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Securities Code: 4186

March 5, 2020

To Those Shareholders with Voting Rights

Noriaki Taneichi President and Representative Director
TOKYO OHKA KOGYO CO., LTD.
150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa,
Japan

NOTICE OF THE CONVOCAATION OF THE 90th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 90th Ordinary General Meeting of Shareholders of TOKYO OHKA KOGYO CO., LTD. (“the Company”). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either of the following means. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m., Thursday, March 26, 2020 (JST).

Exercise of Voting Rights in Writing

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return it to the Company, ensuring that the form reaches us no later than the above voting deadline.

Exercise of Voting Rights by Electronic Means (via the Internet, etc.)

Please review the “Guide for Exercising Voting Rights” and enter your approval or disapproval for each proposal no later than the above voting deadline.

1. Date and Time: Friday, March 27, 2020 at 10:00 a.m. (JST)

2. Place: 1st Meeting Room, 5F, Corporate Headquarters of the Company
150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa, Japan

3. Agenda of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 90th fiscal year (from January 1, 2019 to December 31, 2019) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. The Non-Consolidated Financial Statements for the 90th fiscal year (from January 1, 2019 to December 31, 2019)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Election of Nine Directors
Proposal No. 3: Election of One Corporate Auditor
Proposal No. 4: Revision of Remuneration Limit for Directors and Revision of Share-based Remuneration Plan for Directors (Excluding Outside Directors)

4. Matters Decided for the Convocation:

- (1) If you exercise your voting rights by two different means, that is, by electronic means (via the Internet, etc.) as well as in writing, votes by electronic means (via the Internet, etc.) shall prevail.
- (2) If you exercise your voting rights by electronic means (via the Internet, etc.) more than once, your final votes shall prevail.

- * For those attending the meeting, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival.
- * When it is necessary to modify the matters stated in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, please understand that the matters after modification will be shown on the website of the Company (<https://www.tok.co.jp/>).

Guide for Exercising Voting Rights

Voting rights can be exercised using the following three methods.

[Attending the General Meeting of Shareholders]

Please hand in the enclosed Voting Rights Exercise Form at the reception desk.

Date and Time: Friday, March 27, 2020 at 10:00 a.m. (JST)

Place: 1st Meeting Room, 5F, Corporate Headquarters of the Company
150 Nakamaruko, Nakahara-ku, Kawasaki, Kanagawa, Japan

[Exercise of Voting Rights in Writing]

Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and mail it without a stamp.

Deadline for exercising voting rights: 5:30 p.m., Thursday, March 26, 2020 (JST)

[Exercise of Voting Rights via the Internet]

Please access the website for exercising voting rights (<https://evote.tr.mufg.jp/>) from personal computer, smartphone, or mobile phone, enter the “login ID” and “temporary password” provided on the Voting Rights Exercise Form and then enter your vote for each proposal according to the instructions on the screen.

Deadline for exercising voting rights: 5:30 p.m., Thursday, March 26, 2020 (JST)

- (1) To prevent people who are not shareholders (impostors) from illegally accessing the website and alteration of the content of your voting selections, we will ask shareholders who use the website to change their “temporary passwords” on the website for exercising voting rights.
- (2) You will be provided with a new “login ID” and “temporary password” each time a General Meeting of Shareholders is convened.

Points to note when exercising the voting rights by electromagnetic means (via the Internet, etc.)

- (1) If you exercise your voting rights by two different means, that is, by electronic means (via the Internet, etc.) as well as in writing, votes by electronic means (via the Internet, etc.) shall prevail.
- (2) If you exercise your voting rights by electronic means (via the Internet, etc.) more than once, your final votes shall prevail.
- (3) To prevent people who are not shareholders (impostors) from illegally accessing the website and alteration of the content of your voting selections, we will ask shareholders who use the website to change their “temporary passwords” on the website for exercising voting rights.
- (4) You will be provided with a new “login ID” and “temporary password” each time a General Meeting of Shareholders is convened.

Website to use for exercising voting rights

- (1) Exercise of voting rights via the Internet is possible by accessing the website designated by the Company exclusively for the purpose of exercising voting rights (<https://evote.tr.mufg.jp/>) via a personal computer, smartphone or mobile phone. (Access is unavailable between 2:00 a.m. and 5:00 a.m. (JST) every day.)
- (2) Depending on the Internet user environment, shareholders using personal computers or smartphones may not be able to exercise their voting rights via the website for exercising voting rights. For more details, please contact the Help Desk by telephone at the following number.
- (3) To ensure security, shareholders may not be able to exercise voting rights using a mobile phone if their mobile phone models are not enabled to send terminal ID information, or do not support encrypted communication (SSL communication).
- (4) Costs arising from accessing the website for exercising voting rights (Internet access fees, communication charges, etc.) will be borne by the shareholder.

Electronic proxy voting platform

If you are nominee shareholders such as management trust banks (including standing proxy) and apply in advance for the use of the electronic proxy voting platform operated by ICJ, Inc., you may use such platform operated by ICJ, Inc.

For inquiries concerning systems, etc. please contact:

Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department (Help Desk)
Tel: 0120-173-027 (Business hours: 9:00 a.m.–9:00 p.m. (JST) toll free)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Regarding the appropriation of surplus, the Company proposes as follows.

Matters related to the year-end dividend:

The Company considers the return of its profits to shareholders an important managerial issue. The Company, in light of its financial condition and business performance from a long-term point of view, makes it its basic policy to carefully secure sufficient internal reserves for the enhancement of the corporate competitiveness and enlargement of its profit. On the other hand, the Company also makes it its basic policy to continue its payments of dividends with a consolidated DOE (dividend on equity ratio) of 3.5% as the target level of dividend payout, and flexibly acquire its own stock, to realize stable and continued return of profit.

Under this policy, with regard to the year-end dividend for the fiscal year, the Company proposes to pay ¥60 per share. This payment takes into account various factors, including the Company's business performance, and also reflects the Company's desire to reciprocate the consistent support of its shareholders.

Accordingly, including the interim dividend of ¥60 per share paid in September 2019, the annual dividend for the fiscal year is ¥120 per share.

- (1) Type of dividend property
Cash
- (2) Matters related to distribution of dividend property to shareholders and the total amount
¥60 per common share of the Company Total amount: ¥2,501,535,780
- (3) Effective date of the distribution of surplus
March 30, 2020

Proposal No. 2: Election of Nine Directors

The terms of office of all eight Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company requests that nine Directors be elected, increasing the number of Outside Directors by one to ensure management transparency and further enhance corporate governance.

The candidates for Director are as follows:

No.	Name	Current position	Current responsibility	Attributes
1	Ikuo Akutsu	Representative Director Chairman	-	[Re-election]
2	Noriaki Taneichi	Representative Director President	Chief Executive Officer	[Re-election]
3	Harutoshi Sato	Director	Senior Executive Officer Department Manager, Research and Development Department	[Re-election]
4	Kunio Mizuki	Director	Executive Officer Department Manager, General Affairs Department	[Re-election]
5	Hiroshi Kurimoto	Director	-	[Re-election] [Outside] [Independent Officer]
6	Noriko Sekiguchi	Director	-	[Re-election] [Outside] [Independent Officer]
7	Yoichi Shibamura	-	Senior Executive Officer Department Manager, Accounting and Finance Department	[New election]
8	Yuichi Murakami	-	Officer Deputy Department Manager, Manufacturing Department	[New election]
9	Kazuo Ichiyanagi	-	-	[New election][Outside] [Independent Officer]

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and significant concurrent positions	Number of shares of the Company held
1	Ikuro Akutsu (April 27, 1959) [Re-election]	Apr. 1982 Joined the Company Apr. 2003 General Manager, Manufacturing Technology Division Oct. 2003 General Manager, Advanced Material Development Division 2 Apr. 2007 Chairman and President of TOK TAIWAN CO., LTD. June 2009 Officer; Department Manager, Corporate Planning Department of the Company June 2010 Director; Executive Officer; Department Manager, Corporate Planning Department June 2011 Representative Director, President and Chief Executive Officer Jan. 2019 Representative Director, Chairman (to the present)	15,300 shares
<p>Reasons for nomination as candidate for Director Mr. Ikuro Akutsu has led the management of the TOK Group (“the Group”) for many years as Representative Director and contributed to the Group’s development. Thus, since the Company judges that Mr. Ikuro Akutsu can be expected to contribute to enhancing the Group’s corporate value by continuing to utilize his rich business experience and knowledge in important decision-making by the Board of Directors and in supervision of duties executed by other Directors, it requests his election as a Director.</p>			
2	Noriaki Taneichi (November 23, 1962) [Re-election]	Apr. 1986 Joined the Company June 2009 Department Manager, Marketing Development Business Development Division June 2011 Department Manager, New Business Development Department June 2015 Officer; Deputy Department Manager, New Business Development Department June 2017 Director; Officer; Department Manager, New Business Development Department Jan. 2019 Representative Director, President and Chief Executive Officer (to the present)	5,811 shares
<p>Reasons for nomination as candidate for Director Since assuming the position of Representative Director, President and Chief Executive Officer, Mr. Noriaki Taneichi has led the management of the Group as its top executive and contributed to the Group’s further development through the measures in the Medium-Term Plan. Thus, since the Company judges that Mr. Noriaki Taneichi can be expected to continue contributing to the management of the Company, it requests his election as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and significant concurrent positions	Number of shares of the Company held
3	Harutoshi Sato (June 1, 1961) [Re-election]	Apr. 1984 Joined the Company Apr. 2004 General Manager, Quality Assurance Division Apr. 2007 General Manager, Advanced Material Development Division 2 Apr. 2008 General Manager, Advanced Material Development Division 1 June 2009 Officer; Deputy Department Manager, Research and Development Department and General Manager, Advanced Material Development Division 3 June 2011 Officer; Deputy Department Manager, Research and Development Department and General Manager, Advanced Material Development Division 1 June 2012 Director; Officer; Department Manager, Research and Development Department June 2017 Director; Executive Officer; Department Manager, Research and Development Department Mar. 2019 Director; Senior Executive Officer; Department Manager, Research and Development Department (to the present)	9,591 shares
<p>Reasons for nomination as candidate for Director Mr. Harutoshi Sato has held important positions in the Group, serving in such roles as representative at the U.S. subsidiary, person responsible for quality assurance, and person responsible for product development before assuming the position of Department Manager, Research and Development Department. Owing to this experience, he is well acquainted with the Company's business characteristics and customers and consequently possesses necessary and sufficient knowledge of such matters as important decision-making by the Board of Directors and supervision of duties executed by other Directors. Thus, since the Company judges that Mr. Harutoshi Sato can be expected to continue contributing to the management of the Company, it requests his election as a Director.</p>			
4	Kunio Mizuki (February 10, 1959) [Re-election]	Oct. 1985 Joined the Company Apr. 2005 General Manager, General Affairs Division June 2009 Officer; Deputy Department Manager, Administration Department and General Manager, General Affairs Division June 2012 Officer; Department Manager, General Affairs Department June 2013 Director; Officer; Department Manager, General Affairs Department June 2017 Director; Executive Officer; Department Manager, General Affairs Department (to the present) (Significant concurrent positions) Representative Director and President of OHKA SERVICE CO., LTD.	7,828 shares
<p>Reasons for nomination as candidate for Director Mr. Kunio Mizuki, since assuming the position of Department Manager of the General Affairs Department after serving as General Manager of the General Affairs Division, has been working to strengthen corporate governance, including development of the information management system, the risk management system, and the compliance system as well as improvement of investor relations. Furthermore, through his experience with the business operations in his charge, he possesses necessary and sufficient knowledge of such matters as important decision-making by the Board of Directors and supervision of duties executed by other Directors. Thus, since the Company judges that Mr. Kunio Mizuki can be expected to continue contributing to the management of the Company, it requests his election as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and significant concurrent positions	Number of shares of the Company held
5	Hiroshi Kurimoto (August 26, 1947) [Re-election] [Outside Director] [Independent Officer]	Apr. 1970 Joined OILES CORPORATION (“OILES”) June 1999 Director of OILES June 2003 Director; Managing Operating Officer of OILES June 2006 Representative Director, President and Chief Operating Officer of OILES June 2011 Representative Director and Chairman of OILES June 2014 Director (Outside Director) of the Company (to the present) Director and Senior Advisor of OILES June 2015 Senior Advisor of OILES June 2016 Advisor of OILES (until June 2018)	1,000 shares
<p>Reasons for nomination as candidate for Outside Director Election of Mr. Hiroshi Kurimoto as Outsider Director is proposed to request his continued supervision of the Company’s management from an objective and neutral point of view based on his abundant experience and considerable insight as an executive of a listed company, as well as his contribution to enhancement of the corporate governance with his advice on the general management of the Company.</p>			
6	Noriko Sekiguchi (January 23, 1964) [Re-election] [Outside Director] [Independent Officer]	Apr. 1986 Joined Manufacturers Hanover Bank (present JPMorgan Chase Bank, N.A.) Oct. 1991 Joined Asahi-Shinwa Kaikeisha audit corporation (present KPMG AZSA LLC) Mar. 1994 Registered as certified public accountant Feb. 1998 Joined Japan Broadcasting Corporation Dec. 2001 Joined Triumph International (Japan) Ltd. Jan. 2002 Reregistered as certified public accountant July 2004 Joined Ernst & Young ShinNihon (present Ernst & Young ShinNihon LLC) Nov. 2010 Representative of Sekiguchi CPA Office (present Sekiguchi Noriko CPA Office) (to the present) Apr. 2011 Contract Monitoring Committee Member of Japan International Cooperation Agency (“JICA”) July 2011 External Assessment Committee Member of JICA (to the present) July 2012 Registered as certified tax accountant June 2015 Director (Outside Director) of the Company (to the present) Jan. 2019 Executive Officer of Chifure Holdings Corporation (to the present) (Significant concurrent positions) Representative of Sekiguchi Noriko CPA Office External Assessment Committee Member of JICA Executive Officer of Chifure Holdings Corporation	500 shares
<p>Reasons for nomination as candidate for Outside Director Election of Ms. Noriko Sekiguchi as Outside Director is proposed to request her continued supervision of the Company’s management from an objective and neutral point of view based on her sophisticated expertise in accounting as a certified public accountant, abundant experience in several companies, and thorough understanding of internal control in her capacity as an external committee member for fraudulent accounting conducted in multiple listed companies. Thus, since the Company judges that Ms. Noriko Sekiguchi can be expected to contribute to enhancement of the corporate governance with her advice on the general management of the Company.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and significant concurrent positions	Number of shares of the Company held
7	Yoichi Shibamura (July 29, 1956) [New election]	<p>Apr. 1980 Joined The Mitsubishi Bank, Limited (present MUFG Bank, Ltd.)</p> <p>Jan. 2006 General Manager, Corporate Human Resources Department of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (present MUFG Bank, Ltd.)</p> <p>Aug. 2007 General Manager, Kyobashi Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Oct. 2009 General Manager, Finance Division of the Company</p> <p>June 2010 Officer; Deputy Department Manager, Administration Department and General Manager, Finance Division</p> <p>June 2012 Officer; Department Manager, Accounting Department</p> <p>June 2013 Executive Officer; Department Manager, Accounting Department</p> <p>June 2017 Senior Executive Officer; Department Manager, Accounting Department</p> <p>Jan. 2019 Senior Executive Officer; Department Manager, Accounting and Finance Department (to the present)</p>	8,446 shares
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Yoichi Shibamura possesses not only rich experience in financial institutions but also knowledge of management, particularly accounting and finance, having served first as General Manager, Finance Division, after joining the Company and then Department Manager, Accounting and Finance Department, and contributed to developing the finance strategy, including capital policy. He also has the necessary and sufficient knowledge of such matters as important decision-making by the Board of Directors and supervision of duties executed by other Directors. Thus, since the Company judges that Mr. Yoichi Shibamura can be expected to contribute to the management of the Company, it requests his election as a Director.</p>			
8	Yuichi Murakami (July 24, 1962) [New election]	<p>Apr. 1985 Joined the Company</p> <p>Oct. 2009 General Manager, Accounting Division of the Company</p> <p>June 2014 Deputy Department Manager, Manufacturing Department</p> <p>June 2015 Officer; Deputy Department Manager, Manufacturing Department (to the present)</p> <p>(Significant concurrent positions)</p> <p>Chairman of CHANG CHUN TOK (CHANGSHU) CO., LTD. Representative Director and President of KUMAGAYA OHKA CO., LTD.</p>	3,920 shares
<p>Reasons for nomination as candidate for Director</p> <p>Mr. Yuichi Murakami has held important positions in the Group, serving in such roles as representative at the U.S. subsidiary, Chairman of the Chinese subsidiary, and Deputy Department Manager, Manufacturing Department. Owing to this experience, he is well acquainted with the Company's business characteristics and possesses the necessary and sufficient knowledge of such matters as important decision-making by the Board of Directors and supervision of duties executed by other Directors. Thus, since the Company judges that Mr. Yuichi Murakami can be expected to contribute to the management of the Company, it requests his election as a Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility at the Company, and significant concurrent positions	Number of shares of the Company held
9	Kazuo Ichiyanagi (September 26, 1953) [New election] [Outside Director] [Independent Officer]	Mar. 1977 Joined Teikoku Tsushin Kogyo Co., Ltd. Apr. 2005 Executive Officer in charge of Development Department; General Manager, Development Department of Teikoku Tsushin Kogyo Co., Ltd. Apr. 2008 Executive Officer supervising Development Technology and in charge of Development Department of Teikoku Tsushin Kogyo Co., Ltd. Dec. 2008 Executive Officer supervising Development Technology of Teikoku Tsushin Kogyo Co., Ltd. June 2009 Director; Executive Officer supervising Development Technology of Teikoku Tsushin Kogyo Co., Ltd. Oct. 2009 Director; Executive Officer supervising Development Division of Teikoku Tsushin Kogyo Co., Ltd. June 2010 President of Teikoku Tsushin Kogyo Co., Ltd. June 2019 Director and Advisor of Teikoku Tsushin Kogyo Co., Ltd. (to the present) (Significant concurrent positions) Director and Advisor of Teikoku Tsushin Kogyo Co., Ltd. Representative Director, Chairman of TEITSU ENGINEERING CO., LTD.	0 share
Reasons for nomination as candidate for Outside Director Mr. Kazuo Ichiyanagi possesses rich experience and considerable insight as a manager of a listed company and supervises the Company's management from an objective and neutral perspective. He also contributes to stronger corporate governance by providing advice related to the Company's general management. Thus, the Company requests his election as Outsider Director.			

- Notes:
1. Special interest between the candidates and the Company.
 - (1) Mr. Yuichi Murakami serves concurrently as the Chairman of CHANG CHUN TOK (CHANGSHU) CO., LTD., which is a subsidiary of the Company. In addition to licensing and other transactions between the Company and said subsidiary, a transactional relationship between the two companies exists for the sale of products, etc. The two companies also have a relationship as competitors in the Manufacturing business. Mr. Yuichi Murakami is scheduled to retire from the position of Chairman of said subsidiary on March 10, 2020.
 - (2) Mr. Yuichi Murakami is scheduled to assume the position of Representative Director and President at TOK ADVANCED MATERIALS CO., LTD., a subsidiary of the Company, on March 25, 2020. In addition to lending funds to said subsidiary, the Company conducts licensing and other transactions, and a transactional relationship between the two companies exists for the sale of products, etc. The two companies also have a relationship as competitors in the Manufacturing business.
 - (3) No special interest exists between the Company and any of the other candidates.
 2. Mr. Hiroshi Kurimoto, Ms. Noriko Sekiguchi and Mr. Kazuo Ichiyanagi are candidates for Outside Director. The Company has designated Mr. Hiroshi Kurimoto and Ms. Noriko Sekiguchi as Independent Officers in accordance with the regulations of the Tokyo Stock Exchange and has notified therein. If their election is approved, the Company plans to continue their Independent Officer designation. The Company plans to designate Mr. Kazuo Ichiyanagi as an Independent Officer in accordance with the regulations of the Tokyo Stock Exchange and has notified therein. If his election is approved, he will be an Independent Officer.

3. The terms of office as Outside Director for Mr. Hiroshi Kurimoto and Ms. Noriko Sekiguchi will be five years and nine months for Mr. Hiroshi Kurimoto and four years and nine months for Ms. Noriko Sekiguchi at the conclusion of this General Meeting of Shareholders.
4. Liability limitation agreement with Outside Director:
In accordance with the current Articles of Incorporation, the Company is able to enter into liability limitation agreements with Directors (excluding Executive Directors, etc.) that limit the maximum amount of liability provided for in Article 423, Paragraph 1 of the Companies Act. The Company has entered into such agreements with Mr. Hiroshi Kurimoto and Ms. Noriko Sekiguchi. The maximum amount of liability in accordance with the agreement shall be the minimum liability amount stipulated by laws and regulations. If their election is approved, the Company plans to continue such agreements with them. If the election of Mr. Kazuo Ichyanagi is approved, the Company plans to enter into the same limited liability agreement with him.

Proposal No. 3: Election of One Corporate Auditor

The term of office of Corporate Auditor Mr. Hajime Fujishita will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company requests that one Corporate Auditor be elected.

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

The candidate for Corporate Auditor is as follows:

Name (Date of birth)	Career summary, position at the Company, and significant concurrent positions	Number of shares of the Company held
Nobuo Tokutake (April 2, 1961) [New election]	Apr. 1984 Joined the Company Oct. 2003 Chairman and President of TOK TAIWAN CO., LTD. Apr. 2007 General Manager, Quality Assurance Division of the Company June 2009 Senior General Manager, Production Control Division and General Manager, Quality Assurance Division June 2013 Officer; Deputy Department Manager, Manufacturing Department June 2015 Director; Officer; Department Manager, Manufacturing Department (to the present) (Significant concurrent positions) Director of TOKYO OHKA KOGYO AMERICA, INC. Director of TOK TAIWAN CO., LTD.	3,911 shares

Reasons for nomination as candidate for Corporate Auditor

Mr. Nobuo Tokutake has held important positions in the Group, serving in such roles as product developer, representative at the U.S. subsidiary, and Chairman and President of the Taiwanese subsidiary before assuming the position of Department Manager, Manufacturing Department. Owing to this experience, he is well acquainted with the Group's business characteristics and customers and consequently contributes to the supervision of the Company's management from an objective and neutral position by cooperating with outside officers and the Internal Auditing Division. Thus, the Company requests his election as a Corporate Auditor.

- Notes:
- No conflict of interest exists between the Company and the candidate.
 - Mr. Nobuo Tokutake is scheduled to retire from the position of Chairman and President of TOK TAIWAN CO., LTD. on March 9, 2020, and the position of Director of TOKYO OHKA KOGYO AMERICA, INC., a subsidiary of the Company, on March 16, 2020. In addition, he is scheduled to retire from the position of Department Manager, Manufacturing Department on March 27, 2020.
 - Liability limitation agreement with Corporate Auditor:
In accordance with the current Articles of Incorporation, the Company is able to enter into liability limitation agreements with Corporate Auditors that limit the maximum amount of liability provided for in Article 423, Paragraph 1 of the Companies Act. The Company plans to enter into such agreements with Mr. Nobuo Tokutake if his election is approved. The maximum amount of liability in accordance with the agreement shall be the minimum liability amount stipulated by laws and regulations.

(Reference) Criteria for the independence of outside officers

The Company has prescribed criteria for the independence of outside officers, and an outside officer who does not fall under any of the following is deemed to be independent:

- a. A person who executes the business of the Company or one of its consolidated subsidiaries (hereinafter referred to as “the Group”), or a person who executed the business of the Group during the ten years before taking up the position.
- b. An entity whom the Group is a key customer of (*1) or who executes the business of that entity.
- c. A key customer of the Group (*2) or a person who executes the business of that customer.
- d. A key lender of the Group (*3) or a person who executes the business of that lender.
- e. Consultant, accounting expert, or legal expert who receives considerable money and other assets (*4) that are not officer compensation from the Group (if a corporation, association, or similar entity, a member of that entity).
- f. Party who was any of the above b.– e. within the past three years.
- g. Party who has received an average of ¥3 million or more annually in donations from the Group over the past three years.
- h. A major shareholder (*5) of the Group or a person who executes the business of that shareholder.
- i. A person who executes the business of another company that has a reciprocal outside officer employment relationship (*6).
- j. Party whose spouse and family member of second degree of closer is any of a.– i.
- k. Party who has served as an outside officer for eight years in total.
- l. Regardless of the stipulations of the preceding paragraphs, parties for whom a conflict of interest with the Company could arise.

Note 1. “Entity whom the Group is a key customer of” refers to a vendor who supplies the Group with products, services, etc., the value of which averages ¥10 million or more annually over the past three years and exceeds 2% of the vendor’s annual consolidated sales for the most recent fiscal year.

Note 2. “Key customer of the Group” refers to a customer to whom the Group supplies products, services, etc., the value of which averages ¥10 million or more annually over the past three years and exceeds 2% of the Group’s annual consolidated sales for the most recent fiscal year.

Note 3. “Key lender of the Group” refers to a financial institution whose loans are equivalent to 2% or more of the Group’s consolidated total assets.

Note 4. “Considerable money and other assets” refers to an average of ¥10 million or more annually over the past three years and assets with an economic value that exceeds 2% of annual consolidated sales for the consultant, accounting expert, or legal expert in the most recent fiscal year (if a corporation, association or similar entity receives these assets, an average of ¥10 million or more annually over the past three years and assets with an economic value of more than 2% of the entities’ annual consolidated sales).

Note 5. “Major shareholder” refers to a shareholder who holds 10% or more of voting rights.

Note 6. “Reciprocal outside officer employment relationship” refers to a relationship in which a person who executes the business of the Group is an outside officer of another company, and a person who executes the business of that other company is an outside officer of the Company.

Proposal No. 4: Revision of Remuneration Limit for Directors and Revision of Share-based Remuneration Plan for Directors (Excluding Outside Directors)

1. Reasons for the proposal

Regarding the amount of remuneration for Directors of the Company, a total amount of up to ¥420 million annually (of which up to ¥25 million annually is for Outside Directors) (excluding the Officer portion of remuneration and bonuses for Directors concurrently serving as Officers), including bonuses and stock-based compensation stock options, was approved at the 84th Ordinary General Meeting of Shareholders held on June 26, 2014. However, in light of today's rapidly changing business environment that the Company operates in, after deliberations by the Nomination and Remuneration Advisory Committee chaired by an Outside Director, the Company has decided to revise the remuneration system in order to establish a system that supports sustainable growth and medium- and long-term corporate value for the Group, with a remuneration structure designed to impartially and fairly reflect evaluation of Directors. When revising the system, the results of an objective comparative examination using officer remuneration data kept by an independent remuneration advisor was used as reference.

If Proposal No. 2 (Election of Nine Directors) is approved as proposed, the number of Directors covered by this Proposal will be nine, of which three will be Outside Directors.

2. Revision of monetary remuneration limit for Directors

As a result of the revision of the remuneration system, the Company has decided to place separate upper limits on basic remuneration and performance-linked bonuses paid to Directors of the Company, and going forward it requests approval to set an upper limit on basic remuneration of ¥450 million annually (including remuneration for Outside Directors, which is subject to an upper limit of ¥50 million annually) and a limit on performance-linked bonuses of ¥220 million annually. The above remuneration and bonuses for Directors includes Officer portions payable to Directors concurrently serving as Officers.

3. Revision of share-based remuneration plan for eligible Directors

As part of the revision to its remuneration system, the Company seeks to provide Directors of the Company (excluding Outside Directors, hereinafter referred to as "Eligible Directors") with an incentive to sustainably increase the Company's corporate value and to further promote the sharing of values with shareholders. To achieve this, in place of the existing stock-based compensation stock options, separately from the upper limit of the monetary remuneration described in 2 above, the Company proposes to set the upper limit of the total amount of monetary remuneration claims and funds for tax payment provided to Eligible Directors as remuneration, etc. related to the new "performance-linked share-based remuneration plan" outlined in 4 below to an amount per fiscal year equivalent to 58,000 shares multiplied by the stock price at the time of allotment (defined in 4(3) below). In addition, the Company proposes to set the upper limit for total amount of monetary remuneration claims provided in relation to the new "restricted shares remuneration plan" outlined in 5 below to ¥150 million annually, and requests approval for the same. The above remuneration for Directors includes Officer portions payable to Directors concurrently serving as Officers. Accordingly, on the condition that this proposal is approved and adopted, the Company will discontinue the stock-based compensation stock options, except for those already granted, and will not thereafter issue new stock options as remuneration for Directors.

4. Details of the performance-linked share-based remuneration plan (hereinafter referred to as "Plan 1")

(1) Outline of Plan 1

For Plan 1, the Company's Board of Directors sets numerical targets for the Company's performance and other matters, for the duration of an evaluation period that consists of multiple years (two to five years; determined by the Company) of the Company's fiscal years (hereinafter referred to as "Performance Evaluation Period"), in advance. Eligible Directors will receive monetary remuneration claims for common shares of the Company (hereinafter referred to as "Company's Shares"), the number of which is proportional to the achievement ratio of the numerical targets, and the amount of cash to cover tax payment obligations in connection with the allotment of the Company's Shares (hereinafter referred to as "Tax Payment Money"), as remuneration for the Performance Evaluation Period. Therefore, in principle, the monetary remuneration claims for the allotment of the Company's Shares and the Tax Payment Money are paid to the Eligible Directors after the end of a Performance Evaluation Period. For this Plan 1,

the payment of monetary remuneration claims for the Company's Shares and Tax Payment Money is based on factors such as the achievement ratio for the aforementioned numerical targets. Therefore, at the time of introduction of Plan 1, whether each Eligible Director will be paid, the number of the Company's Shares to be granted (hereinafter referred to as "Number of Granted Shares"), and the amount of monetary remuneration claims for the Company's Shares and Tax Payment Money, are not determined.

The initial Performance Evaluation Period is the two-year period from the fiscal year ending December 31, 2020 through the fiscal year ending December 31, 2021. After the end of the initial Performance Evaluation Period, the Company's Board of Directors may still approve the continuation of Plan 1, within the scope approved at this General Meeting of Shareholders.

(2) Mechanism of the plan

The following is the detailed mechanism of Plan 1:

- (i) The Company's Board of Directors determines on the various indicators required for calculating the Number of Granted Shares, including the numerical targets used for Plan 1 (ROE and other strategic indicators in the Medium-Term Plan are to be used for numerical targets for the initial Performance Evaluation Period), performance-linked coefficient, etc.
- (ii) At the end of the Performance Evaluation Period, the Company determines the number of the Company's Shares and amount of cash to allot to each Eligible Director according to factors including the achievement ratio for each numerical target during the Performance Evaluation Period.
- (iii) By resolution of the Board of Directors of the Company, each Eligible Director shall receive monetary remuneration claims as compensation in relation to Plan 1, proportional to the number of the Company's Shares to be allotted to each Eligible Director determined upon in (ii) above, and each Eligible Director shall be allotted the said number of the Company's Shares by providing all of the monetary remuneration claims in the form of property contributed in kind. The amount to be paid in for the Company's Shares shall be determined by the Board of Directors based on the closing price of the Company's Shares on the Tokyo Stock Exchange on the business day immediately before the date of the resolution by the Board of Directors regarding the above allotment of shares (if there is no closing price on such date, the closing price on the closest preceding trading day), within the extent that the amount will not be particularly advantageous to the Eligible Directors receiving the Company's Shares.
- (iv) Because tax payment obligations will arise for each Eligible Director when allotted the Company's Shares as described in (iii) above, in addition to the above monetary remuneration claims, the Company shall pay an amount of cash determined in (ii) above to secure funds for tax payment (Tax Payment Money) for each Eligible Director.
- (v) The terms and conditions for granting shares to each Eligible Director and other details shall be determined by the Board of Directors of the Company.

(3) Method for calculating the number of the Company's Shares granted and amount of cash paid to Eligible Directors

The Company calculates the number of the Company's Shares to grant each Eligible Director using formula (i) below (Fractions of less than 100 shares shall be rounded down) and the amount of cash (Tax Payment Money) for each Eligible Director using formula (ii).

- (i) Number of the Company's Shares granted to each Eligible Director
Standard share unit number (*1) x Payment rate (*2) x 50%
- (ii) Amount of cash to be paid to each Eligible Director
(Standard share unit number (*1) x Payment ratio (*2) - Number of the Company's Shares calculated in (i) above) x Stock price at the time of allotment (*3)

(*1) This is determined by the Company's Board of Directors based on the position of each Eligible Director.

(*2) A method stipulated by the Company's Board of Directors is used to calculate the figure, which ranges between 0% and 200% and is proportional to the achievement ratio for each numerical target during the Performance Evaluation Period.

- (*3) This is an amount determined by the Company's Board of Directors based on the closing price of the Company's Shares on the Tokyo Stock Exchange on the business day immediately before the date of the resolution by the Board of Directors regarding allotment of shares according to this Plan 1 (if there is no closing price on such date, the closing price on the closest preceding trading day), within the extent that the amount will not be particularly advantageous to Eligible Directors receiving the Company's Shares.

The Company proposes to set the upper limit for the total value of monetary remuneration claims referred to in (2)(iii) above, and the cash (Tax Payment Money) referred to in (2)(iv) above, to an amount per fiscal year equivalent to 58,000 shares multiplied by the stock price at the time of allotment. The upper limit on the total number of the Company's Shares allotted by the Company to Eligible Directors under Plan 1 shall be 29,000 shares per fiscal year (the maximum number allotted per year is equivalent to approximately 0.06% of the 45,100,000 shares issued as of December 31, 2019).

If the allotment of the Company's Shares calculated based on the method described in (i) results in the above total number of the Company's Shares to be allotted to the Eligible Directors being exceeded, the number of shares allocated to each Eligible Director shall be reduced on a pro rata basis or by other reasonable method stipulated by the Company's Board of Directors, so that the total number of shares is not exceeded.

In addition, if, during the Performance Evaluation Period, approval for reorganization, such as a merger agreement in which the Company is the dissolving company, decided upon by the Company's Board of Directors (hereinafter referred to as "Material Reorganization, etc."), is obtained at the Company's General Meeting of Shareholders (or at a meeting of the Company's Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required for the Material Reorganization, etc.) (this is limited to when the effective date of the Material Reorganization, etc., falls before the date shares are granted based on Plan 1), an amount adjusted using a reasonable method stipulated by the Board of Directors shall be paid to Eligible Directors on the effective date of the reorganization, etc.

If, on or after the day on which this proposal is approved, a share split (including allotment of the Company's Shares without contribution) or a reverse share split of the Company's Shares is performed, or some other event corresponding to these situations arises that requires adjustment of the total number of shares allotted under Plan 1, the total number of the Company's Shares used as the basis of calculation for the above remuneration amount and the total number of the Company's Shares allotted to Eligible Directors shall be adjusted in accordance with the share split or reverse share split ratio.

(4) Terms and conditions for granting the Company's Shares to each Eligible Director

Under Plan 1, in the event that the Performance Evaluation Period ends and the following conditions have been met, the Company's Shares will be granted and money will be paid to each Eligible Director in accordance with the method of calculation described in (3) above. When the Company allots the Company's Shares, it shall do so by issuing shares or by disposing of its treasury shares. Directors to whom the Company's Shares shall be allotted and offering terms for the issuance of shares or disposal of treasury shares will be determined by the Board of Directors of the Company after the Performance Evaluation Period has expired.

- (i) Eligible Directors continued to serve as Directors of the Company during the Performance Evaluation Period (*)
- (ii) Certain prohibited acts, as determined by the Board of Directors of the Company, have not been performed
- (iii) Other requirements determined by the Board of Directors of the Company as being necessary for achieving the aims of the performance-linked share-based remuneration plan

* In cases where an Eligible Director resigns before the end of the Performance Evaluation Period, the Company's Shares and a cash amount shall be granted and paid in proportion to the number of units allocated, based on a reasonable method stipulated by the Board of Directors, and prorated for the term of service during the Performance Evaluation Period up to resignation. For a Director who assumes position during the Performance Evaluation Period, the Company's Shares and a cash amount shall be granted and paid in proportion to the number of units allocated during their term of service.

5. Details of the restricted shares remuneration plan (hereinafter referred to as “Plan 2”)

(1) Outline of Plan 2

Plan 2 is a system in which, based on a resolution by the Company’s Board of Directors, monetary remuneration claims are paid each fiscal year as restricted shares remuneration, and each Eligible Director receives the allotment of the Company’s Shares by providing all of the monetary remuneration claims in the form of property contributed in kind. The amount to be paid in for the Company’s Shares shall be determined by the Board of Directors based on the closing price of the Company’s Shares on the Tokyo Stock Exchange on the business day immediately before the date of the resolution by the Board of Directors regarding the above allotment of shares (if there is no closing price on such date, the closing price on the closest preceding trading day), within the extent that the amount will not be particularly advantageous to the Eligible Directors receiving the Company’s Shares. When issuing or disposing of the Company’s Shares under Plan 2, an agreement on allotment of shares with transfer restrictions (hereinafter referred to as the “Allotment Agreement”) shall be entered into between the Company and each Eligible Director.

(2) Total number of restricted shares

Under Plan 2, the upper limit of the total amount of monetary remuneration claims the Company pays each fiscal year is ¥150 million annually. The upper limit on the number of the Company’s shares that Eligible Directors receive from the Company in a single fiscal year by providing all of the monetary remuneration claims in the form of property contributed in kind is 58,000 shares (the maximum number allotted per year is equivalent to approximately 0.13% of the 45,100,000 shares issued as of December 31, 2019). However, if the allotment of the Company’s Shares results in the above total number of the Company’s Shares to be allotted to the Eligible Directors being exceeded, the number of shares allocated to each Eligible Director shall be reduced on a pro rata basis or by other reasonable method stipulated by the Company’s Board of Directors, so that the total number of shares is not exceeded. If, on or after the day on which this proposal is approved, a share split (including allotment of the Company’s Shares without contribution) or a reverse share split of the Company’s Shares is performed, or in the event of other equivalent cases in which it is necessary to adjust the total number of restricted shares allotted, the total number of such shares shall be reasonably adjusted.

(3) Outline of the Allotment Agreement

The following is a summary of the Allotment Agreement:

(i) Restriction on transfers

Eligible Directors are prohibited from transferring, using as collateral, or disposing of the Company’s Shares allotted to the Eligible Directors based on the Allotment Agreement (hereinafter referred to as “Allotted Shares”) during a restriction period established by the Company’s Board of Directors in advance, ranging from three to 30 years from the day the shares are allotted to the Eligible Directors under the Allotment Agreement (hereinafter referred to as “Restriction Period”). The restrictions described in the preceding sentence will hereinafter be referred to as the “Restriction on Transfers.”

(ii) Treatment upon retirement from position

If an Eligible Director retires or resigns from their position before the Restriction Period expires and ceases to serve as a Director, Officer, Corporate Auditor, employee or any other equivalent positions of the Company (hereinafter referred to as “Position”) stipulated in advance by the Board of Directors of the Company, the Company shall automatically acquire such Allotted Shares without contribution upon their retirement or resignation, unless the reason for retirement or resignation from office is the expiration of the term of office, death, or some other reason the Company’s Board of Directors deems justifiable.

(iii) Lifting of Restriction on Transfers

When the Restriction Period ends, the Company lifts Restriction on Transfers of all Allotted Shares on the condition that an Eligible Director maintained their Position throughout the Restriction Period. However, if an Eligible Director retires or resigns from any of their Position before the end of the Restriction Period due to the expiration of their term of office, death, or other reasons deemed justifiable by the Board of Directors of the Company, the number of Allotted Shares on which Restriction on Transfers is to be lifted and the timing of when the Restriction on Transfers is to be lifted shall be reasonably adjusted as necessary. The Company shall automatically acquire without contribution the Allotted Shares on which the Restriction on Transfers has not been lifted as of the time immediately after the lifting of Restriction on Transfers in line with the above stipulations.

(iv) Treatment during reorganization, etc.

Notwithstanding the provision of (i) above, if, during the Restriction Period, matters relating to a Material 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 Material 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 date of approval of the Material Reorganization, etc. prior to the date on which the Material 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 Restriction on Transfers has not been lifted as of the time immediately after the Restriction on Transfers was lifted.

(v) Other matters determined by the Board of Directors

Other matters shall be determined by the Company's Board of Directors.

(Reference)

On the assumption that this proposal will be approved and adopted in its original form, the Company plans to introduce a performance-linked share-based remuneration plan and restricted shares remuneration plan for Officers who do not concurrently serve as Directors of the Company.

(Proposal No. 4: Reference information)

Background for revising the system of remuneration for Directors and the Company's policy on remuneration for Directors during the present two-year period (fiscal year ending December 31, 2020 through the fiscal year ending December 31, 2021)

Having established a Nomination and Remuneration Advisory Committee chaired by an Outside Director as an advisory body to the Company's Board of Directors in December 2018, the Company has repeatedly deliberated the ideal remuneration system taking into consideration various factors, including the business environment outlook and stance toward corporate governance in Japan. Following these deliberation, the Company set a policy on remuneration for Directors for the time being, as given below, and has decided to revise the remuneration system for Director in line with that. The decision to table Proposal No. 4 at this Ordinary General Meeting of Shareholders is based on consultation by the Nomination and Remuneration Advisory Committee and made by a resolution of the Company's Board of Directors. If Proposal No. 4 is approved as proposed, the revised remuneration system is expected to be introduced starting with remuneration, etc., for the 91st period.

Basic principles on remuneration

Remuneration for the Company's Directors is determined based on the following basic concepts:

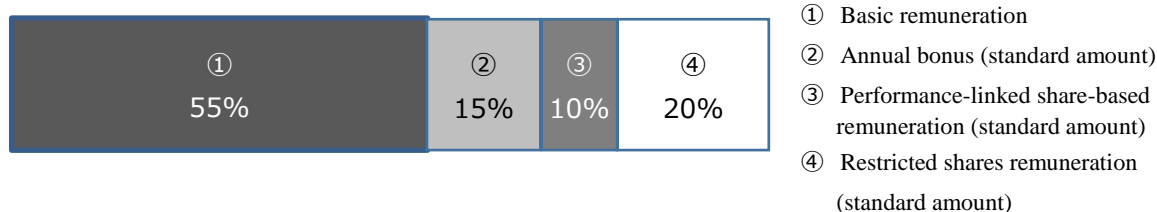
- **Aim to support the Company's continual creation of value.**
 - Set the composition and level of remuneration so as to provide healthy motivation to generate sustainable growth and medium- and long-term corporate value.
 - Clarify responsibility for each fiscal period's results by fairly and impartially reflecting quantitative evaluations based on financial earnings and evaluation of efforts to tackle issues taking into consideration medium- and long-term strategy in annual bonuses.
 - Strive to continually create corporate value by continually providing long-term incentives linked to the Company's medium- and long-term performance.
 - Promote the long-term holding of shares while serving in management and share merits and demerits with shareholders.
- **Ensure objectivity and transparency in remuneration decisions**
 - Determine the remuneration decision policy and the individual amount of payment upon deliberation by the Nomination and Remuneration Advisory Committee, which is composed primarily of Outside Directors.
 - Employ independent remuneration advisors and set an appropriate remuneration level taking into consideration the distinctive traits of the Company and based on verification through comparisons against corporate groups of the same size using independent, objective data, also taking into account recent public opinion.
 - Actively disclose information necessary for stakeholders, including shareholders, to monitor the relations between remuneration and corporate value
 -

Remuneration structure

The Company's remuneration structure for Directors (excluding Outside Directors) consists of basic remuneration, which is fixed remuneration, and performance-linked remuneration. Performance-linked remuneration consists of an annual bonus that is linked to company-wide performance for each fiscal year, performance share units given as part of a performance-linked share-based remuneration plan (Plan 1) which are linked to the sustainable creation of corporate value, and restricted shares (Plan 2) which are provided to continually share values with all shareholders through the continued holding of stock.

As for the weight of each type of remuneration, ratio of fixed basic remuneration to performance-linked remuneration was set at 55:45 in order to provide healthy incentive to generate sustainable growth and create corporate value in the medium and long term. The ratio of basic remuneration to annual bonus (standard amount) to performance-linked share-based remuneration (standard amount) to restricted shares remuneration (standard amount) is set at roughly 1 (55%) to 0.27 (15%) to 0.18 (10%) to 0.36% (20%). The following Figures 1 and 2 summarizes the composition of remuneration and various remuneration factors:

【Figure 1: Composition of remuneration】



【Figure 2: Outline of the various remuneration factors】

Type of remuneration	Objective/summary
Basic remuneration	Fixed cash remuneration based on position
Annual bonus	<p>Performance-linked cash remuneration to evaluate steady achievement of targets for each fiscal year</p> <ul style="list-style-type: none"> The payment ratio is determined in a range from 0% to 200% of the standard amount, in proportion to the degree of achievement in relation to items such as consolidated sales and consolidated operating profit margin for each fiscal year, which are key indicators for management In some cases, the payment ratio determined above may be multiplied by any of 0.95, 1.00, or 1.05 depending on discretionary evaluation by the Nomination and Remuneration Advisory Committee or by the Director and President Paid in a lump sum after the end of each fiscal year
Performance-linked share-based remuneration plan (performance share unit)	<p>Performance-linked share-based remuneration to provide an incentive to continually raise corporate value</p> <ul style="list-style-type: none"> The number of shares to grant shall be decided within the range of 0%–200% of the standard amount, according to the achievement rate for numerical targets such as earnings during the Performance Evaluation Period (*) Grant shares in a lump sum after the end of a Performance Evaluation Period
Restricted shares remuneration plan	<p>Share-based remuneration to further facilitate the alignment of interests with shareholders by promoting long-term holding of stock</p> <ul style="list-style-type: none"> Grant restricted shares each fiscal year Restriction on Transfers shall be lifted when conditions are met, such as when the Restriction Period expires, or when an Eligible Director retires or resigns from their position before the Restriction Period expires by reason of expiration of their term of office, death, or some other reason the Company’s Board of Directors deems justifiable, and ceases to serve as a Director, Officer, Corporate Auditor, employee or any other equivalent position of the Company stipulated in advance by the Board of Directors of the Company

* As for performance-linked share-based remuneration plan, the initial Performance Evaluation Period is the two-year period from the fiscal year ending December 31, 2020 through the fiscal year ending December 31, 2021, and for the initial Performance Evaluation Period, ROE and other strategic indicators in the Medium-Term Plan are to be used as targets.

Remuneration for Outside Directors, who serve as oversight function of the business execution from an independent standpoint, consists only of basic remuneration of a set amount, which is determined taking into consideration the result of benchmarking with corporate groups of the same size. In addition, Outside Directors are not paid performance-linked remuneration in order to promote proper supervisory function.

Level of remuneration

The level of remuneration for the Company’s Directors (excluding Outside Directors) is appropriately set according to each position in order to provide healthy incentives to excellent personnel who generate sustainable growth and corporate value in the medium and long term, by setting benchmarks upon a selection of comparable corporate groups, considering the distinguishing aspects of the Company’s business using the officer remuneration survey data (Willis Towers Watson’s “Executive Remuneration Database”) managed by an independent remuneration advisor and other data.

Remuneration decision process

In order to ensure objectivity and transparency in decisions, remunerations for Directors are determined by resolution of the Company’s Board of Directors, within the range of total remuneration approved at the Company’s General Meeting of Shareholders upon deliberations by the Nomination and Remuneration Advisory Committee chaired by an Outside Director.