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Securities Code: 4215  
June 3, 2021

To our shareholders:

Kazuya Saito  
Representative Director President  
**C.I. TAKIRON Corporation**  
3-1-3, Umeda, Kita-ku, Osaka

### Notice of the 126th Ordinary General Shareholders' Meeting

We are pleased to announce the 126th Ordinary General Shareholders' Meeting of C.I. TAKIRON Corporation ("the Company"), which will be held as described below.

**You can exercise your voting rights, and we would like to ask you to do so after reviewing the Reference Documents for the General Shareholders' Meeting attached below.**

- 1. Date and Time:** Friday, June 25, 2021 at 10:00 a.m.
- 2. Venue:** Naniwa Room, 20F, HOTEL GRANVIA OSAKA  
3-1-1, Umeda, Kita-ku, Osaka

#### **3. Purpose of the Meeting**

##### **Matters to be reported:**

1. Report on the business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditors and the Audit & Supervisory Board for the 126th fiscal year (from April 1, 2020 to March 31, 2021)
2. Report on the Non-consolidated Financial Statements for the 126th fiscal year (from April 1, 2020 to March 31, 2021).

##### **Matters to be resolved:**

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | Appropriation of Surplus   |
| <b>Proposal No. 2</b> | Election of Six Directors  |
| <b>Proposal No. 3</b> | Election of One Substitute Audit & Supervisory Board Member                        |
| <b>Proposal No. 4</b> | Revision of the Amount and Details of Stock-based Remuneration, etc. for Directors |
| <b>Proposal No. 5</b> | Determination of Remuneration Intended to Grant Restricted Shares to Directors     |

## Reference Documents for the General Shareholders' Meeting

### Proposals and Reference Information

#### Proposal No. 1 Appropriation of Surplus

Since the establishment of the Company in April 2017, C.I. TAKIRON Corporation and its consolidated subsidiaries (the "Group") has been steadily and promptly implementing concrete measures to reform its structure and strengthen its management base in accordance with the medium-term management plan "Good chemistry Good growth 2020."

As a measure to return profits to shareholders, the Company's policy is to pay dividends of approximately 40% of profits excluding extraordinary gains and losses during the period of the medium-term management plan (fiscal year ended March 31, 2019 to fiscal year ended March 31, 2021).

In consideration of the policy above and consolidated financial results, the Company proposes to pay a year-end dividend for the fiscal year ended March 31, 2021 of ¥12 per share. Accordingly, including the interim dividend of ¥10 per share, the annual dividend will total ¥22 per share.

#### Year-end dividends

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and their aggregate amount

¥12 per common share of the Company

Total payment: ¥1,169,755,356

(3) Effective date of dividends of surplus

June 28, 2021

## Proposal No. 2 Election of Six Directors

The terms of office of all eight Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of six Directors, lowering the number of Directors by two to respond to changes in the business environment, and enabling us to make quicker and more flexible decisions.

In order to enhance the objectivity and transparency of the election process, this proposal has passed through the deliberation process of the Nomination and Remuneration Committee.

The candidates for Director are as follows:

5 males, 1 female

Candidate No.	Name	Current position and responsibility in the Company	Attendance at Board of Directors meetings
1	Kazuya Saito	Representative Director President <span style="border: 1px solid black; padding: 0 2px;">Reelection</span>	100% (16/16)
2	Takahisa Miyake	Director Senior Managing Executive Officer Chief Operating Officer of the Environmental Materials Division <span style="border: 1px solid black; padding: 0 2px;">Reelection</span>	100% (16/16)
3	Akihiro Ueda	Director Senior Managing Executive Officer Chief Operating Officer of the Construction Materials Division <span style="border: 1px solid black; padding: 0 2px;">Reelection</span>	100% (16/16)
4	Mune Iwamoto	Director <span style="border: 1px solid black; padding: 0 2px;">Reelection</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	100% (16/16)
5	Kenichi Hatano	Director <span style="border: 1px solid black; padding: 0 2px;">Reelection</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	100% (16/16)
6	Yoshiko Kosaka	Director <span style="border: 1px solid black; padding: 0 2px;">Reelection</span> <span style="border: 1px solid black; padding: 0 2px;">Outside</span> <span style="border: 1px solid black; padding: 0 2px;">Independent</span>	100% (13/13)

- Notes: 1. Attendance at Board of Directors' meetings for Yoshiko Kosaka counts her attendance at the number of meetings held after her appointment on June 25, 2020.  
2. The name of Yoshiko Kosaka in the family register is Yoshiko Miyabata.

Reelection Candidate for Director to be reelected

Outside Candidate for outside Director

Independent Candidate registered at the Tokyo Stock Exchange as an Independent Officer

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>Reelection</p> <p><b>Kazuya Saito</b> (January 18, 1959)</p> <p>Attendance at Board of Directors meetings 100% (16/16)</p>	<p>Apr. 1981      Joined ITOCHU Corporation</p> <p>Apr. 2012      Executive Officer Chief Operating Officer of Chemicals Division</p> <p>June 2014      Executive Officer of the Company Assistant to President</p> <p>Nov. 2014      General Manager of the High Functional Materials Business and Branch Manager of Tokyo Branch</p> <p>June 2015      Director and Executive Officer</p> <p>Apr. 2016      Responsible for Logistics, High Functional Materials Business and Overseas Business</p> <p>June 2016      Director and Managing Executive Officer</p> <p>Apr. 2017      Director and Senior Managing Executive Officer Chief Operating Officer of the High Functional Materials Business</p> <p>Apr. 2018      Chief Operating Officer of the Environmental Materials Division</p> <p>Apr. 2019      Representative Director President &amp; COO</p> <p>Apr. 2020      Representative Director President (current position)</p>	48,196
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company appointed Kazuya Saito as the Representative Director President in April 2020 after serving as the Representative Director President &amp; COO in 2019 based on his many years of service to the ITOCHU Corporation in the Chemicals Division and after his appointment as Director, Chief Operating Officer of the High Functional Materials Business, and Chief Operating Officer of the Environmental Materials Business since 2015. The Company nominated Kazuya Saito because it can expect him to further the expansion of business and greater profitability as the highest authority in management business execution currently and for his continued execution of decision making and supervision of management based on his wealth of experience and expertise in overall business, including the overseas fields of the Company.</p>			

- Notes:
1. There is no special interest between Kazuya Saito and the Company.
  2. The above "Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company" includes Kazuya Saito's current and past positions and responsibilities as a person who executes business at ITOCHU Corporation, the owners of parent of the Company, in the past 10 years.

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>Reelection</p> <p><b>Takahisa Miyake</b> (February 5, 1961)</p> <p>Attendance at Board of Directors meetings 100% (16/16)</p>	<p>Apr. 1984      Joined the Company</p> <p>Apr. 2009      General Manager of the Purchasing Department</p> <p>Apr. 2011      General Manager of the Flooring Department</p> <p>Apr. 2014      General Manager of the Corporate Planning Department</p> <p>June 2014      Executive Officer</p> <p>June 2016      Director and Executive Officer</p> <p>Apr. 2017      Director and Senior Managing Executive Officer (current position)</p> <p>                    Chief Operating Officer of the Corporate Planning Division</p> <p>Apr. 2018      Chief Operating Officer of the Corporate Planning Division and responsible for the R&amp;D Department</p> <p>Apr. 2019      Chief Operating Officer of the Environmental Materials Division (current position)</p>	34,029
<p>[Reasons for nomination as candidate for Director]</p> <p>Takahisa Miyake was appointed Director in 2016 and Chief Operating Officer of the Corporate Planning Division in 2017 after working as the General Manager of the Purchasing, Flooring and Corporate Planning Departments. He has been serving as the Chief Operating Officer of the Environmental Materials Division since 2019. The Company nominated Takahisa Miyake because it can expect him to continue to execute the decision making and supervision of management based on his wealth of experience and expertise in management and the overall business operations of the Company.</p>			

Note: There is no special interest between Takahisa Miyake and the Company.

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>Reelection</p> <p><b>Akihiro Ueda</b> (October 13, 1958)</p> <p>Attendance at Board of Directors meetings 100% (16/16)</p>	<p>Apr. 1982      Joined ITOCHU Corporation</p> <p>Apr. 2008      General Manager of Plastics Department</p> <p>Apr. 2012      Deputy Chief Operating Officer of Chemicals Division and General Manager of Plastics Department</p> <p>Apr. 2013      Executive Officer</p> <p>Apr. 2014      Vice President of ITOCHU East Asia Bloc (East China) (stationed in Shanghai) and Managing Director of ITOCHU SHANGHAI LTD.</p> <p>Apr. 2015      Managing Executive Officer of ITOCHU Corporation CEO for East Asia Bloc (stationed in Beijing), Chairman of ITOCHU (CHINA) HOLDING CO., LTD., Chairman of ITOCHU SHANGHAI LTD., Chairman of ITOCHU HONG KONG LTD. and Chairman of BIC</p> <p>Apr. 2019      Senior Managing Executive Officer of the Company Chief Operating Officer of the Construction Materials Division (current position)</p> <p>June 2019      Director Senior Managing Executive Officer (current position)</p>	15,590
<p>[Reasons for nomination as candidate for Director]</p> <p>Akihiro Ueda spent his many years of service at ITOCHU Corporation in the Chemicals Division and was appointed Managing Executive Officer of ITOCHU Corporation in 2015. He assumed office as Director Senior Managing Executive Officer of the Company in April 2019, and in the same year he started serving as Chief Operating Officer of the Construction Materials Division of the Company. The Company nominated Akihiro Ueda because of his extensive experience and knowledge mainly in the chemicals field, including management experience in multiple overseas companies, as well as sufficient experience in the Company's management in general, and expects him to continue to fulfill his role in management decision-making and supervision.</p>			

- Notes:
1. There is no special interest between Akihiro Ueda and the Company.
  2. The above "Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company" includes Akihiro Ueda's current and past positions and responsibilities as a person who executes business at ITOCHU Corporation, the owners of parent of the Company, in the past 10 years.

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>Reelection Outside Independent</p> <p><b>Mune Iwamoto</b> (January 3, 1949)</p> <p>Attendance at Board of Directors meetings 100% (16/16)</p>	Apr. 1976	Joined Mitsui Toatsu Chemicals, Inc. (current Mitsui Chemicals, Inc.)	11,757
		June 1995	General Manager of Polymers Division, Osaka R&D Center	
		Oct. 1997	Assistant Director of Planning & Coordination Division, Polymers Group	
		July 1999	Director General Manager of ABS Business Division of NIPPON A&L INC.	
		June 2001	General Manager of Industrial Polymeric Division, Functional Polymeric Business Sector of Mitsui Chemicals, Inc.	
		June 2003	Councillor	
			Representative Director and Vice President of Japan Polystyrene, Inc.	
		June 2004	Representative Director and President	
		Apr. 2010	In charge of Production & Technology Center of Mitsui Chemicals, Inc. Senior Administrative Officer	
		June 2010	Chairman of Energy & Climate Change Leadership Group of 'International Council of Chemical Associations (ICCA)'	
Mar. 2014	Retired from Mitsui Chemicals, Inc.			
June 2014	Director of the Company (current position)			
Mar. 2016	Outside Director of TOYO TANSO CO., LTD. (current position)			
[Reasons for nomination as candidate for outside Director and summary of expected role] Mune Iwamoto has served as outside Director of the Company since June 2014, leveraging his extensive experience and knowledge cultivated through R&D in the field of functional polymers during many years at a major chemicals conglomerate, management of multiple companies, as well as serving as Chairman of Energy & Climate Change Leadership Group at the 'International Council of Chemical Associations (ICCA)', and the Company expects him to continue speaking actively from an independent perspective, and to continue fulfilling his role in appropriate management decision-making and supervision. At the conclusion of this meeting, Mune Iwamoto's tenure as outside Director of the Company will have been seven years.				
[Independence of the candidate] Mune Iwamoto was an executive officer of Mitsui Chemicals, Inc. until March 2014. The Company has transactions with this company for the purchase of raw materials, etc., but as the percentage of transaction amount is less than 2%, Mitsui Chemicals, Inc. is not a major business partner of the Company. Mune Iwamoto satisfies the "Independence Standards for Outside Officers" established by the Company, and has been designated as an independent officer in accordance with the provisions of the Tokyo Stock Exchange. If the reelection of Mune Iwamoto is approved as proposed, the Company plans to continue the said designation.				

- Notes:
1. There is no special interest between Mune Iwamoto and the Company.
  2. Mune Iwamoto is a candidate for outside Director.
  3. In May 2017, while he was serving as an outside Director of TOYO TANSO CO., LTD., it was revealed that an employee of a consolidated subsidiary in France had embezzled a refund due to improper declaration of value-added tax in the said country. Although he was not aware of this matter in advance, he has been making proposals from the viewpoint of compliance with laws and regulations to ensure proper business execution at the meetings of the Board of Directors, etc. Also, after this matter was revealed, an internal investigation committee was set up, and Mune Iwamoto appropriately fulfilled his responsibilities as an outside Director, participating in the investigation as a member of the investigation committee, and making proposals for the formulation of measures to prevent recurrence, including improvement of management at the said subsidiary and strengthening of management throughout the entire group.

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
5	<p>Reelection Outside Independent</p> <p><b>Kenichi Hatano</b> (December 28, 1947)</p> <p>Attendance at Board of Directors meetings 100% (16/16)</p>	<p>Mar. 1966      Joined Sumitomo Chemical Co., Ltd. (current SUMITOMO CHEMICAL COMPANY, LIMITED)</p> <p>June 1998      General Manager of Osaka Industrial Chemicals Department, Inorganic Industrial Chemicals Division</p> <p>Apr. 2001      General Manager of Osaka Industrial Chemicals Department, Industrial Chemicals Division</p> <p>June 2001      General Manager of Industrial Chemicals Department I, Industrial Chemicals Division</p> <p>June 2003      General Manager of Industrial Chemicals Division and General Manager of Industrial Chemicals Department I, Industrial Chemicals Division</p> <p>June 2005      Executive Officer General Manager of Industrial Chemicals Division</p> <p>Oct. 2007      Managing Executive Officer</p> <p>June 2009      Representative Director &amp; Managing Executive Officer</p> <p>Apr. 2010      Representative Director &amp; Senior Managing Executive Officer</p> <p>Apr. 2013      Retired from Representative Director &amp; Senior Managing Executive Officer</p> <p>June 2013      Retired from Director External Director of Sumitomo Seika Chemicals Company, Limited.</p> <p>June 2015      Retired from External Director</p> <p>June 2018      Director of the Company (current position)</p>	5,344
<p>[Reasons for nomination as candidate for outside Director and summary of expected role]</p> <p>The Company nominated Kenichi Hatano as Director because it expects him to utilize his wealth of experience and expertise cultivated through his involvement in management of a comprehensive chemicals manufacturer in the management of the company. In addition, Kenichi Hatano has actively provided advice from an independent standpoint since his appointment as outside Director of the Company in 2018, and the Company expects him to continue to execute the proper decision making and supervision of management as an outside Director of the Company. At the conclusion of this meeting, Kenichi Hatano's tenure as outside Director of the Company will have been three years.</p>			
<p>[Independence of the candidate]</p> <p>Kenichi Hatano was an executive officer of SUMITOMO CHEMICAL COMPANY, LIMITED until April 2013. The Company has transactions with this company for the purchase of raw materials, etc., but as the percentage of transaction amount is less than 2%, SUMITOMO CHEMICAL COMPANY, LIMITED is not a major business partner of the Company.</p> <p>Kenichi Hatano satisfies the "Independence Standards for Outside Officers" established by the Company, and has been designated as an independent officer in accordance with the provisions of the Tokyo Stock Exchange. If the reelection of Kenichi Hatano is approved as proposed, the Company plans to continue the said designation.</p>			

- Notes: 1. There is no special interest between Kenichi Hatano and the Company.  
2. Kenichi Hatano is a candidate for outside Director.



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	Reelection Outside Independent  <b>Yoshiko Kosaka</b> (September 20, 1976) Attendance at Board of Directors meetings 100% (13/13)	Oct. 2003	Registered as an attorney at law Joined Nishimura Law & Accounting Office	1,426
		July 2007	Termination of attorney at law registration (due to childcare leave, etc.)	
		Jan. 2013	Re-registered as an attorney at law Joined Takagi Law Office	
		Apr. 2016	Joined Irokawa Law Office (current Irokawa Legal Professional Corporation) (current position)	
		June 2020	Director of the Company (current position)	
	[Reasons for nomination as candidate for outside Director and summary of expected role] Yoshiko Kosaka has served as outside Director of the Company since June 2020, leveraging her advanced expertise as an attorney and extensive knowledge related to corporate legal affairs, and the Company expects her to continue speaking actively from an independent perspective, and to continue fulfilling her role in appropriate management decision-making and supervision. Yoshiko Kosaka has never been involved in the management of a company except for serving as outside officer so far. However, the Company judges she will appropriately fulfill her duties as an outside Director based on the above reasons. At the conclusion of this meeting, Yoshiko Kosaka's tenure as outside Director of the Company will have been one year.			
	[Independence of the candidate] Yoshiko Kosaka satisfies the "Independence Standards for Outside Officers" established by the Company, and has been designated as an independent officer in accordance with the provisions of the Tokyo Stock Exchange. If the reelection of Yoshiko Kosaka is approved as proposed, the Company plans to continue the said designation.			

- Notes:
1. There is no special interest between Yoshiko Kosaka and the Company.
  2. Yoshiko Kosaka is a candidate for outside Director.
  3. The name of Yoshiko Kosaka in the family register is Yoshiko Miyabata.

■ Summary of details of limited liability agreement

The Company has entered into an agreement with Mune Iwamoto, Kenichi Hatano and Yoshiko Kosaka to limit their liability for damages under Article 423, paragraph (1) of the Companies Act in accordance with the provisions of Article 427, paragraph (1) of the same Act. If their reelection is approved as proposed, the Company plans to renew this agreement with them. The maximum amount of liability for damages based on this agreement is the minimum liability amount stipulated in Article 425, paragraph (1) of the said Act. The said limitation of liability is allowed only when the concerned Director performs the duties that caused the liability in good faith and without any gross negligence.

■ Summary of details of contract for directors and officers liability insurance

The Company concluded a liability insurance contract for directors and officers with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act, whereby insured persons are covered under said insurance contract for any damages and litigation costs incurred in the event a claim for damages is filed by a shareholder or a third party. Each candidate will be included as an insured person under the insurance contract.

**Proposal No. 3** Election of One Substitute Audit & Supervisory Board Member

The Company proposes the election of one substitute outside Audit & Supervisory Board Member in advance to be ready to fill a vacant position should the number of outside Audit & Supervisory Board Members fall below the number required by laws and regulations.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

In order to enhance the objectivity and transparency of the election process, this proposal has passed through the deliberation process of the Nomination and Remuneration Committee.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	<<Career summary and significant concurrent positions outside the Company>>	Number of the Company's shares owned
<p><b>Takashi Honda</b> (December 24, 1972)</p>	Oct. 1996      Joined Aoyama Audit Corporation (currently PricewaterhouseCoopers Aarata LLC)	0
	Apr. 2001      Registered as a certified public accountant	
	July 2003      Joined Zeirishi-Hojin PricewaterhouseCoopers (current PwC Tax Japan)	
	Oct. 2007      Registered as a certified public tax accountant	
	Oct. 2014      Director of Honda Certified Public Accountant Office Joined EXPERTS LINK LTD., CO.	
	Sept. 2016      Senior Partner	
	Aug. 2020      Director of Takashi Honda Certified Public Accountant & Tax Accountant Office (current position) Senior Partner of Progressive Advisory LLC (current position)	
	<p>[Reasons for nomination as candidate for substitute outside Audit &amp; Supervisory Board Member] The Company nominated Takashi Honda as a candidate for substitute outside Audit &amp; Supervisory Board Member as he has worked for an audit corporation and a tax accountant corporation for many years and has a wealth of experience and knowledge in these fields as well as a high level of expertise in finance and accounting as a certified public accountant and tax accountant, and it expects him to provide appropriate advice and verification in order to ensure the appropriateness of decision making by the Board of Directors.</p>	
<p>[Independence of the candidate] Takashi Honda satisfies the "Independence Standards for Outside Officers" established by the Company, and if his reelection is approved as proposed and he assumes office as an outside Audit &amp; Supervisory Board Member, the Company plans to designate him as an independent officer in accordance with the provisions of the Tokyo Stock Exchange.</p>		

[Limited liability agreement]

If the election of Takashi Honda is approved as proposed and he assumes office as an Audit & Supervisory Board Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act in accordance with the provisions of Article 427, paragraph (1) of the same Act. The maximum amount of liability for damages based on this agreement is the minimum liability amount stipulated in Article 425, paragraph (1) of the said Act. The said limitation of liability is allowed only when the concerned Audit & Supervisory Board Member performs the duties that caused the liability in good faith and without any gross negligence.

[Contract for directors and officers liability insurance]

The Company concluded a liability insurance contract for directors and officers with an insurance company, as stipulated in Article 430-3, paragraph (1) of the Companies Act, whereby insured persons are covered under said insurance contract for any damages and litigation costs incurred in the event a claim for damages is filed by a shareholder or a third party.

If Takashi Honda's appointment is approved and he becomes an Audit & Supervisory Board Member, he will be included as an insured person under said insurance contract.

- Notes:
1. There is no special interest between Takashi Honda and the Company.
  2. Takashi Honda is a candidate for substitute outside Audit & Supervisory Board Member.

### **(Reference) "Independence Standards for Outside Officers"**

**In selecting candidates for outside officers, the Company selects candidates who satisfy the following unique standard of the Company in addition to the criteria set forth in the Companies Act and the Tokyo Stock Exchange.**

In order for the Company to determine that an outside officer is independent, the said outside officer must be independent and neutral from the Company's management without coming under any of the following.

1. A person or a person who executes business ("executive") who has the Group as a major business partner (sales to the Group account for 2% or more of the consolidated sales of the relevant business partner group)
2. A major business partner of the Group or such an executive (sales to the relevant business partner group account for 2% or more of the consolidated sales of the Group)
3. A person who belongs to the Company's main bank, to a lead managing securities company, or to an auditing firm that is the Company's financial auditor
4. Attorneys at law, consultants, etc. who receive a certain amount of money (¥10 million per year) or more in monetary or other financial benefits from the Company in addition to the remuneration for officers (including those who belong to corporations, partnerships, or other organizations if the person receiving such benefits is a member of such organization)
5. A Director who is not an executive or an executive of the owners of parent of the Company, an Audit & Supervisory Board Member of the owners of parent of the Company, or an executive of a brother company, at any time within 10 years prior to the assumption of office
6. Major shareholders of the Company (persons who directly or indirectly hold 10% or more of the total voting rights, excluding the owners of parent of the Company) or their business executors
7. Spouse, relative within the second degree of kinship, or relative living in the same household of a person who is an executive of the Group or of a person who falls under 1 through 6 above
8. A person who has come under 1 to 4, 6, or 7 above in the last 5 years
9. A person who has been in office as an outside Director for a total of more than 8 years

**Proposal No. 4** Revision of the Amount and Details of Stock-based Remuneration, etc. for Directors

**1. Reasons for proposal and justification of the remuneration**

At the 123rd Ordinary General Meeting of Shareholders held on June 27, 2018, the Company received approval for introduction of a stock-based remuneration system (hereinafter “the current system”) for Directors of the Company (excluding non-executive Directors), and then at the 124th Ordinary General Meeting of Shareholders held on June 26, 2019, received approval for revision of some of the details of the current system (the maximum value of the Company’s shares to be contributed by the Company necessary for delivering the Company’s shares to Directors based on the current system, and the maximum number of points to be granted which is the basis for calculating the number of shares to be delivered to each Director, etc.), allowing operation of the current system until now. As part of the review of the remuneration level and system for Directors, the Company requests approval of changing the current system to a performance-linked stock-based remuneration system (hereinafter “the proposed system”) and its continued operation after the change.

The proposed system further clarifies the link between remuneration for Directors and the Company’s business performance and stock value, would allow Directors to share the same profits and risks as all shareholders due to fluctuations in the stock price, and thereby aiming to raise their awareness to contribute to improving medium- to long-term business performance and increasing corporate value, in addition to that, the proposed system links the number of Company shares to be delivered to Directors to the performance of the Company, thereby aiming to raise the awareness of officers to achieve the targets put forward in the medium-term management plan. Specifically, it is, separate from the maximum amount of remuneration for Directors approved at the 111th Ordinary General Meeting of Shareholders held on June 29, 2006 (annual amount up to ¥420 million per year, however not including salaries for Directors who are also employees), a separate framework for performance-linked stock-based remuneration described in the details of 2. below, to be distributed to Directors (excluding non-executive Directors, the same applies below) who are in office during the three business years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024.

The Company proposes to delegate the details to the Board of Directors within the framework in 2. below. The determination policy for details of individual remuneration etc. for Directors has been established at the Board of Directors meeting held on February 24, 2021 as described on pages pp 35-37 of the Business Report (available in Japanese only), and since the purpose of introducing the proposed system as described above and the proposed system is in line with the said policy, the details of this proposal and the proposed system are deemed to be appropriate.

If the Proposal No. 2 “Election of 6 Directors” is approved as originally proposed, the number of directors subject to the proposed system will be three.

\*The current system has also been introduced for executive officers who have concluded a delegation contract with the Company, and if this proposal is approved as originally proposed, the Company plans to alter and continue to apply the current system to executive officers by resolution of the Board of Directors.

## 2. The amount of remuneration and details etc. under the proposed system

### (1) Outline of the Proposed system

The proposed system is a stock-based remuneration system, whereby a trust which the Company established by making a financial contribution (already established, hereinafter the “Trust”) acquires the Company shares, and delivers the Company shares to each Director equivalent to the number of points the Company granted to each Director.

Shares of the Company shall be delivered to each Director at the time of his or her retirement from office in principle.

1	Persons eligible for the proposed system	Directors of the Company (excluding non-executive Directors)
2	Target Period	From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024
3	Maximum amount of money the Company will contribute as funds for the acquisition of the Company shares required to be delivered to the persons eligible mentioned in 1 during the target period of three years mentioned in 2	Total: ¥90 million
4	Method of acquisition of shares of the Company	Either by disposing of treasury shares or by purchasing shares on the exchange market (including after-hours trading)
5	Upper limit for total number of points that the Company shall grant to the persons eligible mentioned in 1	30,000 points for each fiscal year
6	Criteria for granting points	For the initial target period, the number of points calculated according to the achievement rate of performance targets set forth in the medium-term management plan will be granted
7	Time of delivery of the Company shares to persons eligible mentioned in 1	At the time of retirement from office in principle

(2) Maximum amount of money to be contributed by the Company

During the target period, the Company will add up to a total of ¥90 million of money of additional contribution (additional trust) to the funds for the acquisition of the Company shares required to be delivered to Directors under the proposed system as remuneration for the Directors in office during the target period. This amount is believed to be appropriate to achieve the purpose of the proposed system. The Trust will use the money additionally contributed by the Company and certain amount of money remaining in the Trust as a source of funds, and the Company shares will be additionally acquired by disposing of treasury shares or by purchasing shares on the exchange market (including after-hours trading).

Note: The amount of money that the Company actually entrusts in the Trust will be the sum of the above-mentioned acquisition funds for Company shares and the estimated amount of necessary expenses such as trust fees and trust administrator remuneration etc. In addition, if the current system is to be continued for executive officers of the Company as mentioned above, the funds for the acquisition of Company shares necessary for delivery to executive officers will also be additionally entrusted.

At the decision of the Company's Board of Directors, the target period may be extended by setting a period within three fiscal years each time, and the entrustment period of the Trust will be extended accordingly (for the same purpose as the Trust established by the Company for transferring trust assets of the Trust, including extending the entrustment period in real terms. The same applies below), which can allow the proposed system to continue. In that case, during the target period of said extension, as additional acquisition funds for the necessary Company shares to deliver to Directors under the proposed system, additional financial contribution to the Trust up to a maximum value of the amount calculated by multiplying ¥30 million and the number of fiscal years of the target period of said extension will be added, allowing the granting of points and delivery of the Company shares in (3) below to continue. This amount is believed to be appropriate to achieve the purpose of the proposed system.

In addition, even if the target period is not extended and the proposed system is not continued as described above, if there are Directors who have already been granted points but have not retired as of the expiration of the entrustment period, the entrustment period of the Trust may be extended until said Directors retire and delivery of Company shares is completed.

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

(i) Method of granting points to Directors, etc.

Based on the rules for share delivery established by the Board of Directors of the Company (although already established, some details will be changed due to changes in the current system), on the grant date during the entrustment period stipulated in the rules for share delivery, the number of points calculated according to the achievement rate of the performance targets set forth in the medium-term management plan will be granted during the initial target period.

However, the aggregate number of points to be granted by the Company to Directors shall be up to 30,000 points for each fiscal year. This number is believed to be appropriate to achieve the purpose of the proposed system.

(ii) Delivery of shares of the Company based on the number of points granted

Directors shall receive, in accordance with the procedure described in (iii) below, the delivery of the number of shares of the Company corresponding to the number of points granted under (i) above. In the event there are points granted based on the current system before the change, the Company shares commensurate with the said points will also be delivered in the same way. However, if a Director retires before the expiration of his or her term of office due to reasons other than unavoidable circumstances, etc., all or a portion of the points granted will lose validity and the Company shares will not be delivered in proportion to the lost points. One point shall be worth one share of the Company's stock (however, in the event of a stock split or reverse stock split of the Company's shares, the number of shares per point shall be adjusted according to the split ratio or consolidation ratio).

(iii) Delivery of shares of the Company to Directors

In principle, the delivery of Company shares in (2) above to each Director will be made by the Trust by each Director completing the prescribed beneficiary finalization procedures when he or she retires.

However, a certain portion of shares of the Company to be delivered may be sold/realized in the Trust first for the purpose of the Company to withhold funds to pay taxes such as withholding taxes, and delivered in the form of money in lieu of shares of the Company. In addition, in the event of realization of shares of the Company held in the Trust due to the settlement following the circumstances such as subscription to a tender offer for shares of the Company held in the Trust, the Trust may also effect the delivery in the form of money in lieu of shares of the Company.

(4) Exercise of voting rights

Pursuant to the instructions of the trust administrator who is independent from the Company and its officers, the voting rights associated with shares of the Company held in the Trust shall not be exercised without exception, which will assure the neutrality of the Company's management in relation to exercise of voting rights of such shares.

(5) Handling of dividends

Dividends on shares of the Company held in the Trust shall be received by the Trust, and shall be appropriated towards payment for acquisition of shares of the Company, trust fees for the trustee associated with the Trust, etc.



## **Proposal No. 5** Determination of Remuneration Intended to Grant Restricted Shares to Directors

The amount of remuneration etc. for Directors of the Company was approved at the 111st Ordinary General Meeting of Shareholders held on June 29, 2006 for an annual amount up to ¥420 million per year (however not including salaries for Directors who are also employees), however this time, for the purpose of giving Directors of the Company (excluding non-executive Directors; hereinafter “Eligible Directors”) incentive to continuously improve the corporate value of the Company, as well as of further promoting sharing value between the Eligible Directors and shareholders, apart from the remuneration framework above and the framework requested approval on the revision of the amount and details of stock-based remuneration, etc. for Directors in Proposal No. 4, the Company requests approval for the new provision of remuneration for granting restricted shares to the Eligible Directors.

The total amount of monetary remuneration for granting restricted shares to the Eligible Directors based on this proposal shall be, as the amount believed to be appropriate for the purpose above, up to ¥20 million per year.

In addition, based on resolution by the Board of Directors of the Company, the Eligible Directors shall provide all of the monetary remuneration claims arising from this proposal as in-kind contribution property, and shall be delivered the common shares of the Company through the issue or disposal of them, and the total number of the common shares of the Company to be issued or disposed shall be, as the number believed to be appropriate for the purpose above, up to 20,000 shares per year (however, from the date of resolution of this proposal onward, a stock split of the Company’s common stock (including allotment of the Company’s common stock without contribution) or in the event shares are consolidated, the amount shall be adjusted according to the split ratio or consolidation ratio), and the amount to be paid-in per share shall be the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of each resolution by the Board of Directors (if the shares did not trade on that day, the closing price on the most recent trading day prior to that). Specific timing of delivery and amount to be allotted shall be determined by the Board of Directors.

At the Board of Directors meeting held on February 24, 2021, the Company established the decision policy regarding details of individual remuneration etc. for Directors as described on pages pp 35-37 of the Business Report (available in Japanese only). The purpose of introducing the proposed system is as described above, and since this system is in line with the said policy, details of this proposal and the proposed system are deemed to be appropriate.

If Proposal No. 2 “Election of 6 Directors” is approved as originally proposed, the number of the Eligible Directors will be three.

In the issuance or disposal of the Company’s common stock under this proposal, the Company and the Eligible Directors shall conclude a share allotment agreement with transfer restrictions (hereinafter the “Allotment Agreement”) including the following details.

### (1) Transfer restriction period

During the period from the allotment date per the Allotment Agreement until the Eligible Director retires his or her position as Director of the Company (however if he or she is concurrently serving as executive officer, or if he or she steps down as Director and is appointed as executive officer of the Company at the same time, he or she will be deemed as “retired” when leaving either the position of Director or as executive officer of the Company (hereinafter the “transfer restriction period”), the Eligible Directors shall not transfer, set collateral rights on or otherwise dispose of (hereinafter “transfer restrictions”) allotted common shares of the Company’s stock (hereinafter referred to as the “allotted

shares”) per the Allotment Agreement.

(2) Lifting of the transfer restrictions

The Company shall lift transfer restrictions upon expiration of the transfer restriction period for all allotted shares (however, in the event of having acquired all or a portion of allotted shares without contribution pursuant to (3) (ii) below, the remaining portion after acquisition without contribution), provided that the retirement of the Eligible Director is due to reasons deemed justified by the Board of Directors of the Company.

(3) Acquisition of the Allotted Shares without contribution

- (i) When the transfer restriction period expires, the Company will automatically acquire the allotted shares for which transfer restrictions have not been lifted based on the provisions of (2) above, without contribution.
- (ii) In addition, in the event of that the Eligible Director retires within the period of execution of duties which is the subject of remuneration for the allotted shares, the Company will acquire the number of allotted shares without contribution according to the remaining period, and if he or she falls within certain reasons specified in the Allotment Agreement, such as his or her any illegal activities etc., the Company shall acquire all or a portion of the allotted shares without contribution.

(4) Treatment in case of reorganization, etc.

Notwithstanding the provisions of (1) above, if, during the transfer 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, by resolution of the Board of Directors of the Company, the transfer restrictions on the allotted shares with regard to the number of shares that is reasonably determined considering the period from the start date of the transfer restriction period to the effective date of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective. In this case, the Company shall automatically acquire without contribution the allotted shares for which the transfer restrictions have not been lifted, as of the time immediately after the transfer restrictions are lifted.

(5) Other matters 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.

So that the shares allocated to the Eligible Directors under the proposed system cannot be transferred, set collateral rights or disposed in other ways during the transfer restriction period, they will be managed in dedicated accounts opened by the Eligible Directors at a securities company specified by the Company.