

Securities Code: 3101

June 3, 2025

To our shareholders:

Ikuko Takeuchi
President and Representative Director,
CEO and Co-COO
Toyobo Co., Ltd.
1-13-1 Umeda, Kita-ku, Osaka

Notice of the 167th Annual General Meeting of Shareholders

The 167th Annual General Meeting of Shareholders of Toyobo Co., Ltd. (the “Company”) will be held as follows. In convening this meeting, the Company takes measures for providing informational materials in electronic format, including Reference Documents for this meeting, Business Report and Financial Statements (items subject to measures for providing information in electronic format). These materials are posted on the Company’s website, etc. Please refer to either of the following URLs.

The Company’s website:

<https://ir.toyobo.co.jp/ja/ir/stock/shareholder.html> (in Japanese)

(Reference) <https://ir.toyobo.co.jp/en/ir/stock/shareholder.html> (in English)

Website for the general meeting of shareholders:

<https://d.sokai.jp/3101/teiji/>

Note that your voting right can be exercised over the internet or in writing instead of attending on the day of the event. In that case, please consider the Reference Documents for General Meeting of Shareholders, and exercise your voting right by the end of business hours at 5:30 p.m. on Tuesday, June 24, 2025 (JST).

1. Date and Time: Wednesday, June 25, 2025, at 10:00 a.m. (JST) (Reception will begin at 9:00 a.m.)

2. Venue: Umeda South Hall, 11th Floor, Osaka Umeda Twin Towers South
1-13-1 Umeda, Kita-ku, Osaka

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the 167th term (April 1, 2024 to March 31, 2025), and audit results of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 167th term (April 1, 2024 to March 31, 2025)

Matters to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial amendment to the Articles of Incorporation |
| Proposal No. 3 | Election of Eight Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 4 | Election of Three Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 5 | Election of One Substitute Director Who Is an Audit and Supervisory Committee Member |
| Proposal No. 6 | Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |
| Proposal No. 7 | Setting of the Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members |
| Proposal No. 8 | Setting of the Amount of Compensation to Grant Restricted Shares for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) |

4. Matters Decided on Regarding the Convocation

- (1) Pursuant to laws and regulations and Article 17 of the Articles of Incorporation, the following items are not described in the paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents; “Internal control system and the outline of the operation of the system” and “Basic policy regarding company control” of the Business Report, “Consolidated Statements of Changes in Equity” and “Accompanying notes” in the Consolidated Financial Statements, and “Statements of Changes in Equity” and “Accompanying notes” in the Non-consolidated Financial Statements. Accordingly, the paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents are part of the documents audited by Corporate Auditors and the Financial Auditor in the course of the preparation of their audit reports.
 - (2) If multiple votes are exercised over the internet and in writing, the vote exercised over the internet will be counted as the valid vote. In addition, if multiple votes are exercised through the same method, the last vote exercised will be counted as the valid vote.
 - (3) If you exercise your voting rights in writing and your voting form does not indicate for or against each proposal, your vote will be deemed to be in favor of the proposal.
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- Please bring the enclosed voting form for submission at reception desk when you attend on the day of the meeting.
 - If revisions to the items subject to measures for providing information in electronic format arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company’s website, etc. on the internet stated above.
 - The results of the resolutions will be posted on the Company’s website at the URL stated above in lieu of the mailing of a written resolution notification.

Proposal No. 1 Appropriation of Surplus

The year-end dividend for the current fiscal year is ¥40 per share.

The effective date of dividends of surplus is June 26, 2025.

Reference Information Common to Proposals No. 2 to No. 8

Proposals No. 2 to No. 8 are all **related to our transition to a company with audit and supervisory committee**.

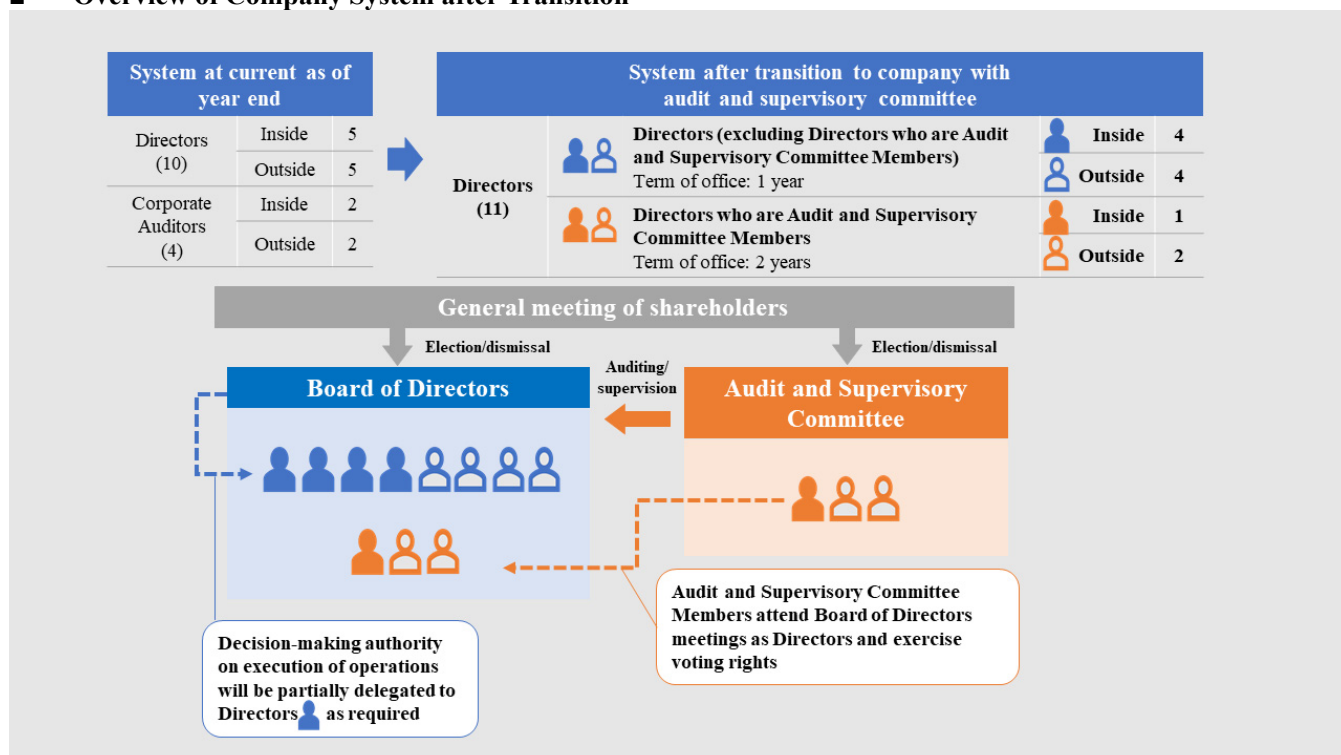
The purpose of the transition and an overview of our system after transition are given below.

■ Purpose of Transition

The Company has aimed for sustainable growth and increased corporate value over the medium to long term. This has been achieved by enhancing our corporate governance via efforts such as improving management transparency, strengthening our business execution and supervisory functions, and separating execution and supervision by introducing an executive officer system and establishing committees for nomination and compensation.

Now we would like to transition to a company with audit and supervisory committee in order to achieve both swifter and more efficient execution of business and more advanced management supervision.

■ Overview of Company System after Transition



Proposal No. 2 Partial amendment to the Articles of Incorporation

In order to transition to a company with audit and supervisory committee, necessary changes shall be made to the Articles of Incorporation, including the addition of new provisions regarding Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the deletion of provisions regarding Corporate Auditors and the Audit & Supervisory Board, and the addition of new provisions regarding the delegation of decisions on execution of important operations.

Proposal No. 3 Election of Eight Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The name, position at the Company, and attendance at meetings of the Board of Directors of each candidate are as follows:



Candidate No.

1

Reelection

Seiji Narahara (Male)

Chair of the Board, Director

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

2

Reelection

Ikuo Takeuchi (Male)

President, Representative Director
(CEO and Co-COO)

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

3

Reelection

Taichi Sakai (Male)

Representative Director,
Senior Managing Executive Officer

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

4

Reelection

Takahito Sagara (Male)

Director,
Managing Executive Officer

Attendance at meetings of the Board of Directors: 100% (13/13)



Candidate No.

5

Reelection

Outside

Independent

Masaaki Harima (Male)

Director

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

6

Reelection

Outside

Independent

Hiroshi Fukushi (Male)

Director

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

7

Reelection

Outside

Independent

Shoko Takase (Female)

Director

Attendance at meetings of the Board of Directors: 100% (17/17)



Candidate No.

8

New election

Outside

Independent

Yuki Kanzaki (Female)

—

Attendance at meetings of the Board of Directors: —

Proposal No. 4 Election of Three Directors Who Are Audit and Supervisory Committee Members

The name, position at the Company, and attendance at meetings of the Board of Directors of each candidate are as follows:



Candidate No.

1

New

Takayuki Tabo (Male)

Full-time Corporate Auditor

Attendance at meetings of the Board
of Directors: 100% (17/17)
Attendance at meetings of the Board
of Corporate Auditors: 100%
(15/15)



Candidate No.

2

New election

Outside

Independent

Akihiko Irie (Male)

Corporate Auditor

Attendance at meetings of the Board
of Directors: 100% (17/17)
Attendance at meetings of the Board
of Corporate Auditors: 100%
(15/15)



Candidate No.

3

New election

Outside

Independent

Wakyu Shinmen (Male)

Corporate Auditor

Attendance at meetings of the Board
of Directors: 100% (17/17)
Attendance at meetings of the Board
of Corporate Auditors: 100%
(15/15)

Proposal No. 5 Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

The candidate is Yoshinori Sato.

Proposal No. 6 Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of current Director compensation has been approved as not more than ¥41 million monthly, but this will be abolished due to the transition to a company with audit and supervisory committee.

We therefore wish to newly set the amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), at not more than ¥35 million monthly (of which not more than ¥5 million monthly for outside Directors).

Proposal No. 7 Setting of the Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members

We wish to set the amount of monetary compensation for Directors who are Audit and Supervisory Committee Members, at not more than ¥5 million monthly.

Proposal No. 8 Setting of the Amount of Compensation to Grant Restricted Shares for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The current restricted share-based compensation plan has approved Directors (excluding outside Directors) to receive not more than ¥45 million annually as compensation to grant restricted shares.

Because this system will be abolished due to the transition to a company with audit and supervisory committee, we wish to newly set the amount of compensation to grant restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members), at not more than ¥35 million annually. Under this plan, outside Directors will not be included in the Directors eligible for the plan.

[Reference] Structure of the Board of Directors and the Audit and Supervisory Committee (Scheduled)

The Board of Directors shall possess the expertise and skills required for appropriate choices of a strategic course and important decisions on the execution of business, with the independence required for the strengthening of management supervision. It shall also maintain a balanced system as a whole by securing diversity in terms of career history, gender, and age, etc. The ratio of outside Directors shall be 50% or more, and the total number of Board of Directors members shall be 15 or less if Proposal No. 2 is approved and adopted as drafted.

The Audit and Supervisory Committee, from the perspective of ensuring the effective auditing and supervision of the execution of Directors' duties, includes personnel with expertise and skills in finance and accounting, as well as with knowledge of the Group's business.

The Company has identified the seven fields as important areas of expertise and skills that are expected of Directors. The details are as follows.

Corporate Management

Supervising and promoting strategies for sustainable growth, such as adjusting our business portfolio based on an overview of the entire Group, in line with business opportunities and risks in Japan and abroad.

Production/Technology/Development

Supervising and promoting strategies for preparing for the future, such as enhancing hands-on manufacturing skills, discovering new businesses and technologies, and commercializing themes.

Marketing/Sales

Supervising and promoting sales strategies for creating business opportunities in growth fields and further cultivating our existing businesses.

Finance/Accounting

Supervising and promoting capital policies and financial strategies to achieve management plans based on a high level of expertise in the fields of finance and accounting.

Environment/Society

Supervising and promoting strategies for achieving a sustainable society via our business and contributing to solving social issues, as outlined in our Sustainable Vision 2030.

Governance/Risk Management/Compliance

Supervising and promoting strategies for strengthening risk management and compliance, starting with the key issues of "safety, disaster prevention, and quality" given in our 2025 Medium-Term Management Plan, based on a recognition of the necessity to continue ensuring legal compliance and enhancing governance, which are the foundation of our business activities.

IT/DX

Supervising and promoting digital strategies for establishing competitive edge and transforming our business model via information technology (IT) and digital transformation (DX).

Each Director shall leverage the complementary strengths in these important areas, aiming to enhance the corporate value through the achievement of our Sustainable Vision 2030 and 2025 Medium-Term Management Plan.

If Proposal No. 3 and Proposal No. 4 are approved and adopted as proposed, the Board of Directors and the Audit and Supervisory Committee will be composed as follows:

| | Name (Age) | Non-Executive Officer | Corporate Management | Production/ Technology/ Develop- ment | Marketing/ Sales | Finance/ Accounting | Environment / Society | Governance/ Risk Management / Compliance | IT/DX |
|---|----------------------------|------------------------------|-------------------------|--|---------------------|------------------------|--------------------------|---|-------|
| Director | Seiji Narahara (68) | ○ (Chair of the Board) | ○ | | | ○ | ○ | ○ | |
| | Ikuo Takeuchi (62) | | ○ | | ○ | ○ | ○ | ○ | |
| | Taichi Sakai (62) | | ○ | ○ | | | ○ | ○ | ○ |
| | Takahito Sagara (58) | | | ○ | ○ | | ○ | ○ | |
| | Masaaki Harima (74) | ○ Independent Officer | | | | | ○ | ○ | |
| | Hiroshi Fukushi (67) | ○ Independent Officer | ○ | ○ | | ○ | | ○ | ○ |
| | Shoko Takase (60) | ○ Independent Officer | | ○ | ○ | | | ○ | ○ |
| | Yuki Kanzaki (62) | ○ Independent Officer | | ○ | | | ○ | ○ | |
| Director (Audit and Supervisory Committee Member) | Takayuki Tabo (64) | ○ | | | ○ | ○ | | ○ | |
| | Akihiko Irie (68) | ○ Independent Officer | | | ○ | | | ○ | ○ |
| | Wakyu Shinmen (68) | ○ Independent Officer | | | | ○ | | ○ | |

Notes: 1. The age is as of the end of this meeting.
2. The skills displayed above are expertise and skills that are expected of each Director by the Company, and do not depict all of the knowledge and experience held by each Director.

[Reference] Independence Standards for Outside Directors

The Company has deemed that if none of the attributes in the following items apply, the outside Director (or the candidate for outside Director) has a high degree of independence from the Company, and there are no concerns of conflicts of interest with general shareholders.

- (1) A major shareholder in the Company (refers to a shareholder with a voting rights ownership ratio of 10% or more; the same applies below) or an individual who executes business for the shareholder
- (2) An individual who executes business for a company of which the Company is a major shareholder
- (3) A business partner of the Company for which the Company is a major partner (refers to a party that provides products or services to the Company for which the average annual transaction amount for the past three fiscal years is over 2% of that business partner's annual gross sales) or an individual who executes business for that company
- (4) A major business partner of the Company (refers to a party that the Company provides products or services to for which the average annual transaction amount for the past three fiscal years is over 2% of the Company's annual gross sales) or an individual who executes business for that company
- (5) An individual who executes business as an employee of a financial institution that is a major lender to the Company (refers to a lender for which the loan balance amount is equivalent to over 2% of the Company's total assets)
- (6) An individual who obtains over ¥10 million per year in cash or other assets in profit from the Company as a specialist, such as a consultant, accountant, or attorney at law, other than officers' compensation (or an individual who belongs to a corporation, etc., that obtains over ¥100 million per year in this matter)
- (7) An individual who is an executive of a company with a reciprocal election relationship for outside officers
- (8) An individual for which any item in (1) to (7) above has applied within the past three years
- (9) A spouse or relation within the second degree of an individual for which any item in (1) to (8) above applies

Note: Even if none of the attributes above apply, in some cases it may be deemed that there is no independence in consideration of matters such as transaction volumes at a Group company of the Company or a Group company of a business partner.

Reference Documents for General Meeting of Shareholders

Proposals and reference items

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company views the provision of appropriate profit returns to shareholders as one of the most important management issues, and dividends are determined through an overall judgment that takes into consideration matters such as sustainable profit levels, retained earnings for future investments, and improvements to our financial position, while setting the continuation of stable dividend as our basic policy, with a target total return ratio of 30%. The Company proposes to pay year-end dividend for the current fiscal year of ¥40 per share as follows.

- 1 Type of dividend property
Cash
- 2 Allotment of dividend property to shareholders and their aggregate amount
¥40 per common share for a total of ¥3,526,906,080
- 3 Effective date of dividends of surplus
June 26, 2025

Proposal No. 2 Partial amendment to the Articles of Incorporation

1. Reasons for the proposal

The Company has aimed for sustainable growth and increased corporate value over the medium to long term. This has been achieved by enhancing our corporate governance via efforts such as improving management transparency, strengthening our business execution and supervisory functions, and separating execution and supervision by introducing an executive officer system and establishing committees for nomination and compensation.

Now we would like to transition to a company with audit and supervisory committee in order to achieve both swifter and more efficient execution of business and more advanced management supervision.

This will involve the addition of new provisions regarding Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the deletion of provisions regarding Corporate Auditors and the Audit & Supervisory Board, and the addition of new provisions regarding the delegation of decisions on execution of important operations.

2. Details of the Amendment

The details of the amendments are as follows: These amendments to the Articles of Incorporation shall be effective at the conclusion of this general meeting of shareholders.

(Amended parts are indicated with underlining.)

| Current Articles of Incorporation | Proposed Amendment |
|---|--|
| Article 1 - Article 3 (Clauses Omitted) Article 4 (Organization) The Company shall have the following organizations, in addition to the general meeting of shareholders and Directors: 1. Board of Directors 2. <u>Corporate Auditors</u> 3. <u>Board of Corporate Auditors</u> 4. Financial Auditor Article 5 - Article 17 (Clauses Omitted) Article 18 (Number of Directors) The total number of Directors of the Company shall be <u>14</u> or less. Article 19 (Election of Directors) Directors shall be elected through resolutions of a general meeting of shareholders. Resolutions for electing Directors shall be made by a majority of voting rights of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights at such meeting are present. Resolutions for electing Directors shall not be made by cumulating voting. | Article 1 - Article 3 (Unchanged) Article 4 (Organization) The Company shall have the following organizations, in addition to the general meeting of shareholders and Directors: 1. Board of Directors 2. <u>Audit and Supervisory Committee</u> (Deleted) 3. Financial Auditor Article 5 - Article 17 (Unchanged) Article 18 (Number of Directors) The total number of Directors of the Company shall be <u>15</u> or less. <u>Of the Directors, the total number of Directors who are Audit and Supervisory Committee Members shall be five or less.</u> Article 19 (Election of Directors) Directors shall be elected through resolutions of a general meeting of shareholders <u>by distinguishing between the Directors who are Audit and Supervisory Committee Members and other Directors.</u> Resolutions for electing Directors shall be made by a majority of voting rights of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights at such meeting are present. Resolutions for electing Directors shall not be made by cumulating voting. |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p>Article 20 (Term of Office of Directors) The term of office of each Director shall be until the end of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after appointment of the Director.</p> | <p>Article 20 (Term of Office of Directors) The term of office of each Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be until the end of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after appointment of the Director. <u>The term of office of each Director who is an Audit and Supervisory Committee Member shall be until the end of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after appointment of the Director; provided, however, that the term of office of a Director who is an Audit and Supervisory Committee Member to fill a vacancy arising from the early retirement of his/her predecessor shall be equal to the remaining period of the term of office of the predecessor.</u></p> |
| <p>Article 21 (Representative Directors and Directors with Titles) The Board of Directors appoints Representative Directors by its resolution. The Board of Directors appoints one President from the Directors or Executive Officers by its resolution. The Board of Directors may appoint one Chair of the Board & Director from the Directors by its resolution.</p> | <p>Article 21 (Representative Directors and Directors with Titles) The Board of Directors appoints Representative Directors from the Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> by its resolution. The Board of Directors appoints one President from the Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> or Executive Officers by its resolution. The Board of Directors may appoint one Chair of the Board & Director from the Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> by its resolution.</p> |
| <p>Article 22 - Article 23 (Clauses Omitted)</p> | <p>Article 22 - Article 23 (Unchanged)</p> |
| <p>Article 24 (Notice of Board of Directors Meeting) When convening a Board of Directors meeting, a notice shall be sent to each Director <u>and Corporate Auditor</u> at least three days prior to such a meeting; provided, however, that the prior notice period may be shortened in case of an emergency. The Company may hold a Board of Directors meeting without following the procedures for convocation when there is unanimous consent by all Directors <u>and Corporate Auditors</u>.</p> | <p>Article 24 (Notice of Board of Directors Meeting) When convening a Board of Directors meeting, a notice shall be sent to each Director at least three days prior to such a meeting; provided, however, that the prior notice period may be shortened in case of an emergency. The Company may hold a Board of Directors meeting without following the procedures for convocation when there is unanimous consent by all Directors.</p> |
| <p>Article 25 (Clauses Omitted) (Newly Established)</p> | <p>Article 25 (Unchanged)</p> |
| <p>Article 26 (Clauses Omitted)</p> | <p><u>Article 26</u> <u>(Delegation of Decisions on Execution of Important Operations)</u> <u>Pursuant to Article 399-13, paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or part of decisions on the execution of important operations (excluding the matters listed in each item of paragraph (5) of the said Article) to its Directors.</u></p> |
| <p>Article 27</p> | <p>Article 27 (Unchanged)</p> |
| <p>(Compensation to Directors) The financial benefit each Director receives from the Company as compensation, bonus or as other types of considerations for execution of duties shall be decided through resolutions by a general meeting of shareholders.</p> | <p>Article 28 (Compensation to Directors) The financial benefit each Director receives from the Company as compensation, bonus or as other types of considerations for execution of duties shall be decided through resolutions by a general meeting of shareholders <u>by distinguishing between the Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> |
| <p>Article 28 (Clauses Omitted)</p> | <p>Article 29 (Unchanged)</p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|--------------------|
| <u>Chapter 5</u> | (Deleted) |
| <u>Corporate Auditors and Board of Corporate Auditors</u> | |
| <u>Article 29</u> | (Deleted) |
| <u>(Number of Corporate Auditors)</u> | |
| <u>The total number of Corporate Auditors of the Company shall be five or less.</u> | |
| <u>Article 30</u> | (Deleted) |
| <u>(Election of Corporate Auditors)</u> | |
| <u>Corporate Auditors shall be elected through resolutions of a general meeting of shareholders.</u> | |
| <u>Resolutions for electing Corporate Auditors shall be made by a majority of voting rights of the shareholders present at the meeting where the shareholders holding one third or more of the voting rights of the shareholders entitled to exercise their voting rights at such meeting are present.</u> | |
| <u>Article 31</u> | (Deleted) |
| <u>(Term of Office of Corporate Auditors)</u> | |
| <u>The term of office of each Corporate Auditor shall be until the end of the annual general meeting of shareholders for the last business year out of the business years terminating within four years after appointment of the Corporate Auditor.</u> | |
| <u>The term of office of a Corporate Auditor to fill a vacancy arising from the early retirement of his/her predecessor shall be equal to the remaining period of the term of office of the predecessor.</u> | |
| <u>Article 32</u> | (Deleted) |
| <u>(Full-time Corporate Auditor)</u> | |
| <u>The Board of Corporate Auditors shall elect full-time Corporate Auditor(s) through its resolution.</u> | |
| <u>Article 33</u> | (Deleted) |
| <u>(Notice of Board of Corporate Auditors Meeting)</u> | |
| <u>When convening a meeting of the Board of Corporate Auditors, a notice shall be sent to each Corporate Auditor at least three days prior to such a meeting; provided, however, that the prior notice period may be shortened in case of an emergency.</u> | |
| <u>The Company may hold a meeting of the Board of Corporate Auditors without following the procedures for convocation when there is unanimous consent by all Corporate Auditors.</u> | |
| <u>Article 34</u> | (Deleted) |
| <u>(Rules of Board of Corporate Auditors)</u> | |
| <u>The administration of the Board of Corporate Auditors shall be decided in accordance with the Rules of the Board of Corporate Auditors set forth by the Board of Corporate Auditors, in addition to provisions set forth in related laws, regulations and these Articles of Incorporation.</u> | |
| <u>Article 35</u> | (Deleted) |
| <u>(Compensation to Corporate Auditors)</u> | |
| <u>The financial benefit each Corporate Auditor receives from the Company as compensation, bonus or as other types of considerations for execution of duties shall be decided through resolutions by a general meeting of shareholders.</u> | |

| Current Articles of Incorporation | Proposed Amendment |
|--|--|
| <p><u>Article 36</u> <u>(Limitation of Responsibilities of Outside Corporate Auditors)</u> <u>The Company may conclude, with each outside Corporate Auditor, an agreement to limit liability for damage due to default of his/her responsibilities as an outside Corporate Auditor, in accordance with the provisions of Article 427, paragraph (1) of the Companies Act; provided, however, that the limited amount of responsibilities to be set forth by the said agreement shall be an amount as stipulated by laws and regulations.</u></p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>(Newly Established)</p> <p>(Newly Established)</p> | <p>(Deleted)</p> <p><u>Chapter 5</u> <u>Audit and Supervisory Committee</u></p> <p><u>Article 30</u> <u>(Full-time Audit and Supervisory Committee Member)</u> <u>The Audit and Supervisory Committee may appoint full-time Audit and Supervisory Committee Member(s) by its resolution.</u></p> <p><u>Article 31</u> <u>(Notice of Audit and Supervisory Committee Meeting)</u> <u>When convening a meeting of the Audit and Supervisory Committee, a notice shall be sent to each Audit and Supervisory Committee Member at least three days prior to such a meeting; provided, however, that the prior notice period may be shortened in case of an emergency.</u> <u>The Company may hold a meeting of the Audit and Supervisory Committee without following the procedures for convocation when there is unanimous consent by all Audit and Supervisory Committee Members.</u></p> <p><u>Article 32</u> <u>(Rules of Audit and Supervisory Committee)</u> <u>The administration of the Audit and Supervisory Committee shall be decided in accordance with the Rules of the Audit and Supervisory Committee set forth by the Audit and Supervisory Committee, in addition to provisions set forth in related laws, regulations and these Articles of Incorporation.</u></p> |
| Article <u>37</u> - Article <u>40</u> (Clauses Omitted) | Article <u>33</u> - Article <u>36</u> (Unchanged) |

Proposal No. 3 Election of Eight Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)


The terms of office of all ten Directors will conclude at the end of this general meeting of shareholders. The Company will also transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.



Therefore, we wish to elect eight Directors (excluding Directors who are Audit and Supervisory Committee Members) (four of whom are outside Directors).



The nomination of the candidates is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority.


Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.



Each candidate is as follows:

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---|--|--|--------------------------------------|
| 1 |  <p>Seiji Narahara (October 17, 1956)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> | <p>Jan. 1988 Joined the Company</p> <p>Apr. 2010 Executive Officer</p> <p>June 2011 Director and Executive Officer</p> <p>Apr. 2014 Representative Director, President and Chief Operating Officer</p> <p>Apr. 2021 Chair of the Board, Director (current position)</p> <p>June 2023 Director (Outside) Member of the Board, SCREEN Holdings Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director (Outside) Member of the Board, SCREEN Holdings Co., Ltd.</p> | 61,288 shares |
| <p>Reasons for nomination as candidate for Director</p> <p>Seiji Narahara has supported the long-term reforms to the Company's business portfolio utilizing his deep insight in Finance, Accounting and other areas, and as Representative Director since April 2014, has been leading the management of the Group and contributing to the enhancement of its corporate value, including reestablishing the corporate philosophy framework and expanding the film business. Furthermore, he has served as Chair of the Board & Director since his appointment in April 2021, and has appropriately fulfilled the role in important decision making and in supervising the execution of business. Based on these results, we expect he will continue to fulfill the role as Director and nominate him as a candidate for Director.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---------------|--|--|--------------------------------------|
| 2 |  <p>Ikuo Takeuchi (October 15, 1962)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> | <p>Apr. 1985 Joined the Company</p> <p>Apr. 2018 Executive Officer</p> <p>Apr. 2020 Managing Executive Officer</p> <p>June 2020 Director and Managing Executive Officer</p> <p>Apr. 2021 President, Representative Director (CEO and Co-COO) (current position)</p> <p>(Currently Controlling Supervisor of Internal Audit Department)</p> | 45,934 shares |
| | <p>Reasons for nomination as candidate for Director</p> <p>Ikuo Takeuchi has held several important positions in Corporate Planning and at overseas offices, and subsequently served as Head of Membranes & Environment Division where he brought the path to growth in that division into focus. As Representative Director since April 2021, he has worked on the development of the 2025 Medium-Term Management Plan, and has been leading sustainable growth of the Group with strong leadership. Based on these results, we expect he will continue to fulfill the role as Director and nominate him as a candidate for Director.</p> | | |
| 3 |  <p>Taichi Sakai (November 26, 1962)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> | <p>Apr. 1986 Joined the Company</p> <p>Apr. 2016 Deputy Director, Senior General Manager of Production Technology Division and Global Business Planning Division Officer</p> <p>Dec. 2020 Executive Officer</p> <p>Apr. 2023 Managing Executive Officer</p> <p>June 2023 Director and Managing Executive Officer</p> <p>Apr. 2024 Representative Director, Senior Managing Executive Officer (current position)</p> <p>(Currently Head, Environment, Safety and Disaster Management Division, and Controlling Supervisor of Production Technology Division and Procurement and Logistics Department)</p> | 18,342 shares |
| | <p>Reasons for nomination as candidate for Director</p> <p>Taichi Sakai has held several important positions in Production Technology Division and at major production sites of the Company. As Director since June 2023, leveraging his extensive experience and expertise in the field of production technology, he has contributed to promoting technological innovation and safety and disaster management. Based on these results, we expect he will continue to fulfill the role as Director and nominate him as a candidate for Director.</p> | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|---|--|--------------------------------------|
| 4 |  <p>Takahito Sagara (January 6, 1967)</p> <p>Reelection</p> <p>Attendance at meetings of the Board of Directors 100% (13/13)</p> | <p>Apr. 1990 Joined the Company</p> <p>Jan. 2015 General Manager of Membrane Research Development Center and General Manager of Medical Membrane Development Department, Iwakuni Membrane Plant</p> <p>Oct. 2019 Deputy Director, General Manager of Medical Membrane Department, Membrane Operating Department, and Corporate Planning Officer (special project under President)</p> <p>Apr. 2020 Deputy Director, Senior General Manager of Medical Materials Operating Department, General Manager of Medical Membrane Department, Technology Innovation Department Officer, and Corporate Planning Officer (special project under President)</p> <p>Apr. 2021 Executive Officer</p> <p>Apr. 2023 Managing Executive Officer</p> <p>June 2024 Director and Managing Executive Officer (current position)</p> <p>(Currently Head of Life Science Division)</p> | 14,222 shares |
| <p>Reasons for nomination as candidate for Director</p> <p>Takahito Sagara has held several important positions related to medical materials business in Life Science Division of the Company. Leveraging his expertise in the field of research and development and extensive experience in the field of marketing and sales, he has contributed to business development as a Director from June 2024. Based on these results, we expect he will continue to fulfill the role as Director and nominate him as a candidate for Director.</p> | | | |
| 5 |  <p>Masaaki Harima (December 9, 1950)</p> <p>Reelection Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> | <p>Apr. 1977 Assistant Judge at Osaka District Court</p> <p>Apr. 1980 Fukushima District / Family Court Assistant Judge, Fukushima Summary Court Judge</p> <p>May 1981 Registered as an attorney at law (Osaka Bar Association)</p> <p>Sep. 1987 Founded Harima Law Office (current Fushimimachi Lawyer's Office)</p> <p>Apr. 2010 Chairman of Osaka City Fair Work Committee</p> <p>June 2011 Outside Corporate Auditor of Ishihara Sangyo Kaisha, Ltd.</p> <p>Mar. 2014 Chairman of Osaka Prefecture Labor Relations Board</p> <p>June 2014 Independence Committee of the Company</p> <p>Nov. 2018 Member of Osaka Prefecture Pollution Examination Committee</p> <p>Oct. 2019 Sakai City Audit Committee Member</p> <p>June 2020 Outside Director of the Company (current position)</p> <p>Apr. 2021 Chairperson of Osaka Prefecture Pollution Examination Committee</p> <p>[Significant concurrent positions outside the Company] Attorney at Fushimimachi Lawyer's Office</p> | 0 shares |
| <p>Reasons for nomination as candidate for outside Director and overview of expected role</p> <p>Masaaki Harima has leveraged his expertise and wide-ranging knowledge as an attorney at law to actively make statements from an independent perspective at the meetings of the Board of Directors. He has appropriately fulfilled the role expected of him by the Company, including providing advice to management and management supervision through important decision making, such as by providing advice to risk management and enhancement of governance. Based on these results, we expect he will continue to fulfill the above roles and nominate him as a candidate for outside Director. Note that while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, the Company judges that he will fulfill his duties as an outside Director based on the above reasons.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---|--|--|--------------------------------------|
| 6 |  <p>Hiroshi Fukushi April 25, 1958</p> <p>Reelection Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> | <p>Apr. 1984 Joined Ajinomoto Co., Inc.</p> <p>June 2011 Corporate Executive Officer</p> <p>June 2013 Member of the Board & Corporate Vice President</p> <p>June 2013 General Manager, Bioscience Products & Fine Chemicals Division</p> <p>June 2015 Member of the Board & Corporate Senior Vice President</p> <p>June 2017 Representative Director</p> <p>June 2019 Director, Corporate Executive Deputy President</p> <p>June 2019 Chief Digital Officer</p> <p>May 2021 Chairman of Japan Food Additives Association (current position, scheduled to resign in May 2025)</p> <p>May 2021 Vice Chairman of Japan Food Hygiene Association (current position, scheduled to resign in May 2025)</p> <p>June 2021 Representative Executive Officer & Executive Vice President of Ajinomoto Co., Inc.</p> <p>Apr. 2022 Member of the Board, Executive Officer</p> <p>June 2022 Senior Corporate Advisor (current position)</p> <p>June 2022 Outside Director of the Company (current position)</p> <p>June 2022 Outside Director of MEGMILK SNOW BRAND Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company] Outside Director of MEGMILK SNOW BRAND Co., Ltd.</p> | 2,333 shares |
| <p>Reasons for nomination as candidate for outside Director and overview of expected role</p> <p>Hiroshi Fukushi has leveraged his extensive experience and wide-ranging knowledge as a manager to actively make statements from an independent perspective at the meetings of the Board of Directors and served as the Chair of the Nomination and Compensation Advisory Committee. He has appropriately fulfilled the role expected of him by the Company, including providing advice to management and management supervision through important decision making, such as by providing advice to management in fields such as biotechnology and digital technologies. Based on these results, we expect he will continue to fulfill the above roles and nominate him as a candidate for outside Director.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | | Number of the Company's shares owned |
|---------------|--|---|---|--------------------------------------|
| 7 |  Shoko Takase (January 4, 1965) Reelection Outside Independent Attendance at meetings of the Board of Directors 100% (17/17) | Apr. 1987 Jan. 2005 Jan. 2007 Jan. 2010 July 2015 July 2016 July 2018 Apr. 2019 July 2021 Sep. 2021 June 2023 June 2023 [Significant concurrent positions outside the Company] Outside Director of TechnoPro Holdings, Inc. Outside Director of GLOBERIDE, Inc. | Joined IBM Japan Ltd. Seconded to IBM Corporation (IBM Corporation USA Headquarter) Manager of Strategy and Marketing, Global Technology Services, IBM Japan Ltd. Brand Executive of Tivoli, Software Group Mobile County Leader, Growth Initiatives Brand Executive of Resiliency Services, Global Technology Services Director, Head of IBM Cloud Solutioning Center Managing Director for Enterprise Sector, Cisco Systems G.K. Advisor of TechnoPro Holdings, Inc. Outside Director (current position) Outside Director of the Company (current position) Outside Director of GLOBERIDE, Inc. (current position) | 1,013 shares |
| | Reasons for nomination as candidate for outside Director and overview of expected role Shoko Takase has leveraged her extensive experience and wide-ranging knowledge as a manager to actively make statements from an independent perspective at the meetings of the Board of Directors, and she has appropriately fulfilled the role expected of her by the Company, including providing advice to management and management supervision through important decision making, such as by providing advice to management in fields such as IT and digital technologies. Based on these results, we expect she will continue to fulfill the above roles and nominate her as a candidate for outside Director. | | | |
| 8 |  Yuki Kanzaki (April 24, 1963) New election Outside Independent Attendance at meetings of the Board of Directors — | Mar. 1992 Mar. 2016 Mar. 2017 Mar. 2019 Mar. 2020 Jan. 2022 Mar. 2022 Mar. 2025 [Significant concurrent positions outside the Company] Outside Director of Daifuku Co., Ltd. | Joined Kirin Brewery Co., Ltd. (current Kirin Holdings Company, Limited) Executive Officer, General Manager of Kobe Plant of Production Division at Kirin Brewery Co., Ltd. Executive Officer, General Manager of Yokohama Plant of Production Division Senior Executive Officer, General Manager of Yokohama Plant of Production Division Senior Executive Officer and General Manager of Corporate Strategy Department at Kyowa Hakko Bio Co., Ltd. President and CEO of Kyowa Hakko Bio Co., Ltd. Managing Executive Officer of Kirin Holdings Company, Limited and President and CEO of Kyowa Hakko Bio Co., Ltd. Outside Director of Daifuku Co., Ltd. (current position) | 0 shares |
| | Reasons for nomination as candidate for outside Director and overview of expected role Yuki Kanzaki has extensive experience and wide-ranging knowledge as a manager and high level of expertise in fields such as production technology and research and development. The Company expects that she can appropriately fulfill the role expected by the Company, including providing advice to management and management supervision through important decision making, and therefore nominates her as a candidate for outside Director. | | | |

Notes: 1. There is no special interest between any of the candidates for Director and the Company.

2. Outline of the directors and officers liability insurance policy with the candidates for Director as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. All candidates for Director are included in the insureds of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in “3. Outline of the contents of the directors and officers liability insurance policy” in “III. Matters concerning corporate officers” of the Business Report (in Japanese only).
3. Masaaki Harima, Hiroshi Fukushi, Shoko Takase, and Yuki Kanzaki are candidates for outside Director.
4. Remarks related to the candidates for outside Director are as follows.
 - (1) Tenure as outside Director of the Company
 - At the conclusion of this meeting, Masaaki Harima’s tenure as outside Director of the Company will have been five years.
 - At the conclusion of this meeting, Hiroshi Fukushi’s tenure as outside Director of the Company will have been three years.
 - At the conclusion of this meeting, Shoko Takase’s tenure as outside Director of the Company will have been two years.
 - (2) Limited liability agreement
The Company has entered into limited liability agreements with Masaaki Harima, Hiroshi Fukushi, and Shoko Takase limiting liability to the amount stipulated by laws and regulations. If Proposal No. 2 and their election are approved and adopted, the Company plans to renew the aforementioned agreements with them. In addition, if Proposal No. 2 and the election of Yuki Kanzaki are approved and adopted, the Company plans to enter into the same agreement with her.
 - (3) Matters concerning independence
 - Masaaki Harima, Hiroshi Fukushi, Shoko Takase, and Yuki Kanzaki satisfy the requirements of the Independence Standards for outside Directors stipulated by the Company.
 - The Company does not have a trading relationship with Fushimimachi Lawyer’s Office, at which Masaaki Harima is engaged in his significant concurrent position.
 - The Company does not have a trading relationship with MEGMILK SNOW BRAND Co., Ltd., at which Hiroshi Fukushi is engaged in his significant concurrent position. Although the Company does have a trading relationship with Ajinomoto Co., Inc., at which Hiroshi Fukushi served as an individual who executed business in the past, the volume of such transactions represents less than 0.1% of both companies’ consolidated sales in the most recent fiscal year.
 - The Company does not have a trading relationship with Cisco Systems G.K., at which Shoko Takase served as an individual who executed business in the past, and GLOBERIDE, Inc., at which Shoko Takase is engaged in her significant concurrent position. Although the Company does have a trading relationship with IBM Japan Ltd., at which she served as an individual who executed business in the past, and with TechnoPro Holdings, Inc., at which she is engaged in her significant concurrent position, the volume of such transactions represents less than 0.1% of each company’s consolidated sales in the most recent fiscal year.
 - The Company does not have a trading relationship with Kirin Holdings Company, Limited, Kirin Brewery Co., Ltd., or Kyowa Hakko Bio Co., Ltd., at which Yuki Kanzaki was previously an executive. Although the Company does have a trading relationship with Daifuku Co., Ltd., at which she is engaged in her significant concurrent position, the volume of such transactions represents less than 0.1% of both companies’ consolidated sales in the most recent fiscal year.
 - The Company has notified the Tokyo Stock Exchange of Masaaki Harima, Hiroshi Fukushi, Shoko Takase, and Yuki Kanzaki’s appointments as independent Officers as provided for by the aforementioned exchange.

Proposal No. 4 Election of Three Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.


Therefore, we wish to elect three Directors who are Audit and Supervisory Committee Members (two of whom are outside Directors).


The nomination of the candidates is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority.


In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.

Each candidate is as follows:

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|---|--|--|--------------------------------------|
| 1 |  Takayuki Tabo (February 5, 1961) New election Attendance at meetings of the Board of Directors 100% (17/17) Attendance at meetings of the Board of Corporate Auditors 100% (15/15) | Apr. 1983 Joined the Company Mar. 2010 General Manager of Accounting Department Oct. 2013 Deputy Director, General Manager of Accounting Department Apr. 2017 Executive Officer Apr. 2020 President and Chief Operating Officer of TOYOBO STC CO., LTD. June 2021 Corporate Auditor of the Company (Full-time) (current position) | 5,782 shares |
| Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member Takayuki Tabo has held several important positions in staff departments such as accounting and finance, and since June 2021 has utilized his extensive experience in the fields of finance and accounting to contribute to highly effective auditing of the Company's management as Full-time Corporate Auditor. Based on these results, we expect he will be able to fulfill the role as a Director who is an Audit and Supervisory Committee Member and nominate him as a candidate for a Director who is an Audit and Supervisory Committee Member. | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|---|---|--------------------------------------|
| 2 |  <p>Akihiko Irie (September 18, 1956)</p> <p>New election Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> <p>Attendance at meetings of the Board of Corporate Auditors 100% (15/15)</p> | <p>Apr. 1980 Joined Osaka Gas Co., Ltd.</p> <p>June 2009 Corporate Officer</p> <p>Apr. 2012 Executive Officer</p> <p>Apr. 2015 Deputy Director</p> <p>June 2015 Audit & Supervisory Board member</p> <p>June 2019 Outside Audit & Supervisory Board Member of Osaka Gas Urban Development Co., Ltd.</p> <p>June 2021 Outside Corporate Auditor of the Company (current position)</p> | 4,058 shares |
| <p>Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Akihiko Irie has extensive experience regarding auditing, including as a corporate auditor of listed companies, and the Company expects that he can utilize his expertise and wide range of knowledge to appropriately fulfill the role expected by the Company, including management auditing and management supervision through important decision making, and therefore nominates him as a candidate for outside Director who is an Audit and Supervisory Committee Member.</p> | | | |

| Candidate No. | Name (Date of birth) | Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|--|---|--------------------------------------|
| 3 |  <p>Wakyu Shinmen (January 14, 1957)</p> <p>New election Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (17/17)</p> <p>Attendance at meetings of the Board of Corporate Auditors 100% (15/15)</p> | <p>Oct. 1982 Joined Tohmatsu Awoki & Co. (Currently Deloitte Touche Tohmatsu LLC)</p> <p>Mar. 1983 Registered as certified public accountant</p> <p>Aug. 1997 Appointed as a Designated Engagement Partner (Currently Partner) at Deloitte Touche Tohmatsu LLC</p> <p>Oct. 2013 General Manager of Kansai Business Department, Audit Business Division at Deloitte Touche Tohmatsu LLC</p> <p>Sep. 2021 Retired Deloitte Touche Tohmatsu LLC</p> <p>Sep. 2022 Representative of Shinmen Certified Public Accountant Office (current position)</p> <p>June 2023 Outside Corporate Auditor of Sekisui Chemical Co., Ltd. (current position)</p> <p>June 2023 Outside Corporate Auditor of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Representative of Shinmen Certified Public Accountant Office Outside Corporate Auditor of Sekisui Chemical Co., Ltd.</p> | 0 shares |
| <p>Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Wakyu Shinmen has expertise and wide range of knowledge as a certified public accountant and extensive experience regarding auditing, including as a corporate auditor of listed companies. The Company expects that he will be able to appropriately fulfill the role expected by the Company, including management auditing and management supervision through important decision making, and therefore nominates him as a candidate for outside Director who is an Audit and Supervisory Committee Member. Note that while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, the Company judges that he will fulfill his duties as an outside Director who is an Audit and Supervisory Committee Member based on the above reasons.</p> | | | |

- Notes:
- There is no special interest between any of the candidates for Directors who are Audit and Supervisory Committee Members and the Company.
 - Outline of the directors and officers liability insurance policy with the candidates for Directors who are Audit and Supervisory Committee Members as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. All candidates for Directors who are Audit and Supervisory Committee Members are included in the insureds of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in “3. Outline of the contents of the directors and officers liability insurance policy” in “III. Matters concerning corporate officers” of the Business Report (in Japanese only).
 - Of the candidate Directors who are Audit and Supervisory Committee Members, Akihiko Irie and Wakyu Shinmen are both candidates for outside Director.
 - Remarks related to the candidates for outside Directors who are Audit and Supervisory Committee Members are as follows.
 - Limited liability agreement
The Company has entered into limited liability agreements with Akihiko Irie and Wakyu Shinmen limiting liability to the amount stipulated by laws and regulations. If Proposal No. 2 and their election are approved and adopted, the Company plans to renew the same agreements with them both.
 - Matters concerning independence
 - Both Akihiko Irie and Wakyu Shinmen satisfy the requirements of the Independence Standards for outside Directors stipulated by the Company.
 - Although the Company does have a trading relationship with Osaka Gas Co., Ltd., at which Akihiko Irie served as Audit & Supervisory Board member, the volume of such transactions represents less than 1% of both companies' consolidated sales in the most recent fiscal year.

- The Company does not have a trading relationship with Deloitte Touche Tohmatsu LLC, where Wakyu Shinmen was employed in the past. The Company also does not have a trading relationship with Shinmen Certified Public Accountant Office, at which Wakyu Shinmen is engaged in his significant concurrent position. Although the Company does have a trading relationship with Sekisui Chemical Co., Ltd., at which he is engaged in his significant concurrent position, the volume of such transactions represents less than 1% of both companies' consolidated sales in the most recent fiscal year.
- The Company has notified the Tokyo Stock Exchange of Akihiko Irie and Wakyu Shinmen's appointments as Independent Officers as provided for by the aforementioned exchange.

Proposal No. 5 Election of One Substitute Director Who Is an Audit and Supervisory Committee Member

The Company will transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.

Therefore, we would like to elect one substitute Director who is an Audit and Supervisory Committee Member in case the number of Directors who are Audit and Supervisory Committee Members become insufficient to satisfy that required by law.

The nomination of the candidates is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority.

In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.

The candidate is as follows:

| Name (Date of birth) | Career summary and significant concurrent positions outside the Company | Number of the Company's shares owned |
|--|---|--|
| Yoshinori Sato (December 10, 1962) Outside Independent | Apr. 1996 Registered as an attorney at law Apr. 1996 Joined Takagi Motaichi Law Office Feb. 2006 Outside Corporate Auditor of Zojirushi Corporation June 2015 Outside Corporate Auditor of NCS&A CO., LTD. June 2015 Outside Corporate Auditor of the Company Dec. 2016 Joined Yasaka Law Office [Significant concurrent positions outside the Company] Attorney at law of Yasaka Law Office | 0 shares |
| <p>Reasons for nomination as candidate for substitute outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Yoshinori Sato has extensive experience as an attorney at law and the Company expects that he can utilize his expertise and wide range of knowledge to appropriately fulfill the role expected by the Company, including management auditing and management supervision through important decision making, and therefore nominates him as a candidate for substitute outside Director who is an Audit and Supervisory Committee Member.</p> <p>Furthermore, while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, he has a track record of serving as an outside Corporate Auditor of the Company, and due to having sufficient knowledge of the Group's business content and audit system, etc., the Company has determined that he would perform duties appropriately if the number of Directors who are Audit and Supervisory Committee Members falls below the number prescribed by laws and regulations.</p> | | |

- Notes:
- Although the Group has paid compensation to Yoshinori Sato as an outside advisor on compliance for the Company, the amount of such compensation in the most recent fiscal year was a trivial amount of less than ¥1 million, which is not significant enough to give rise to a special interest relationship.
 - Outline of the directors and officers liability insurance policy with the candidate for substitute Directors who are Audit and Supervisory Committee Members as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. If the candidate for substitute Director who is an Audit and Supervisory Committee Member is appointed as a Director who is an Audit and Supervisory Committee Member, he will be included in the insured persons of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in "3. Outline of the contents of the directors and officers liability insurance policy" in "III. Matters concerning corporate officers" of the Business Report (in Japanese only).
 - Yoshinori Sato is a candidate for substitute Director who is an Audit and Supervisory Committee Member.
 - Remarks related to the candidates for substitute outside Directors who are Audit and Supervisory Committee Members are as follows.
 - Limited liability agreement
If Proposal No. 2 and this proposal are approved and adopted and Yoshinori Sato assumes the office of outside Director who is an Audit and Supervisory Committee Member, the Company plans to enter into limited liability agreement with him limiting liability to the amount stipulated by laws and regulations.
 - Matters concerning independence
 - The Company has not concluded an advisory contract with Yasaka Law Office, at which Yoshinori Sato is engaged in his significant concurrent position, and he satisfies the requirements of the Independence Standards for outside Directors stipulated by the Company.

- If he assumes the office of outside Director who is an Audit and Supervisory Committee Member, the Company plans to notify the Tokyo Stock Exchange of his appointment as an Independent Officer as provided for by the aforementioned exchange.

Proposal No. 6 Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

With regard to the amount of compensation for Directors of the Company, it was approved at the 147th Annual General Meeting of Shareholders held on June 29, 2005, that the amount of monthly compensation shall be not more than ¥41 million. However, the Company will transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.

Therefore, we would like to abolish the current provisions regarding the amount of Director compensation and newly set the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) at not more than ¥35 million (of which not more than ¥5 million monthly for outside Directors), in consideration of factors such as their number, composition, and responsibilities.

Because this proposal is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority, we believe that its content is reasonable.

The number of Directors is currently ten (including five outside Directors). If Proposals No. 2 and Proposal No. 3 (“Election of Eight Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)”) are approved and adopted as drafted, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) will be eight (of which four are outside Directors).

Furthermore, the Company’s determination policy for the content of individual compensation, etc. after its transition to a company with audit and supervisory committee will be the same as the current policy, which is as described in “2. Compensation, etc. for Directors and Corporate Auditors (5) Matters concerning the determination policy for the content of individual compensation, etc.” in “III. Matters concerning corporate officers” of the Business Report (in Japanese only), except for the necessary changes associated with the transition.

Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.

Proposal No. 7 Setting of the Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.

Therefore, we would like to set the amount of compensation for Directors who are Audit and Supervisory Committee Members at not more than ¥5 million, in consideration of factors such as their number, composition, and responsibilities.

Because this proposal is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority, we believe that its content is reasonable.

If Proposal No. 2 and Proposal No. 4 (Election of Three Directors Who Are Audit and Supervisory Committee Members) are approved and adopted as drafted, there will be three Directors who are Audit and Supervisory Committee Members (of which two are outside Directors).

Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.

Proposal No. 8 Setting of the Amount of Compensation to Grant Restricted Shares for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 161st Annual General Meeting of Shareholders held on June 25, 2019, the amount of compensation to grant restricted shares to Directors (excluding outside Directors) was approved to be not more than ¥45 million annually. However, the Company will transition to a company with audit and supervisory committee if the partial amendment to the Articles of Incorporation in Proposal No. 2 is approved and adopted as drafted.

Therefore, we would like to abolish the current provisions regarding the amount of compensation to grant restricted shares, and once again award Directors (excluding outside Directors and Directors who are Audit and Supervisory Committee Members) (hereinafter “Eligible Directors”) compensation to grant restricted shares, for the purpose of sharing greater value with shareholders and providing an incentive for continuing to improve the corporate value of the Company, in addition to the compensation outlined in Proposal No. 6 (“Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)”).

The amount of compensation awarded to grant restricted shares to Eligible Directors based on this proposal shall be not more than ¥35 million annually. The specific payment date and allocation will be decided by the Board of Directors in consideration of the report of the Nomination and Compensation Advisory Committee, which is chaired by an outside Director and of which outside Directors form a majority.

Because this proposal is related to the transition to a company with audit and supervisory committee, largely maintains the content that approved at the 161st Annual General Meeting of Shareholders, and is decided on in consideration of the report of the Nomination and Compensation Advisory Committee, we believe that its content is reasonable.

The number of Directors (excluding outside Directors) is currently five. If Proposals No. 2 and Proposal No. 3 (“Election of Eight Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)”) are approved and adopted as drafted, the number of the Eligible Directors for this system will be four.

Furthermore, this proposal shall only be effective if the amendment to the articles of incorporation in Proposal No. 2 is approved.

The restricted shares granted to the Eligible Directors are as follows.

1. Allocation and payment, etc. of restricted shares

The Eligible Directors shall provide all of the monetary compensation claims to be provided under this proposal as property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and shall receive common shares of the Company that shall be issued or disposed of by the Company. The total number of common shares of the Company to be issued or disposed of thereby shall be not more than 35,000 shares per year. (However, if, on or after the day on which this proposal is approved, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of the Allotted Shares, the relevant total number shall be reasonably adjusted in accordance with the share split or reverse share split ratio.) The amount to be paid in per share shall be determined based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price of the closest preceding trading day).

2. Overview of agreement on allotment of shares with transfer restrictions

For the issuance or disposal of the common shares of the Company based on this system, an agreement on allotment of shares with transfer restrictions that includes the provisions as described below (the “Allotment Agreement”) shall be entered into between the Company and the Eligible Directors.

(1) Restriction period

The Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the “Allotted Shares”) for a period of 30 years since the payment date of the restricted shares as determined by the Board of Directors of the Company (the “Restriction Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “transfer restrictions.”

(2) Lifting of the transfer restrictions

The Company shall lift the transfer restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director has remained in the position of Director or certain other positions throughout the Restriction Period.

However, if the Eligible Director retires from the position of Director or certain other positions of the Company before the expiration of the Restriction Period due to a reason the Board of Directors of the Company deems justifiable, the transfer restrictions may be lifted on all or some of the shares, and the Company shall rationally adjust the number of the Allotted Shares on which the transfer restrictions are to be lifted and the timing of lifting as needed.

(3) Acquisition of the Allotted Shares without compensation

If an Eligible Director retires from the position of Director or certain other positions of the Company before the Restriction Period expires for a reason deemed unjustifiable by the Company's Board of Directors, the Company shall automatically acquire such Allotted Shares without contribution, provided the reason corresponds to one of certain reasons stipulated in the Allotment Agreement.

Furthermore, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted at the expiration of the Restriction Period in accordance with the provisions of (2) above.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing 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 cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the effective date of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.

In this case, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted as of the time immediately after the transfer restrictions were lifted.

(5) Other matters to be determined by the Board of Directors

In addition to the above, the method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.

The shares allotted to the Eligible Directors under this system are scheduled to be managed throughout the Restriction Period in a dedicated account to be opened by the Eligible Directors at Nomura Securities Co., Ltd., to ensure that the Eligible Directors do not transfer, create a security interest on, or otherwise dispose of the Allotted Shares during the Restriction Period.

[Reference]

In addition to the Eligible Directors, the Company plans to continue granting the same restricted share-based compensation as the Eligible Directors to the Executive Officers of the Company (excluding Executive Officers who are also Directors), based on a resolution of the Board of Directors.