, General Manager of General Affairs Department
	October 2010	Executive Officer of the Company, General Manager of General Affairs Department, General Manager of Tokyo General Affairs Department
Hiroshi Majima	June 2013	Director and Managing Executive Officer of the Company (in charge of General Affairs Department, Finance & Accounting Department, Business Promotion Department and Information Systems Department)
Date of birth: September 7, 1952	June 2015	Representative Director and Senior Managing Executive Officer of the Company (responsible for Administrative Division, and in charge of General Affairs Department, Finance & Accounting Department, Business Promotion Department and Information Systems Department)
Number of shares of the Company held: 35,930 shares	June 2019	Representative Director and Senior Managing Executive Officer of the Company (responsible for Administrative, Marketing Management, and Real Estate Divisions, and in charge of General Affairs Department, Finance & Accounting Department, Business Promotion Department and Information Systems Department) to the present
<u>Reappointment</u>		
	[Reasons for selection as a candidate for Director] While possessing a wealth of experience and insight fostered primarily in the administrative and marketing management divisions of the Company, Mr. Hiroshi Majima serves as the core of management of the Company as Representative Director. As he is expected to make further contributions going forward, he has been selected as a candidate for Director.	



	Career summary, position and duties of the Company, and status of important concurrent positions	
Candidate No. 3  Seiichi Fujimura  Date of birth: November 13, 1952  Number of shares of the Company held: 14,400 shares  New Appointment	October 1975 June 2006 June 2007  June 2012 June 2015  July 2016  April 2017	Joined the Company General Manager, Project Department of the Company General Manager, Logistics Department No. 2 of the Company Executive Officer of the Company, General Manager, Kobe Branch Managing Executive Officer of the Company (in charge of Logistics Department No. 1, West Japan Logistics Department, International Air Cargo Department and Project Department, and General Manager, Project Department) Managing Executive Officer of the Company (in charge of Logistics Department No. 1, West Japan Logistics Department, International Air Cargo Department and Project Department) Managing Executive Officer (in charge of East Japan Logistics Department, West Japan Logistics Department, Project Department, Logistics Engineering Planning Department and Logistics Administration Department, and General Manager, Project Department) to the present
	[Reasons for selection as a candidate for Director] While having served in the logistics division of the Company over the years, Mr. Seiichi Fujimura has led mainly the logistics division as Managing Executive Officer since 2015. As his experience is expected to contribute to the management of the Company, he has been selected as a candidate for Director.	

	Career summary, position and duties of the Company, and status of important concurrent positions	
Candidate No. 4	April 1983	Joined the Company
	June 2011	General Manager, Marine Department of the Company
	June 2015	General Manager, Yokohama Branch of the Company
Katsunori So	June 2017	Executive Officer of the Company, General Manager, Yokohama Branch
Date of birth: April 5, 1959		to the present
Number of shares of the Company held: 7,000 shares	[Reasons for selection as a candidate for Director]	
<u>New Appointment</u>	In addition to having served in the marine division of the Company over the years, Mr. Katsunori So has a wealth of experience as a branch general manager. As this experience is expected to contribute to the management of the Company, he has been selected as a candidate for Director.	

<p>Candidate No. 5</p> <p>Shuji Yamaguchi</p> <p>Date of birth: December 27, 1956</p> <p>Number of shares of the Company held: 2,800 shares</p> <p><span style="border: 1px solid black; padding: 2px;">Reappointment</span></p> <p><span style="border: 1px solid black; padding: 2px;">A Candidate for Outside Director</span></p> <p><span style="border: 1px solid black; padding: 2px;">Independent Director/Corporate Auditor</span></p>	<p>Career summary, position and duties of the Company, and status of important concurrent positions</p> <p>April 1982 Registered as Attorney at Law</p> <p>April 1987 Joined Clyde &amp; Co LLP in UK</p> <p>September 1990 Established OKABE &amp; YAMAGUCHI(*1)</p> <p>March 2000 Outside Corporate Auditor of THine Electronics, Inc.</p> <p>June 2004 Outside Corporate Auditor of Tamai Steamship Co., Ltd. to the present</p> <p>January 2010 Representative Partner of OKABE &amp; YAMAGUCHI(*1)</p> <p>April 2014 Member of Working Group on the Commercial Law (Transport and Maritime Commerce) in the Legislative Council of the Ministry of Justice</p> <p>June 2014 Corporate Auditor of the Company</p> <p>February 2016 Retired as the Member of Working Group on the Commercial Law (Transport and Maritime Commerce) in the Legislative Council of the Ministry of Justice</p> <p>March 2016 Resigned the post of Outside Corporate Auditor of THine Electronics, Inc. Outside Director of THine Electronics, Inc. (Audit and Supervisory Committee) to the present</p> <p>June 2017 Resigned the post of Corporate Auditor of the Company Director of the Company to the present</p> <p>August 2017 Representative Partner of OKABE &amp; YAMAGUCHI(*2) to the present</p> <p>[Status of important concurrent positions]</p> <p>Representative Partner of OKABE &amp; YAMAGUCHI(*2)</p> <p>Outside Director of THine Electronics, Inc. (Audit and Supervisory Committee)</p> <p>Outside Corporate Auditor of Tamai Steamship Co., Ltd.</p> <p>(*1) Japanese partnership (*2) Japanese legal professional corporation</p>
	<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Shuji Yamaguchi has a wealth of specialized knowledge and experience as an attorney at law mainly in the maritime field. He has given the Company precise opinions from the viewpoint of an independent position during his term of office as Outside Corporate Auditor and Outside Director of the Company, and has discharged his responsibilities. Accordingly, the Company proposes that Mr. Shuji Yamaguchi be elected as Outside Director since he has the professional knowledge and experience as mentioned above and is familiar with the business operations of the Company, which is expected to be used for supervising the management of the Company. Though Mr. Shuji Yamaguchi does not have any experience in getting involved in corporate management other than serving as Outside Director or Outside Corporate Auditor, the Company believes that he can properly carry out his duties as Outside Director for the reasons mentioned above.</p>

	Career summary, position and duties of the Company, and status of important concurrent positions
<p>Candidate No. 6</p> <p>Hideaki Kawai</p> <p>Date of birth: September 1, 1954</p> <p>Number of shares of the Company held: 0 shares</p> <p><input type="checkbox"/> New Appointment</p> <p><input type="checkbox"/> A Candidate for Outside Director</p> <p><input type="checkbox"/> Independent Director/Corporate Auditor</p>	<p>April 1977      Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>April 2008      Executive Officer of Matsushita Electric Industrial Co., Ltd.</p> <p>April 2011      Managing Executive Officer of Panasonic Corporation</p> <p>June 2012      Managing Director of Panasonic Corporation</p> <p>April 2014      Representative Director and Senior Managing Director of Panasonic Corporation</p> <p>June 2017      Corporate Advisor to Panasonic Corporation</p> <p>April 2018      Associate member of Panasonic Corporation</p> <p>April 2018      Representative Director and President of Osaka Metro Co., Ltd. to the present</p> <p>[Status of important concurrent positions] Representative Director and President of Osaka Metro Co., Ltd.</p>
	<p>[Reasons for selection as a candidate for Outside Director]</p> <p>While having served as the Representative Director and Senior Managing Director of Panasonic Corporation, Mr. Hideaki Kawai now serves as Representative Director and President of Osaka Metro Co., Ltd., possessing a wealth of experience and insight as a manager. So that he can use this experience and insight in the supervision of the Company's management, the Company proposes that Mr. Hideaki Kawai be elected as Outside Director.</p>

- Notes: 1. No conflict of interest exists between the Company and the above candidates for Directors.
2. The Company has concluded a liability limitation agreement with Mr. Shuji Yamaguchi, who currently serves as Outside Director of the Company. If his election is approved and resolved, the Company plans to continue such liability limitation agreement with him. If the election of Mr. Hideaki Kawai is approved and resolved, the Company plans to conclude a liability limitation agreement with him. The outline of the contents of the liability limitation agreement is to define ¥10 million or the minimum amount set by the Companies Act, whichever is higher as the limit of the liability for the damages provided for in Article 423, Paragraph 1 of the Companies Act, as far as they perform their duties in good faith without gross negligence.
3. Mr. Shuji Yamaguchi and Mr. Hideaki Kawai are candidates for Outside Director.
4. In July 2016, the European Commission finalized its decision to impose a fine on Panasonic Corporation, where Mr. Hideaki Kawai served as Director until June 2017, in relation to certain conduct violating antitrust laws in connection with the company's cathode ray tube business. Panasonic Corporation also reached a settlement to pay the fine imposed by the European Commission in December 2016, in regard to certain conduct violating antitrust laws in connection with its lithium-ion battery business. In addition, Panasonic Corporation and its U.S. subsidiary, Panasonic Avionics Corporation ("PAC"), were subject to investigation for alleged violations of the U.S. Foreign Corrupt Practices Act and other securities-related laws of the U.S. with respect to certain transactions carried out by PAC with airline companies, and also with respect to appointment of agents and consultants in relation to such transactions (announcement made in February 2017). In that regard, Panasonic Corporation and PAC reached an agreement

in May 2018 with the U.S. Securities and Exchange Commission and the U.S. Department of Justice requiring them to pay a fine to the U.S. government and to undertake various actions to improve compliance practices.

5. Mr. Shuji Yamaguchi will have served as Outside Director of the Company for three years at the closing of this General Meeting of Shareholders. He was a Corporate Auditor of the Company in the past.
6. The Company has registered Mr. Shuji Yamaguchi and Mr. Hideaki Kawai as independent directors/corporate auditors under the provisions of Tokyo Stock Exchange, Inc.
7. Mr. Shuji Yamaguchi is a Representative Partner of OKABE & YAMAGUCHI, which has transactions related to logistics operations, legal consultations, etc. with the Company, but the amount of these transactions in the most recent fiscal year were less than 0.01% of the Company's consolidated operating revenue for logistics operations, and less than 0.1% of OKABE & YAMAGUCHI's net sales for legal consultations, etc. As both are insignificant amounts, the Company has judged that they do not affect his independence. Mr. Yamaguchi has not directly contributed to these legal consultations, etc., and the Company has not concluded an advisory agreement with OKABE & YAMAGUCHI.
8. Mr. Hideaki Kawai has worked for Panasonic Corporation, which has transactions related to logistics operations with the Company, but the amount of these transactions in the most recent fiscal year was less than 0.01% of the Company's consolidated operating revenue. As this is an insignificant amount, the Company has judged that they do not affect his independence.

**Proposal No.3:** Election of One Corporate Auditor

Corporate Auditor Mutsuo Mabuchi will complete his term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of one Corporate Auditor.

The Board of Corporate Auditors has given its approval to this proposal.

The candidate for Corporate Auditor is as follows:

	Career summary, position and status of important concurrent positions
Tsuchikazu Ohnaka	<p>April 1982 Appointed as Public Prosecutor</p> <p>January 2009 Chief Prosecutor, Oita District Public Prosecutors Office</p> <p>April 2010 Chief Prosecutor, Okayama District Public Prosecutors Office</p> <p>August 2011 Director, General Affairs Bureau, Supreme Public Prosecutors Office</p> <p>April 2012 Chief Prosecutor, Saitama District Public Prosecutors Office</p> <p>March 2013 Resigned the post of Public Prosecutor</p> <p>April 2013 Professor, Kansai University Graduate School of Law</p> <p>July 2013 Registered as Attorney at Law</p> <p>October 2014 Established Ashinoha Law Office</p> <p>June 2016 Outside Corporate Auditor of Sekisui Jushi Corporation to the present</p> <p>December 2018 Ashinoha Law Office dissolved</p> <p>January 2019 Established Reed Leaf Law Office Representative Partner of Reed Leaf Law Office to the present</p> <p>April 2020 Professor Emeritus of Kansai University to the present</p>
Date of birth: March 26, 1950	
Number of shares of the Company held: 0 shares	
<input type="checkbox"/> New Appointment	
<input type="checkbox"/> A Candidate for Outside Corporate Auditor	
<input type="checkbox"/> Independent Director/Corporate Auditor	
	<p>[Status of important concurrent positions]</p> <p>Representative Partner of Reed Leaf Law Office</p> <p>Professor Emeritus of Kansai University</p> <p>Outside Corporate Auditor of Sekisui Jushi Corporation</p>
	<p>[Reasons for selection as a candidate for Outside Corporate Auditor]</p> <p>Mr. Tsuchikazu Ohnaka has specialized knowledge and experience as both a prosecutor and an attorney, and so that he can use this experience and insight in auditing the Company, the Company proposes that Mr. Tsuchikazu Ohnaka be elected as Outside Corporate Auditor. Though Mr. Tsuchikazu Ohnaka does not have any experience in getting involved in corporate management other than serving as Outside Director or Outside Corporate Auditor, the Company believes that he can properly carry out his duties as Outside Corporate Auditor for the reasons mentioned above.</p>

Notes: 1. No conflict of interest exists between the Company and the above candidate for Corporate Auditor.

2. If the election of Mr. Tsuchikazu Ohnaka is approved and resolved, the Company plans to conclude a liability limitation agreement with him. The outline of the contents of the liability limitation agreement is to define ¥10 million or the minimum amount set by the Companies Act, whichever is higher as the limit of the liability for the damages provided for in Article 423, Paragraph 1 of the Companies Act, as far as they perform their duties in good faith without gross negligence.

3. Mr. Tsuchikazu Ohnaka is a candidate for Outside Corporate Auditor.

4. The Company has registered Mr. Tsuchikazu Ohnaka as an independent director/corporate auditor under the provisions of Tokyo Stock Exchange, Inc.

5. Mr. Tsuchikazu Ohnaka worked as a national government official until March 2013. The Company has transactions related to logistics operations with ministries and agencies that are Japanese administration organs, but the amount of these transactions in the most recent fiscal year was less than 0.01% of the Company's consolidated operating revenue. As this is an insignificant amount, the Company has judged that they do not affect his independence.

**Proposal No.4: Determination of Remuneration for Directors (Excluding Outside Directors) by Allotment of Restricted Shares**

Regarding the remuneration for the Company's Directors, at the 129<sup>th</sup> Ordinary General Meeting of Shareholders held on June 29, 2006, it was resolved that the Company may pay up to ¥33 million a month as cash remuneration. Furthermore, at the 138<sup>th</sup> Ordinary General Meeting of Shareholders held on June 24, 2015, it was resolved that the Company may pay up to ¥60 million a year as remuneration related to share acquisition rights as stock-remuneration-type stock options to Directors (excluding Outside Directors). This structure remains the same today.

Now, with the aim of further strengthening the incentive of Directors (excluding Outside Directors) to contribute to enhance the Company's medium- to long-term corporate value, and sharing the value with our shareholders earlier by allowing Directors to own shares during their terms, in place of the existing stock-remuneration-type stock option system, the Company hereby proposes to introduce a remuneration system to allot common shares of the Company that are subject to provisions including a certain transfer restriction period and acquisition of the shares by the Company without consideration under certain conditions ("Restricted Shares"). Accordingly, we have made a comprehensive consideration of various factors including the contribution levels of Directors at the Company, and in a framework separate from the current amount of cash remuneration for the Directors, we will distribute to Directors (excluding Outside Directors) monetary remuneration claims to acquire Restricted Shares. We would like to set the amount of the remuneration at up to ¥60 million annually, the same amount as the remuneration related to the share acquisition rights previously provided as stock-remuneration-type stock options. On the condition that this proposal is approved and resolved, new share acquisition rights will not be allotted as stock-remuneration-type stock options in the future. In addition, the allotment of Restricted Shares shall be determined based on a comprehensive consideration of the contribution levels of Company's Directors and other matters, and the Company believes that the details of the allotment are appropriate.

If Proposal No.2 "Election of Six Directors" is approved, the number of Directors to be subject to this proposal will be four.

Specifics about restricted shares to be allotted to Directors of the Company (excluding Outside Directors) and the maximum number of Restricted Shares to be allotted

1. Allotment of and payment for Restricted Shares

In accordance with a resolution of the Board of Directors, Directors (excluding Outside Directors) shall receive monetary remuneration claims within the aforementioned annual amount of Restricted Share-based remuneration, and each Director will be allotted the Restricted Shares by contributing all of the monetary remuneration claims in the form of property contributed in kind.

The amount to be paid in for the Restricted Shares shall be based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Company's Board of Directors for the allotment of such shares (if no trade is made on this day, the closing price on the most recent day of trading before that), and shall be determined by the Board of Director to the extent that the amount will not be particularly advantageous for Directors receiving the Restricted Shares.

Furthermore, the aforementioned monetary remuneration claims shall be provided to Directors (excluding Outside Directors) on the condition that they have agreed to the above payment of property contributed in kind, and have concluded a Restricted Shares Allotment Agreement which includes the provisions stipulated in 3. below.

2. Total number of Restricted Shares

The maximum number of Restricted Shares allotted within one year from the date of the ordinary general meeting of shareholders for each fiscal year to Directors (excluding Outside Directors) shall be no more than 100,000 shares.

However, after the day that this proposal is resolved, if there is a split of the Company's common shares (including an allotment without contribution of the Company's common shares) or a reverse



stock split or another similar event which makes it necessary to adjust the total number of Restricted Shares allotted, the total number of Restricted Shares may be reasonably adjusted.

3. Provisions of the Restricted Shares Allotment Agreement

In accordance with a resolution by the Board of Directors, the Restricted Shares Allotment Agreement to be concluded between the Company and Directors receiving the Restricted Shares shall include the following provisions.

(1) Definitions of Transfer Restrictions

Directors who have received an allotment of Restricted Shares may not transfer, establish a pledge, establish transfer security interest, make a gift before death, bequeath or otherwise dispose of the Restricted Shares allotted to the Director (hereinafter the "Allotted Shares") to any third party (such restrictions are hereinafter "Transfer Restrictions") during a period between the allotment date of Restricted Shares and the date on which they retire from all of the positions of Director and Executive Officer of the Company (hereinafter the "Transfer Restriction Period").

(2) Acquisition of Allotted Shares without consideration

If the Board of Directors recognizes that a Director who has received the allotment of Restricted Shares violates laws and regulations, the Company's internal rules, or material respect of the Restricted Share allotment agreement during the Transfer Restriction Period, the Company shall automatically acquire the shares without consideration.

Also, if there are any Allotted Shares for which the Transfer Restrictions have not been lifted in accordance with the provisions for the lifting of the Transfer Restrictions as discussed in (3) below at the time when the Transfer Restriction Period discussed in (1) above has ended, the Company shall automatically acquire these Allotted Shares without contribution.

(3) Lifting of the Transfer Restrictions

Except where the Board of Directors recognizes that a Director who has received the allotment of Restricted Shares violates laws and regulations, the Company's internal rules, or important points in the Restricted Share allotment agreement during the Transfer Restriction Period, the Transfer Restrictions will be lifted for all of the Allotted Shares at the time when the Transfer Restriction Period is completed.

(4) Treatment in the case of the Company's reorganization, etc.

If, during the Transfer Restriction Period, proposals relating to a merger agreement in which the Company is the merged company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's general meeting of shareholders (or at a meeting of its Board of Directors in the case where approval at the Company's general meeting of shareholders is not required for the reorganizations, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares to be reasonably determined in consideration of the period from the beginning of the Transfer Restriction Period to the date of approval of the reorganization, etc., prior to the effective date of such reorganization, etc. by resolution of the Board of Directors.

In such event, the Company shall automatically acquire, without consideration, the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted in accordance with the above stipulation.

(Reference)

Following the conclusion of this General Meeting of Shareholders, on the condition that this proposal is approved and resolved, the Company plans to allot Restricted Shares of the same kind as the Restricted Shares discussed above to the Company's Executive Officers not serving concurrently as Directors, in place of the existing share acquisition rights as stock-remuneration-type stock option system.