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(Stock Exchange Code 4047)
June 11, 2021

To Shareholders with Voting Rights:

Jun'ichi Hasegawa
President
Kanto Denka Kogyo Co., Ltd.
3-2, Marunouchi 2-chome, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF
THE 114TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that we will hold the 114th Ordinary General Meeting of Shareholders of Kanto Denka Kogyo Co., Ltd. (the "Company") as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5:30 p.m. on Monday, June 28, 2021, Japan time.

- 1. Date and Time:** Tuesday, June 29, 2021, at 10:00 a.m. Japan time
2. Place: 5F Conference Room, Headquarters of the Company
Yusen Building 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 114th Fiscal Year (April 1, 2020–March 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 114th Fiscal Year (April 1, 2020–March 31, 2021)

Proposals to be resolved:

<Company Proposals>

- Proposal 1:** Policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company (Takeover Defense Measures)
Proposal 2: Election of 9 Directors
Proposal 3: Election of 2 Auditors

<Shareholder Proposal>

- Proposal 4:** Partial Amendments to the Articles of Incorporation

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. On the day of the meeting, the Company will adopt "Cool Biz" attire. Shareholders are also encouraged to attend the meeting in light clothing.
3. Based on the provisions of laws and regulations as well as Article 14 of the Company's Articles of Incorporation, among the documents that should be provided along with this Notice, as the "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements and the "Notes to the Non-consolidated Financial Statements" in the Non-consolidated Financial Statements are posted on the

Company's website (<https://www.kantodenka.co.jp/>), they are not included in this Notice.

The above documents are, along with the other documents provided in this Notice, within the scope of audits of the Accounting Auditor and Auditors.

4. Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.kantodenka.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

<Company Proposal>

Proposal 1: Policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company (Takeover Defense Measures)

With the approval of shareholders at the Ordinary General Meeting of Shareholders held on June 28, 2018 pursuant to Article 17, Paragraph 1 of the Articles of Incorporation of the Company (Note 1), the Company decided to continue the policy toward any purchase of Share Certificates, Etc. (Note 4) of the Company that is intended to achieve or expected to result in a situation in which a particular Group of Shareholders (Note 2) holds voting rights equivalent to a Voting Rights Ratio (Note 3) of 20% or more (hereinafter referred to as the “Current Policy”) (we do not make any distinction based on specific means of purchase, such as market transactions or tender offers, but the purchases to which the Board of Directors of the Company has given prior consent are not included; such a purchase shall be hereinafter referred to as a “Large-Scale Purchase” and a person that conducts a Large-Scale Purchase shall be hereinafter referred to as a “Large-Scale Purchaser”). The period of validity of the Current Policy expires at the close of this Ordinary General Meeting of Shareholders (hereinafter referred to as the “General Meeting”) and the Company has continually been assessing the role of the Current Policy, including whether or not to extend its period of validity, from the perspective of enhancing the corporate value and ultimately protecting the common interests of the shareholders of the Company while at the same time considering subsequent changes in the circumstances.

As a result of these deliberations, at the meeting of the Board of Directors of the Company held on May 14, 2021, by the agreement of all Directors, the “Basic Policy Regarding What and How a Person Controlling Decisions on the Company’s Financial and Business Policies Should Be” (hereinafter referred to as the “Basic Policy”) provided for in Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act was resolved. At the same meeting, the Board of Directors of the Company also decided to propose the continuation of the “Policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company” after revising part of the Current Policy at the General Meeting (the revised policy shall be hereinafter referred to as the “Policy”). Therefore, we hereby request the approval of the shareholders for the Policy. For your information, all four Auditors of the Company have expressed their opinions to the effect that they support the Policy on condition that the specific operation of the Policy is properly carried out.

If the Policy is approved by the shareholders at the General Meeting, the Policy shall take effect immediately upon approval and the period of validity of the Policy shall be through the close of the Ordinary General Meeting of Shareholders of the Company scheduled to be held in June 2024.

There has been no substantial change in the contents from the Current Policy to the proposed Policy.

Note 1: Article 17, Paragraph 1 of the Articles of Incorporation of the Company prescribes that “the introduction of takeover defense measures shall be decided by the General Meeting of Shareholders.” The “introduction of takeover defense measures” is defined by Paragraph 2 of the same Article as “the establishment by the Company of rules and procedures that must be observed, in relation to the purchase of shares and other rights issued by the Company, by the person who intends to undertake such a purchase, as part of efforts to prevent the Company’s financial and business policies from being controlled by an inappropriate party in accordance with the Basic Policy Regarding What and How a Person Controlling Decisions on the Company’s Financial and Business Policies Should Be.”

Note 2: A Particular Group of Shareholders means:

- (i) a Holder (including a person deemed as a holder pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; the same shall apply hereinafter) and any Joint Holders

- (provided in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act, including a person deemed as a Joint Holder pursuant to Paragraph 6 thereof; the same shall apply hereinafter) of Share Certificates, Etc. (provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act) of the Company; and a person who has a certain relationship with such a Holder or its Joint Holder that is similar to the relationship between a Holder and a Joint Holder (hereinafter referred to as a “Quasi-Joint Holder”); or
- (ii) a person who makes purchases, etc. (provided in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act, including any purchase, etc. made on a Financial Instruments Exchange Market) of the Share Certificates, Etc. (provided in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act) and any Specially Related Parties (provided in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act).

Note 3: Voting Rights Ratio means:

- (i) in the case of Note 2 (i) above, the sum of 1) the Share Holding Ratio (provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act; in this case, the number of Share Certificates, Etc. Held (the number of Share Certificates, Etc. Held as provided in the same Paragraph; the same shall apply hereinafter) of the Joint Holders in respect of the holder shall be added) of the holder of the Share Certificates, Etc. of the Company and 2) the Share Holding Ratio of the Quasi-Joint Holders of such a holder (provided, however, that in the calculation of the sum of 1) and 2), the number of any redundant Share Certificates, Etc. Held shall be deducted) or
- (ii) in the case of Note 2 (ii) above, the sum of the Shareholding Ratio (provided in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) of the Large-Scale Purchaser and its Specially Related Parties.

In calculating the Shareholding Ratio, the annual report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting Rights (provided in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act) or Total Number of Issued Shares (provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act).

Note 4: Share Certificates, Etc. mean Share Certificates, Etc. as provided in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.

I. Basic Policy Regarding What and How a Person Controlling Decisions on the Company’s Financial and Business Policies Should Be

As a public company, the Company permits the shares of the Company to be traded freely. Accordingly, we believe that the intent of shareholders should ultimately be reflected in “who the person controlling decisions on the Company’s financial and business policies should be” and that any Large-Scale Purchase of Share Certificates, Etc. of the Company should not be denied unless it is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term.

However, there is a possibility that a Large-Scale Purchaser is unwilling to provide the Board of Directors of the Company and shareholders with sufficient information and time to determine whether the Large-Scale Purchaser is appropriate as a “person controlling decisions on the Company’s financial and business policies.” There is also a possibility that the proposed Large-Scale Purchase is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term, including the one that is clearly detrimental to the corporate value of the Company, and in turn, the common interests of the shareholders of the Company given the purpose, etc. of the Large-Scale Purchase and the one that will effectively force the shareholders to sell the Share Certificates, Etc. of the Company.

For these reasons, the Board of Directors of the Company believes that a Large-Scale Purchaser should provide the Board of Directors of the Company with necessary and sufficient information regarding share purchases in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the Board of Directors of the Company elapses, in accordance with certain rules that the Company established and disclosed in advance (hereinafter referred to as the “Large-Scale Purchase Rules”). The Board of Directors of the Company also believes that for the protection of the common interest of the shareholders of the Company, it is necessary to take measures that are considered to be appropriate in accordance with certain reasonable rules established and disclosed in advance by the Company and, in principle, after seeking the judgment of shareholders, against any Large-Scale Purchase that may be inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term.

II. Efforts to Realize the Basic Policy

The Company has established the following management principles: “Through the quest for constant corporate growth and acquisition of optimum profits, Kanto Denka is working with all its shareholders, users and employees to create a successful company and a prosperous society. To achieve this goal, we are endeavoring to ensure our unique technologies and superior services meet the requirements of our users and build a trusted company based on the principles of sincerity, creativity, prompt response and harmony with nature.” In other words, our corporate goal is to “contribute to the realization of a prosperous society while enhancing its corporate value” and to realize this goal, we are working to establish a good relationship with stakeholders including shareholders, local communities, users, and employees.

We believe that the source of our corporate and social value is our “unique proprietary technology” developed through steady research activities, and our “human resources,” which support this technology and create new creative technologies. Since its foundation in 1938 to date, the Company’s core technologies have been electrolysis, fluorination, chlorination, and organic/inorganic synthesis, and in particular, it has accumulated the knowledge of hydrofluoric acid electrolysis technologies to efficiently generate a large quantity of high purity fluorine and fluorine-related technologies that can be applied widely to battery materials, pharmaceuticals, agricultural chemicals, etc.

In the area of specialty gas products, we utilize our unique fluorination technology to supply fluorinated gas products such as etching gas, cleaning gas, and wiring material gas, which are essential for the manufacture of semiconductors and liquid crystals. Although fluorine is a dangerous and extremely difficult substance to handle, we produce and supply a variety of fluorine gas products stably and efficiently by generating fluorine through electrolysis of anhydrous hydrofluoric acid and reacting it with elements such as nitrogen and tungsten. In addition, our core technology of hydrofluoric acid electrolysis is also a technology that can be used for military purposes, and we are included as a listed company that operates in one of the designated core industries in the Act for Partial Revision of the Foreign Exchange and Foreign Trade Act and related government ordinances and announcements, which came into effect on May 8, 2020, for the purpose of appropriately responding to investments that may have an impact on national security from a security perspective.

As for battery material products, we are the only manufacturer in Japan that manufactures and sells high-purity electrolytes for lithium-ion secondary batteries. With the urgent need for environmental reforms to curb global warming worldwide, Japanese society is also accelerating the movement toward electrification with the declaration of carbon neutrality by 2050 and the banning of new gasoline and diesel vehicles by mid-2030. The Company is the only manufacturer in Japan that manufactures and sells high-purity electrolytes for lithium-ion secondary batteries, a market that is expected to grow as a focus point for electrification. We supply world-class, high-grade products that meet the stringent needs of our customers, support the high

performance and long life of lithium-ion secondary batteries, and play an important role in the supply chain toward the achievement of a decarbonized society. The Company will continue to create its “unique proprietary technologies” by improving the skills of its human resources and leveraging the accumulated expertise and strive thereby to enhance its corporate value and contribute to the realization of a prosperous society.

In accordance with our medium-term management plan and with an eye on our vision for the future, we aim to be a “creative development-oriented company” that contributes to society by providing a safe and rewarding work environment based on a stable management foundation and by supporting the world’s most advanced technologies with products that are unique and superior. At the same time, based on the CSR-conscious management principles and code of conduct, the Company aims to realize the strengthening of the management structure and the establishment of a corporate culture and to become a company that is trusted by the society and employees as a company for which they are proud to work. Based on the basis recognition that a company is a member of the society, the Company strictly enforces legal compliance and corporate ethics to build a good relationship with stakeholders. In addition, as a company that handles chemicals, the Company will focus on the collection and communication of information relevant to safety and the protection of environment as well as the improvement of the technological strength to implement carefully thought-out safety and environmental measures.

III. Efforts to Prevent Decisions on the Company’s Financial and Business Policies from Being Controlled by Inappropriate Parties in the Context of the Basic Policy

1. Purpose of the Policy

The purpose of the Policy is to protect and improve the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term in accordance with the Basic Policy described in I. above.

We believe that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the Board of Directors of the Company with necessary and sufficient information regarding share purchases in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the Board of Directors of the Company elapses, in accordance with the Large-Scale Purchase Rules that the Company established and disclosed in advance. After such information is provided, the Board of Directors of the Company will immediately start to consider its opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion on the proposed Large-Scale Purchase after careful consideration with advice from outside experts, etc. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the shareholders alternative plans developed by the Board of Directors of the Company, if deemed necessary. Such process shall enable the shareholders of the Company to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed by the Board of Directors of the Company) with reference to the opinion of the Board of Directors of the Company, and thus, the shareholders of the Company shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

In addition, the Board of Directors of the Company established a certain policy to be applied depending on whether or not the Large-Scale Purchaser Rules are observed, and determined to establish the Policy as efforts in the case of a Large-Scale Purchase by an inappropriate party according to the Basic Policy.

The Policy is in compliance with the three principles set forth in “Guidelines With Respect To Takeover Defense Measures for Securing And Enhancing Corporate Value and Common Interests of Shareholders” made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005 and has been drafted in reference to “Role of Takeover Defense Measures Based on Recent Changes of Environments”

made by Corporate Value Study Group and dated June 30, 2008 and “Principle 1-5 Takeover Defense Measures” of the “Japan’s Corporate Governance Code” published by the Tokyo Stock Exchange on June 1, 2015 (revised version released on June 1, 2018).

For the avoidance of doubt, the Company has not recognized any indication of a specific Large-Scale Purchase regarding Share Certificates, Etc. of the Company at this point. The status of major shareholders of the Company as of March 31, 2021 is as shown in [Exhibit 1].

2. Details of the Large-Scale Purchase Rules

(1) Outline of the Large-Scale Purchase Rules

The Large-Scale Purchase Rules that the Board of Directors of the Company hereby wishes to establish require that 1) a Large-Scale Purchaser provide necessary and sufficient information regarding the Large-Scale Purchase, that 2) a certain assessment period for the Board of Directors of the Company be secured, that 3) the Board of Directors of the Company present the plans, alternatives, etc., of the management of the Company to shareholders and conduct negotiations with the Large-Scale Purchaser, 4) the establishment of the procedure for, in principle, holding a General Meeting of Shareholders, etc. to confirm the shareholders’ intent as to whether to take countermeasures against the Large-Scale Purchase, and that the Large-Scale Purchaser commence the Large-Scale Purchase only after the completion of the procedures described in 1) through 4) above to secure the opportunity to confirm the shareholders’ intent.

(2) Provision of Information

More specifically, first, a Large-Scale Purchaser is required to provide the Board of Directors of the Company with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow shareholders of the Company to make their decision and the Board of Directors of the Company to form its opinion. Part of the general items of the Necessary Information is as set forth below, although specific details of the Necessary Information may differ according to the characteristics of the Large-Scale Purchaser and the details of the Large-Scale Purchase:

- 1) An outline (including information relating to the substance of the business of the Large-Scale Purchaser, capital structure and experience in businesses similar to the Company’s business or the Group’s business) of the Large-Scale Purchaser and its group (including Joint Holders, Quasi-Joint Holders, and Specially Related Parties);
- 2) The purpose and substance of the Large-Scale Purchase (including amounts/type of the consideration of the purchase, etc., timing of the purchase, etc., structure of related transactions, and legality of the means of purchase, etc., feasibility of purchase, etc. and related transactions);
- 3) The basis for the calculation of the value of the Company’s shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);
- 4) The candidates for the management team (including information regarding experience at businesses similar to business of the Company and the Group), management policy, business plan, financial plan, capital policy, distribution policy, policy of utilization of assets, etc. (hereinafter referred to as the “Management Policy after Purchase”) expected after the Large-Scale Purchaser participates in the management of the Company’s business; and
- 5) The possibility and substance of any change of the Company’s and the Group’s relationship with stakeholders, such as business partners, customers, employees, etc., as planned after the completion of the Large-Scale Purchase.

Any Large-Scale Purchaser intending to undertake a Large-Scale Purchase is required first to submit to the Representative Director of the Company a “letter of intent” to comply with the Large-Scale Purchase Rules,

which shall specify the name, address, law governing the incorporation, name of the representative, contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase. Within ten (10) business days after receipt of such letter of intent, the Company will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed less than as the Necessary Information as a result of the Board of Directors' examination, the Board of Directors of the Company will require the Large-Scale Purchaser to provide additional information until the Company has received all of the Necessary Information.

We will disclose at the time the Board of Directors of the Company deems appropriate all or part of the fact that a Large-Scale Purchase was proposed and the Necessary Information provided to the Board of Directors of the Company, if such disclosure is considered necessary for the shareholders of the Company to make their decisions. When the Board of Directors of the Company determines that the provision of the Necessary Information has been completed, it will notify the Large-Scale Purchaser to that effect and also discloses to that effect to the shareholders of the Company in a timely and appropriate manner.

(3) Assessment Period for the Board of Directors

Next, depending on the difficulty of the assessment, etc. of the proposed Large-Scale Purchase, subsequent to the completion of the Necessary Information to the Board of Directors of the Company, the Board of Directors of the Company shall be given a period of 60 days (in the case of a purchase of all shares of the Company by way of a tender offer in exchange for cash (in yen) as consideration) or 90 days (in the case of any other type of Large-Scale Purchase) to assess, examine, negotiate, form an opinion, and develop alternative plans (hereinafter referred to as the "Board Assessment Period"). The Board of Directors of the Company shall thoroughly assess and examine the Necessary Information it receives, in consultation with the Special Committee, and receiving advice from independent outside experts during the Board Assessment Period as needed, and shall carefully form and disclose its opinion on the Large-Scale Purchase. In addition, the Board of Directors of the Company may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, as necessary.

Furthermore, in cases where the Board of Directors of the Company cannot reach a resolution determining whether to take the countermeasures within the Board Assessment Period under unavoidable circumstances, for example, due to the failure of the Special Committee to make recommendations as to whether to take the countermeasures within the Board Assessment Period, the Board of Directors, based on a recommendation of the Special Committee, may extend the Board Assessment Period up to 30 days to the extent necessary. If the Board of Directors of the Company decides to extend the Board Assessment Period, it shall disclose the specific period of extension decided and the reason for the necessity of such specific period to shareholders, in accordance with the applicable laws and regulations and financial instruments exchange regulations.

(4) Special Committee

In the same manner as under the Current Policy, the Special Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the Board of Directors of the Company. The Special Committee shall have at least three members and in order to be able to judge fairly and neutrally, its members shall be elected from Outside Directors of the Company and Outside Auditor of the Company or outside knowledgeable persons such as attorneys-at-law, who are independent from the executive members of the management of the Company. The names and personal histories of those who are scheduled to be elected as Special Committee Members at the meeting of the Board of Directors to be held immediately after the General Meeting are shown in [Exhibit 2]. The outline of the Special Committee is given in [Exhibit 3].

In making a significant determination pertaining to the Policy, including whether the Large-Scale

Purchaser has observed Large-Scale Purchase Rules (see III 3. (1) below), whether to extend the Board Assessment Period (see III 2. (3) above), and whether the Large-Scale Purchase is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term (see III 3. (1) Note 5 below), the Board of Directors of the Company shall always consult with the Special Committee and respect the recommendations of the Special Committee to the utmost extent.

(5) Procedure for Confirming the Shareholders' Intent

Subsequent to the expiration of the Board Assessment Period, the Company shall, in accordance with the provisions of III 3. (1) (2) below, confirm the intent of the shareholders of the Company as to whether to take countermeasures against the Large-Scale Purchase before deciding whether to take such countermeasures.

However, in the cases described below, the Board of Directors of the Company may determine whether to take countermeasures without confirming the shareholders' intent. In such cases, the Board of Directors of the Company shall also consult with the Special Committee and determine whether to take countermeasures by respecting the recommendations of the Special Committee to the utmost extent:

- 1) Where it is considered that the Large-Scale Purchase will seriously damage the common interests of the shareholders of the Company, including the case where the Large-Scale Purchaser does not sincerely pursue rational management and its gaining control of the Company will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares (specific examples of such cases are described in III 3. (1) Note 5 (i) and (ii) below); and
- 2) Where the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules.

The intent of the shareholders of the Company shall be confirmed by voting at a General Meeting of Shareholders under the Companies Act or a similar proceeding (hereinafter referred to as "General Meeting, etc.") in accordance with the procedure prescribed below. If the Board of Directors of the Company holds a General Meeting, etc., it shall take or shall not take countermeasures against the Large-Scale Purchase in accordance with the result of the voting at the General Meeting, etc. In determining the shareholders who can exercise voting rights at a General Meeting, etc., the Board of Directors of the Company establishes a record date (hereinafter referred to as the "Record Date") and give public notice of the Record Date in a way that is stipulated in the Articles of Incorporation of the Company at least two (2) weeks before the Record Date. (However, in the case where the General Meeting, etc. is an Ordinary General Meeting of Shareholders, the Record Date shall be the record date of the Ordinary General Meeting of Shareholders prescribed in the Articles of Incorporation of the Company and the public notice of it will not be given.):

- 1) The shareholders who can exercise voting rights at a General Meeting, etc. shall be the shareholders recorded in the shareholder register as at the end of the Record Date.
- 2) If a General Meeting, etc. is held, the notice of convocation shall be sent to the shareholders who can exercise voting rights at least two (2) weeks before the date of the General Meeting, etc.
- 3) A resolution at a General Meeting, etc. shall be passed by a majority vote of the attending shareholders who can exercise voting rights.

In the case where there has been, for example, a significant change in the information, etc. for shareholders to vote at a General Meeting, etc., the Board of Directors of the Company may change the Record Date or postpone or cancel the General Meeting, etc. by respecting the recommendations of the Special Committee to the utmost extent even after it has established the Record Date of the General Meeting, etc.

3. Policy toward Large-Scale Purchases

(1) In the Event a Large-Scale Purchaser Observes the Large-Scale Purchase Rules

If a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the Board of Directors of the

Company, even if it disagrees with the proposed Large-Scale Purchase, will not, in principle, take countermeasures against the Large-Scale Purchase, while it may present its views to the shareholders of the Company by expressing an objection to the proposal of the Large-Scale Purchase or by offering alternative plans. The Board of Directors of the Company believes that the shareholders of the Company should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal and the opinion on such proposal and alternative plans provided by the Company.

However, if the Board of Directors of the Company determines that the Large-Scale Purchase is inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term (Note 5) (the Board of Directors shall make such a determination by consulting with the Special Committee and by respecting the recommendations of the Special Committee to the utmost extent (see III 2. (4) above)), it may take measures that it considers appropriate for the protection of the interest of the shareholders of the Company based on the Directors' duty of due care of prudent manager. If the Board of Directors of the Company carries out a gratuitous allotment of stock acquisition rights as a specific countermeasure, the outline of such allotment shall be as described in [Exhibit 4].

As stated in III 2. (5) above, in determining whether to take countermeasures in an exceptional case mentioned above, the Board of Directors of the Company shall, in principle, hold a General Meeting, etc. to seek the judgment of the shareholders in order to secure the objectivity and reasonableness of its determination. When the Board of Directors of the Company has determined that the Large-Scale Purchase in question is inappropriate or insufficient from the perspective of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term, the Board of Directors may hold a General Meeting, etc. to seek the judgment of the shareholders as to whether the Large-Scale Purchase is inappropriate or insufficient from the perspective of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term and countermeasures should be taken against it.

However, in the case where it is considered that the Large-Scale Purchase will seriously damage the common interests of the shareholders of the Company, including the case where the Large-Scale Purchaser does not sincerely pursue rational management and its gaining control of the Company will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares (specific examples of such cases are described in Note 5 (i) and (ii) below), the Board of Directors of the Company may determine whether to take countermeasures against it without confirming the shareholders' intent. In making such a determination, the Board of Directors of the Company shall assess the specific details of the Large-Scale Purchaser and the Large-Scale Purchase and the influence of the Large-Scale Purchase on the common interests of the shareholders of the Company by taking into account the Necessary Information, including the Management Policy after Purchase, provided by the Large-Scale Purchaser, and obtaining the advice of outside experts, etc., as necessary, and consult with the Special Committee and give utmost respect to its recommendations.

Note 5: A Large-Scale Purchase is inappropriate or insufficient from the perspective of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term if, for example, the Large-Scale Purchaser falls under any of the following cases:

- (i) Where the Large-Scale Purchaser proposes a purchase that is clearly detrimental to the corporate value/common interest of shareholders as in the cases listed in 1) through 4) below:
 - 1) Where the Large-Scale Purchaser, while not having any intention to participate in corporate management in good faith, is purchasing shares of the Company solely for the purpose of

selling the shares to related parties of the Company at a high price after driving the stock price higher;

- 2) Where the Large-Scale Purchaser is purchasing shares of the Company for the purpose of so-called “scorched management” by, for example, temporarily controlling the management of the Company and having the intellectual property, know-how, confidential business information, major business partners and customers, etc., which are necessary for the management of Company, transferred to the Large-Scale Purchaser or its group companies;
 - 3) Where the Large-Scale Purchaser is purchasing shares of the Company with the intention to use the assets of the Company as a security for or to fund the repayment of the obligations of the Large-Scale Purchase or its group companies after gaining control of the management of the Company; and
 - 4) Where the Large-Scale Purchaser is purchasing shares of the Company for the purpose of temporarily controlling the management of the Company and having the Company sell or otherwise dispose of expensive assets such as real estate and securities to pay high dividends temporarily out of the gain on such disposal, thereby taking the opportunity of a rapid increase in stock price due to temporarily high dividends and selling the shares of the Company at a high price.
- (ii) Where the Large-Scale Purchaser proposes a purchase of shares through, for example, a tender offer in which the purchase of all the shares is not induced in the first stage of purchase and the purchasing conditions in the second stage of purchase are set unfavorably, or not stated clearly (so-called coercive two-tier purchase);
 - (iii) Where the Large-Scale Purchaser’s gaining control of the Company will impair the interest of stakeholders such as employees, customers, and business partners and the corporate value and the common interest of shareholders of the Company will be impaired as a result; and
 - (iv) Where the terms and conditions of the purchase, etc. (including the amount and type of consideration, timing of the purchase, etc., legal compliance of the purchase method, and the policy on the treatment after the purchase, etc. of the Company’s stakeholders such as its employees, customers, and business partners and other management policies) are inappropriate or insufficient in view of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term and/or the intrinsic value of the Company.

(2) In the Event a Large-Scale Purchaser Does Not Observe the Large-Scale Purchase Rules

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchase to prevent the interest of the Company and the common interests of the shareholders of the Company from being impaired. Countermeasures include the issuance of stock acquisition rights or any other measures that the Board of Directors of the Company is permitted to take under the Companies Act or other acts and the Articles of Incorporation of the Company. In this case, as stated in III 2. (5) above, the Board of Directors of the Company may determine whether to take countermeasures without confirming the shareholders’ intent. The Board of Directors of the Company will select the specific countermeasures that it deems most appropriate at that time and adopt such countermeasures. In relation to this judgment, the Board of Directors of the Company shall determine whether or not a Large-Scale Purchaser observes the Large-Scale Purchase Rules and whether it is appropriate to take countermeasures by taking into account the opinions of outside experts, etc. and by giving the utmost respect to the recommendations of the Special Committee. In the event the Board of Directors of the Company elects to issue stock acquisition rights by way of gratuitous allotment as a specific countermeasure, the outline of such stock acquisition rights shall be

as described in [Exhibit 4] attached hereto; however, if the Board of Directors of the Company actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the conditions for exercise of the stock acquisition rights considering the effectiveness thereof as a countermeasure, including, for instance, the condition that a person belonging to a particular Group of Shareholders with a certain percentage or more Voting Rights Ratio may not exercise stock acquisition rights.

4. Influence, etc. on Shareholders and Investors

(1) Influence, etc. of the Large-Scale Purchase Rules on Shareholders and Investors

The purpose of the Large-Scale Purchase Rules is to provide the shareholders of the Company with the information necessary for them to determine whether or not to accept a Large-Scale Purchase in addition to the opinion of the Board of Directors of the Company that is actually in charge of the Company's management, and to ensure that the shareholders of the Company have opportunities to receive any alternative plans. The Board of Directors of the Company believes that under the Large-Scale Purchase Rules, the shareholders of the Company, with sufficient information, will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the shareholders of the Company shall be protected. Accordingly, the Board of Directors of the Company believes that the establishment of the Large-Scale Purchase Rules is a prerequisite for appropriate investment decisions of the shareholders of the Company and investors and contributes to the interest of the shareholders of the Company and investors.

The Board of Directors of the Company hereby advises the shareholders of the Company and investors to observe carefully any actions by a Large-Scale Purchaser as well as any related timely disclosures from the Company, because the policy of the Company will differ depending on whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in 3. above.

(2) Influence, etc. of Countermeasures on Shareholders and Investors

In cases where the Large-Scale Purchaser has not observed the Large-Scale Purchase Rules or where a Large-Scale Purchase is inappropriate or insufficient from the perspective of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term, the Board of Directors of the Company may take countermeasures described in 3. above. However, given the structure of the countermeasures, the Board of Directors of the Company does not expect that taking such countermeasures will cause any legal or economic damage or loss to the shareholders of the Company other than the Large-Scale Purchaser. When the Board of Directors of the Company elects to take any specific countermeasure, the Board of Directors of the Company will make an appropriate disclosure in a timely manner in accordance with the relevant laws and regulations and financial instruments exchange regulations. It should be noted that, in the event the Board of Directors of the Company ceases to issue stock acquisition rights or acquire issued stock acquisition rights gratuitously, the share value will not be diluted, so that shareholders and investors, who purchased or sold shares after the date of the expiration of the gratuitous allotment of stock acquisition rights on the assumption that the stock value of the Company would be diluted may suffer unexpected losses because of movements in share price.

(3) Procedure that Shareholders Need to Follow After Countermeasures are Taken

A. Procedure for exercising stock acquisition rights

If the Board of Directors of the Company passes a resolution for the gratuitous allotment of stock acquisition rights as countermeasures, the Company shall give public notice of the date of such allotment and allot stock acquisition rights gratuitously to the shareholders who are recorded in the Company's shareholder register as at the end of the specified date of such allotment. After that, the Company shall, in principle, send to these shareholders the stock acquisition rights exercise request form (which shall be in a format prescribed

by the Company that is to provide the details and the number of the stock acquisition rights to be exercised, other necessary matters including the information necessary for the transfer to the account of the shareholders to which shares of the Company will be allotted, and the statement to confirm, among others, that the requesting shareholder does not belong to a particular Group of Shareholders) and other documents necessary for the exercise of stock acquisition rights. After the gratuitous allotment of stock acquisition rights, by submitting these necessary documents by the end of the exercise period and paying a certain amount, which shall be determined as an amount, in principle, not less than one yen per stock acquisition right by the resolution of the Board of Directors of the Company approving the gratuitous allotment of stock acquisition rights, to the specified payment handling place, the shareholders shall be entitled to the newly issued shares of the Company. The specific number of the shares to be issued for each stock acquisition right shall be determined separately by the Board of Directors of the Company.

B. Procedure for the Acquisition of Stock Acquisition Rights by the Company

In the case where the Board of Directors of the Company approves the acquisition of the stock acquisition rights by the Company, the Company shall, in accordance with the procedure prescribed by laws, acquire the stock acquisition rights upon the arrival of the day separately determined by the Board of Directors of the Company. In cases where the Company delivers the shares of the Company to shareholders in exchange for the acquisition of stock acquisition rights, it shall do so promptly. In this case, the Company may require such shareholders to separately submit a document providing the information necessary for the transfer to the account of the shareholders to which shares of the Company will be allotted and the statement to confirm, among others, that the submitting shareholder does not belong to a particular Group of Shareholders, using the form prescribed by the Company.

After a resolution of the Board of Directors of the Company concerning countermeasures are passed, the Company shall disclose or notify to shareholders, and the shareholders are requested to note, the details of the methods of allotment and exercise of stock acquisition rights as well as the method of acquisition by the Company,

5. Revision, etc. in the Large-Scale Purchase Rules

Any revision or abolition of the Large-Scale Purchase Rules shall be subject to the decision of the General Meeting of Shareholders of the Company. However, in cases where the Board of Directors of the Company has determined that there is an objective need for revising the Large-Scale Purchase Rules due to a revision of laws and regulations or rules prescribed by financial instruments exchanges and the like or a change in the interpretation thereof or under other circumstances, the Large-Scale Purchase Rule may be revised based on the decision by the Board of Directors.

6. Start of the Application and the Period of Validity of the Large-Scale Purchase Rules

The Policy shall take effect immediately upon the resolution of the General Meeting and its period of validity shall expire at the close of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among the fiscal years ending within three years from the date of the resolution of the General Meeting. However, in cases where the General Meeting of Shareholders of the Company has resolved to abolish the Policy, the Policy may be abolished even before the expiration of the period of validity mentioned above. If it is resolved at the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among the fiscal years ending within three years from the date of the resolution of the General Meeting that the Policy be continued, its period of validity shall be extended until the close of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among the fiscal years ending within three years from the date of said general meeting of shareholders.

IV. The Policy Will Comply with the Basic Policy, So As Not to Damage the Common Interests of Shareholders

of the Company and Not to Pursue the Maintenance of the Status of Directors of the Company and Reasons Therefor

1. The Policy Will Comply with the Basic Policy

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Special Committee, the procedure for confirming the intention of shareholders, and the influence on shareholders and investors.

In the Policy, it is stipulated that a Large-Scale Purchaser is required to provide the Board of Directors of the Company with all necessary and sufficient information concerning the Large-Scale Purchase in advance and that it is required to commence the Large-Scale Purchase only after a certain assessment period for the Board of Directors of the Company has elapsed and the intention of shareholders as to whether the Board of Directors should take countermeasures has been confirmed directly, in principle, at a General Meeting, etc., and that the Board of Directors of the Company may take countermeasures against any Large-Scale Purchaser who does not observe these rules.

In addition, it is stipulated that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the Board of Directors of the Company judges that the Large-Scale Purchase by the Large-Scale Purchaser are inappropriate or insufficient from the perspective of protecting and improving the corporate value of the Company, and in turn, the common interests of the shareholders of the Company over the medium- to long-term, the Board of Directors of the Company may take countermeasures against the Large-Scale Purchaser that are considered appropriate in order to protect the common interests of the shareholders of the Company.

Furthermore, the Policy stipulates that whether to take countermeasures against the Large-Scale Purchase shall be determined, in principle, based on the judgment of the shareholders at a General Meeting, etc. and that countermeasures shall not be taken unless a resolution approving them is passed.

As set forth above, the Policy is consistent with the Basic Policy.

2. The Policy Will Not Damage the Common Interests of Shareholders of the Company

As described in I, the Basic Policy is based on the assumption that the common interests of shareholders of the Company should be respected. The Policy is consistent with the Basic Policy and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the Board of Directors of the Company, and the opportunity to receive alternative plans and ultimately to provide the shareholders as at the time the Company has received the proposal for a Large-Scale Purchase with the opportunity to decide whether countermeasures should be taken. Because the shareholders of the Company and investors can make proper investment judgments through the Policy, it does not damage the common interests of the shareholders of the Company, but rather contributes to their interests.

3. The Policy Will Not Pursue the Maintenance of the Status of Directors

The Policy has a broad principle that leaves the final decision whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders of the Company, requires compliance with the Large-Scale Purchase Rules and allows countermeasures to the extent necessary to protect the common interests of the shareholders of the Company. The Policy discloses reasonable and objective requirements for the Board of Directors of the Company to take countermeasures in advance and in detail, and any countermeasures by the Board of Directors of the Company will be taken in accordance with the provisions of the Policy.

In addition, the Policy prescribes that when the Board of Directors of the Company intends to take countermeasures against a Large-Scale Purchase, it shall, in principle, hold a General Meeting, etc. to seek the judgment of the shareholders and in an exceptional situation in which the Board of Directors makes a

decision to take such countermeasures or any other important judgment concerning the Policy without holding a General Meeting, etc., the Board of Directors shall request advice from outside experts, etc., as necessary, and consults with the Special Committee consisting of members who are independent of the management team operating businesses of the Company and gives utmost respect to the recommendation of the Special Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors of the Company are ensured.

As described above, we believe that it is clear that the Policy is not designed arbitrarily to pursue the maintenance of the status of Directors.

Major shareholders of the Company (as of March 31, 2021)

Shareholder name	Shareholding status	
	Number of shares	Shareholding ratio
	In thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,123	8.91
Custody Bank of Japan, Ltd. (Trust Account)	3,631	6.31
Asahi Mutual Life Insurance Company	3,570	6.21
Zeon Corporation	3,550	6.17
GOLDMAN SACHS INTERNATIONAL	2,770	4.82
The Gunma Bank, Ltd.	1,600	2.78
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	1,526	2.65
The Chugoku Bank, Ltd.	1,400	2.43
GOVERNMENT OF NORWAY	1,372	2.39
Custody Bank of Japan, Ltd. (Trust Account 9)	1,272	2.21

(Note) The total number of issued shares is 57,546,050. The shareholding ratios are calculated after deducting treasury stock (22,574 shares).

Names and experience of Special Committee Members

Hideki Matsui

Experience	April 1987	Admitted as Attorney-at-Law
	April 1987	Joined Marunouchi Sogo Law Office
	October 2006	Outside Auditor, Kanebo Cosmetics Inc.
	September 2011	Co-Representative Attorney-at-law, Marunouchi Sogo Law Office (to present)
	June 2015	Outside Director of the Company (to present)

Masaharu Sugiyama

Experience	November 1979	Joined Daiichi Audit Corporation (current Ernst & Young ShinNihon LLC)
	August 1983	Registered as Certified Public Accountant (CPA)
	May 2002	Representative Partner (current Senior Partner), Ernst & Young ShinNihon LLC
	August 2010	Audit Commissioner, Ernst & Young ShinNihon LLC
	August 2013	Chairman of Audit Committee, Ernst & Young ShinNihon LLC
	June 2016	Outside Director of the Company (to present)

Naozumi Furukawa

Experience	April 1967	Joined Zeon Corporation
	June 1997	Director, Zeon Corporation
	June 2003	President, Zeon Corporation
	June 2006	Outside Auditor, The Yokohama Rubber Co., Ltd.
	June 2013	Chairman, Zeon Corporation
	March 2014	Outside Director, The Yokohama Rubber Co., Ltd.
	June 2015	Outside Auditor of the Company (to present)
	June 2020	Honorary Chairman, Zeon Corporation (to present)

Kenichi Ikeda

Experience	April 1986	Joined Asahi Mutual Life Insurance Company
	April 2017	Executive Officer, Asahi Mutual Life Insurance Company
	June 2020	Outside Auditor of the Company (to present)
	July 2020	Director and Executive Officer, Asahi Mutual Life Insurance Company
	April 2021	Director and Managing Executive Officer, Asahi Mutual Life Insurance Company (to present)

Outline of the Special Committee

1. Establishment

The Special Committee shall be established by the resolution of the Board of Directors of the Company.

2. Members

The Special Committee shall consist of three or more persons who are commissioned by the Board of Directors of the Company from among Outside Director of the Company, Outside Auditor of the Company, and outside knowledgeable persons such as attorneys-at-law, who are independent from the executive members of the management of the Company.

3. Term of Office

The term of office of Special Committee Members shall expire at the earlier of the close of the Ordinary General Meeting of Shareholders pertaining to the last fiscal year among those ending within three years from their appointment or the abolishment of the Policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company. When a Special Committee Member has been, but is no longer, an Outside Director or Outside Auditor, the term of office of that person as a Special Committee Member expires at the same time, unless otherwise prescribed by a resolution of the Board of Directors of the Company.

4. Requirements for passing a resolution

A resolution of the Special Committee shall be passed by a majority of the votes of the Special Committee Members present at the meeting, provided that a majority of Special Committee Members are present. Committee Members can attend a meeting of the Special Committee by means of, for example, a conference call.

5. Matters to be resolved, etc.

When advice is requested by the Board of Directors of the Company, the Special Committee shall make determinations on the matters listed below in principle and recommend its conclusions to the Board of Directors of the Company by stating the grounds therefor. Each Special Committee Member shall make such determinations from the viewpoint of whether or not the subject matter contributes to the corporate value of the Company, and in turn, the common interests of shareholders, and shall not make such determinations in pursuit solely of personal interests of him/herself or any of the Directors of the Company:

- 1) Whether the large-scale purchase in question is seriously damaging to the common interests of the shareholders of the Company;
- 2) Whether the large-scale purchase in question is inappropriate or insufficient from the perspective of the protection/improvement of the corporate value of the Company, and in turn, the common interests of shareholders over the medium- to long-term;
- 3) Whether the Large-Scale Purchase Rules have been observed;

- 4) Whether it is necessary to submit the decision on whether to take countermeasures to the General Meeting of Shareholders, etc. for its decision;
- 5) Whether countermeasures should be taken, should not be taken, should be changed, or should be discontinued; and
- 6) Other matters for which the advice of the Special Committee is sought by the Board of Directors of the Company among those on which the Board of Directors of the Company should make decisions in accordance with the Large-Scale Purchase Rules.

Outline of Stock Acquisition Rights

1. Shareholders Who are Entitled to Receive Stock Acquisition Rights and Conditions of Issuance Thereof

One (1) stock acquisition right shall be allotted, for no new payment in return, to a shareholder for each share of common stock of the Company held by such shareholder (excluding the Company's common stocks held by the Company), whose name is recorded in the register of shareholders as of the end of the record date to be specified by the Board of Directors of the Company.

2. Class and Number of Shares to be Acquired upon Exercise of the Stock Acquisition Right

The class of shares to be acquired upon exercise of the stock acquisition right shall be common stock of the Company, and the total number of such shares shall be up to the total number of authorized shares less the total number of issued shares (excluding the Company's common stocks held by the Company) as of the record date to be specified by the Board of Directors of the Company. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the Board of Directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company performs a stock split or a stock consolidation.

3. Total Number of Stock Acquisition Rights to be Issued

The total number of stock acquisition rights to be allotted shall be separately determined by the Board of Directors of the Company. The Board of Directors of the Company may allot stock acquisition rights in installments.

4. Issuance Price of Stock Acquisition Rights (Amount to be Paid)

The issuance price of the stock acquisition right is nil.

5. Value of Property to be Contributed (Amount to be Paid) upon Exercise of Stock Acquisition Rights

The value of property to be contributed (amount to be paid) upon exercise of a stock acquisition right shall be an amount to be determined by the Board of Directors of the Company which shall be at least one (1) Japanese yen.

6. Restriction on Transfer of Stock Acquisition Rights

Stock acquisition rights may not be acquired by way of transfer without the approval of the Board of Directors of the Company.

7. Conditions of Exercise of Stock Acquisition Rights

Certain conditions of exercise shall be provided, including a condition that a person belonging to a particular Group of Shareholders that holds at least 20% of the Voting Rights Ratio (excluding persons approved by the Board of Directors of the Company in advance) may not exercise stock acquisition rights. Further details will be decided separately by the Board of Directors of the Company.

8. Exercise Period, etc. of Stock Acquisition Rights

The effective date of the allotment of stock acquisition rights, exercise period, acquisition clause, and other necessary subject matter of the stock acquisition rights shall be separately determined by the Board of Directors of the Company. As a matter of acquisition clause, the Company may provide a clause that the Company may acquire stock acquisition rights from persons other than those who are not permitted to exercise their stock acquisition rights due to the conditions of exercise in 7. above in exchange for the delivery of a certain number (to be separately determined by the Board of Directors of the Company) of shares of the Company for each stock acquisition right.

<Company Proposal>

Proposal 2: Election of 9 Directors

The terms of office of all 9 Directors will expire at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of 9 Directors (including 3 Outside Directors).

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
1	Jun'ichi Hasegawa (November 11, 1958) Reappointment	<p>January 2000 Joined the Company</p> <p>July 2004 General Manager, Fine Chemicals Sales Dept.-II</p> <p>June 2007 Executive Officer; General Manager, Fine Chemicals Sales Dept.-II</p> <p>June 2009 Director and Executive Officer; General Manager, Sales Div.</p> <p>January 2011 Director and Executive Officer; General Manager, Sales Div.; General Manager, Fine Chemicals Sales Dept.-I</p> <p>June 2011 Director and Executive Officer of the Company; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2015 President</p> <p>June 2019 President; General Manager, Business Div.</p> <p>June 2020 President; General Manager, Business Div. (to present) (In charge of Internal Auditing Dept., Legal & General Affairs Dept., Personnel Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Jun'ichi Hasegawa as a candidate for Director because Mr. Hasegawa has long experience in the sales division and at overseas subsidiaries, experience as a Director and broad insights concerning the overall management of the Company.</p>	34,800
2	Fuyuhiko Ishii (December 10, 1958) Reappointment	<p>April 1981 Joined the Company</p> <p>April 2002 General Manager, Shibukawa Development Research Lab.</p> <p>June 2005 General Manager, New Products Development Promotion Dept., New Products Development Div.</p> <p>June 2007 Executive Officer; Representative Director, Kanto Denka Korea Co., Ltd.</p> <p>June 2009 Executive Officer; General Manager, Fine Chemicals Sales Dept.-II</p> <p>April 2012 Executive Officer; General Manager, Research & Marketing Management Dept., New Products Development Div.</p> <p>April 2014 Executive Officer; General Manager, Development & Marketing Dept., New Products Development Div.</p> <p>June 2015 Executive Officer; Chairman and Managing Director, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>April 2017 Executive Officer; Chairman, Kanto Denka Kogyo (Shanghai) Co., Ltd.</p> <p>June 2017 Director and Executive Officer; General Manager, Technical Div.</p> <p>June 2019 Director and Managing Executive Officer; General Manager, Technical Div.; General Manager, New Products Development Div. (to present) (In charge of Purchasing Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Fuyuhiko Ishii as a candidate for Director because Mr. Ishii has long experience in new products development and sales divisions and at overseas subsidiaries, experience as a Director and broad insights concerning the overall management of the Company.</p>	9,400

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
3	Yasunari Yamaguchi (August 1, 1965) Reappointment	<p>April 1990 Joined the Company</p> <p>April 2009 General Manager, Production Dept.-I, Shibukawa Plant</p> <p>June 2013 General Manager, Corporate Planning Dept.</p> <p>June 2015 Executive Officer; Plant Manager, Mizushima Plant</p> <p>June 2019 Director and Executive Officer; Plant Manager, Shibukawa Plant</p> <p>November 2019 Director and Executive Officer; Plant Manager, Shibukawa Plant; General Manager, Production Engineering Dept., Shibukawa Plant</p> <p>June 2020 Director and Executive Officer; Plant Manager, Shibukawa Plant (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Yasunari Yamaguchi as a candidate for Director because Mr. Yamaguchi has long experience in engineering divisions, including plant operations and corporate planning division, experience as a Director and broad insights concerning the overall management of the Company.</p>	4,500
4	Kazuki Niimi (September 22, 1960) Reappointment	<p>April 1984 Joined Asahi Mutual Life Insurance Company</p> <p>April 2006 General Manager, Finance Unit, Asahi Mutual Life Insurance Company</p> <p>April 2010 General Manager, Accounting Unit, Asahi Mutual Life Insurance Company</p> <p>April 2013 General Manager, Bond Management Unit, Asahi Mutual Life Insurance Company</p> <p>April 2015 General Manager, Securities Management Dept., Asahi Mutual Life Insurance Company</p> <p>April 2016 General Manager, Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>April 2020 General Manager, in charge of Financial Controller Dept., Asahi Mutual Life Insurance Company</p> <p>June 2020 Director and Executive Officer of the Company (to present) (In charge of Accounting & Finance Dept., Information Systems Dept.)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Kazuki Niimi as a candidate for Director because Mr. Niimi has long experience at a financial institution, experience as a Director, considerable knowledge in finance and accounting and broad insights concerning the overall management of the Company.</p>	1,000
5	Yuki Abe (January 21, 1969) Reappointment	<p>April 1991 Joined the Company</p> <p>June 2009 Representative Director, Kanto Denka Korea Co., Ltd.</p> <p>April 2012 General Manager, Fine Chemicals Sales Dept.-II, Sales Div. of the Company</p> <p>June 2018 Executive Officer; General Manager of Osaka Branch Office</p> <p>June 2020 Director and Executive Officer; Deputy General Manager, Business Div.; General Manager of Osaka Branch Office</p> <p>January 2021 Director and Executive Officer; Deputy General Manager, Business Div.; Representative Director, Kanto Denka Korea Co., Ltd. (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Yuki Abe as a candidate for Director because Mr. Abe has long experience in the Sales Div. and at an overseas subsidiary, experience as a Director, and broad insights concerning the overall management of the Company.</p>	1,300

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
6	Kunihiko Uramoto (August 24, 1959) New appointment	<p>April 1982 Joined Asahi Mutual Life Insurance Co. December 2002 Joined the Company April 2008 General Manager, Personnel & General Affairs Dept. June 2011 Executive Officer; General Manager, Personnel & General Affairs Dept. June 2017 Senior Executive Officer; General Manager, Legal & General Affairs Dept. June 2018 Full-time Auditor (to present)</p> <p>[Reasons for nomination of the candidate for Director] The Company has nominated Kunihiko Uramoto as a candidate for Director because Mr. Uramoto has long experience at the personnel and legal & general affairs divisions of the Company, experience as an Auditor, and broad insights concerning the overall management of the Company.</p>	10,800
7	Hideki Matsui (July 9, 1962) Reappointment Outside	<p>April 1987 Admitted as Attorney-at-Law April 1987 Joined Marunouchi Sogo Law Office October 2006 Outside Auditor, Kanebo Cosmetics Inc. September 2011 Co-Representative Attorney-at-law, Marunouchi Sogo Law Office (to present) June 2015 Outside Director of the Company (to present)</p> <p>[Significant concurrent position] Co-Representative Attorney-at-law, Marunouchi Sogo Law Office</p> <p>[Reasons for nomination of the candidate for Outside Director] Although Hideki Matsui has not been involved in corporate management other than as an outside officer, the Company has nominated him as a candidate for Outside Director because Mr. Matsui has engaged in corporate legal affairs as an attorney-at-law for many years, and the Company expects him to utilize his experience and broad insights for the management of the Company</p>	0
8	Masaharu Sugiyama (June 20, 1954) Reappointment Outside	<p>November 1979 Joined Daiichi Audit Corporation (current Ernst & Young ShinNihon LLC) August 1983 Registered as Certified Public Accountant (CPA) May 2002 Representative Partner (current Senior Partner), Ernst & Young ShinNihon LLC August 2008 Councilor of Employee Council, Ernst & Young ShinNihon LLC August 2010 Audit Commissioner, Ernst & Young ShinNihon LLC August 2013 Chairman of Audit Committee, Ernst & Young ShinNihon LLC August 2014 Vice-Chairman of Employee Council, Ernst & Young ShinNihon LLC June 2016 Outside Director of the Company (to present)</p> <p>[Reasons for nomination of the candidate for Outside Director] Although he has not been involved in corporate management other than as an outside officer, the Company has nominated Masaharu Sugiyama as a candidate for Outside Director because Mr. Sugiyama has engaged in corporate accounting for many years as a Certified Public Accountant, and the Company expects him to utilize his experience and broad insights for the management of the Company.</p>	0

No.	Name (Date of birth)	Past experience, positions, area of responsibility and significant concurrent positions	Number of shares of the Company held
9	Hitoshi Habuka (March 25, 1957) Reappointment Outside	<p>April 1981 Joined Shin-Etsu Chemical Co., Ltd.</p> <p>March 2000 Retired from Shin-Etsu Chemical Co., Ltd.</p> <p>April 2000 Associate Professor, Department of Material Science and Chemical Engineering, Faculty of Engineering, Yokohama National University (current National University Corporation Yokohama National University)</p> <p>April 2002 Professor, Department of Chemical Engineering Science, Faculty of Engineering, National University Corporation Yokohama National University (to present)</p> <p>April 2017 Vice Dean, College of Engineering Science, National University Corporation Yokohama National University (to present)</p> <p>June 2019 Outside Director of the Company (to present)</p> <p>[Significant concurrent position] Professor, Department of Materials Science and Chemical Engineering, Faculty of Engineering, National University Corporation Yokohama National University Vice Dean, College of Engineering Science, National University Corporation Yokohama National University</p> <p>[Reasons for nomination of the candidate for Outside Director] The Company has nominated Hitoshi Habuka as a candidate for Outside Director because Dr. Habuka has worked at Shin-Etsu Chemical Co., Ltd. and has experience as an engineering advisor and guest researcher, etc. at other companies. Also, he has engaged in research and development for many years, and the Company expects him to utilize his experience and broad insights for the management of the Company.</p>	0

(Notes)

- Hideki Matsui, Masaharu Sugiyama and Hitoshi Habuka are all candidates for Outside Director and candidates for independent officer as stipulated by the rules of the Tokyo Stock Exchange.
- Although Hideki Matsui belongs to the Marunouchi Sogo Law Office, with which the Company has a legal advisory retainer contract and to which it pays fees for legal services provided by attorneys, the Company paid only about ¥2 million for the fiscal year ended March 31, 2021, and this amount does not affect the independence of Mr. Matsui either from the Company or from the law office.
- Although Masaharu Sugiyama belonged to Ernst & Young ShinNihon LLC, which is the Company's accounting auditor, he retired from the audit firm in June 2016. Although the Company pays compensation for audits conducted by the firm, the Company paid only ¥38 million (excluding additional compensation of ¥1 million for the previous fiscal year) for the fiscal year ended March 31, 2021, and this amount does not affect the independence of Mr. Sugiyama either from the Company or from the audit firm. Mr. Sugiyama has not been in charge of audits of the Company.
- Hitoshi Habuka belongs to National University Corporation Yokohama National University, with which the Company has concluded a joint research agreement. Although the Company makes donations to the said university, the amount of donations was only ¥1 million for the fiscal year ended March 31, 2021, and this amount does not affect the independence of Mr. Habuka either from the Company or from the university.
- The Company has an agreement with Hideki Matsui, Masaharu Sugiyama and Hitoshi Habuka to limit their liability as Outside Director on the basis of the provisions of Article 427, Paragraph 1, of the Companies Act with the liability limit set forth in the relevant law. In case Mr. Matsui, Mr. Sugiyama, and Mr. Habuka are elected as Outside Directors and assume office as such, the Company plans to continue to enter into a similar agreement with them.
- The Company has entered into a directors and officers liability insurance agreement for Directors, Auditors, and certain officers of subsidiaries of the Company as insureds, which is outlined below and plans to renew the agreement in October 2021. Each candidate is included as an insured under the said insurance, and when each candidate is elected and assumes office, they will all be included as an insured under the said insurance.
 - Outline of events insured against
The agreement will cover damages that may arise due to the insured Directors, Auditors, and officers, etc. assuming responsibility for the execution of his or her duties or receiving a claim related to the pursuit of such responsibility.
 - Insurance premiums will be fully borne by the Company.
- The term of office of Hideki Matsui, Masaharu Sugiyama, and Hitoshi Habuka as Outside Directors of the Company upon the conclusion of this General Meeting of Shareholders will be six years, five years, and two years, respectively.

<Company Proposal>

Proposal 3: Election of 2 Auditors

Auditors Takashi Suzuki and Kunihiko Uramoto will resign at the conclusion of this year's Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of 2 Auditors. Takeaki Yajima and Masatomo Hayashi are nominated as substitute for Takashi Suzuki and Kunihiko Uramoto, respectively.

The candidates for Auditor are as follows. The Audit & Supervisory Board has previously given its approval to this proposal.

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
1	Takeaki Yajima (April 20, 1963) New appointment	<p>April 1987 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>March 2003 General Manager of Tottori Branch, Mizuho Bank, Ltd.</p> <p>April 2010 General Manager, Unit No. 8 of Branch Department, Mizuho Bank, Ltd.</p> <p>April 2012 General Manager of Tachikawa Branch, Mizuho Bank, Ltd.</p> <p>April 2014 General Manager, Branch Banking Department No. 2, Mizuho Bank, Ltd.</p> <p>April 2015 General Manager, Tokyo Main Office Department No. 1, Mizuho Bank, Ltd.</p> <p>June 2018 Corporate Adviser of the Company</p> <p>June 2018 Director and Executive Officer (to present)</p> <p>[Reasons for nomination of the candidate for Auditor] The Company has nominated Takeaki Yajima as a candidate for Auditor because Mr. Yajima has long experience at financial institutions, experience as a Director of the Company, considerable knowledge in finance and accounting and broad insights concerning the overall management of the Company.</p>	2,900
2	Masatomo Hayashi (September 9, 1960) New appointment	<p>April 1983 Joined the Company</p> <p>April 2002 General Manager, Recording Materials Development Research Lab.</p> <p>July 2004 General Manager, Recording Materials Development Research Lab.; General Manager, Fine Chemicals Sales Dept.-I</p> <p>April 2005 General Manager, Functional Materials Development Research Lab.; General Manager, Fine Chemicals Sales Dept.-I</p> <p>April 2009 General Manager, Functional Materials Development Research Lab.; General Manager, Production Dept.-III, Shibukawa Plant</p> <p>April 2010 General Manager, Production Dept.-III, Shibukawa Plant; Research & Marketing Management Dept.</p> <p>April 2014 General Manager, Production Engineering Dept., Technical Div.</p> <p>June 2015 Executive Officer; Plant Manager, Shibukawa Plant</p> <p>June 2019 Senior Executive Officer; Plant Manager, Mizushima Plant (to present)</p> <p>[Reasons for nomination of the candidate for Auditor] The Company has nominated Masatomo Hayashi as a candidate for Auditor because Mr. Hayashi has long experience in the engineering division, including plant operations, and research and development division of the Company, and he also has broad insights concerning the overall management of the Company.</p>	0

(Note)

The Company has entered into a directors and officers liability insurance agreement for Directors, Auditors, and certain officers of subsidiaries of the Company as insureds, which is outlined below and plans to renew the agreement in October 2021. When each candidate is elected and assumes office, they will all be included as an insured under the said insurance.

1) Outline of events insured against

The agreement will cover damages that may arise due to the insured Directors, Auditors, and officers, etc. assuming responsibility for the execution of his or her duties or receiving a claim related to the pursuit of such responsibility.

2) Insurance premiums will be fully borne by the Company.

<Shareholder Proposal>

Proposal 4 is made by two shareholders. The number of voting rights held by the two shareholders is 332.

Proposal 4: Partial Amendments to the Articles of Incorporation

1. The following article shall be provided in the Articles of Incorporation.

“The Company does not permit the abandonment of duties due to smoking during working hours, nor the installation and maintenance of smoking facilities on the Company’s premises, as these activities are detrimental to the interests of the Company and its shareholders.”

2. Reasons for proposal

In workplaces where smoking is allowed, there is currently the loss of working hours due to cigarette breaks, the loss of profits due to the cost of installing smoking facilities on the premises, ventilation, cleaning, etc., and the risk of falling stock prices due to health hazards caused by cigarette smoke and the risk of fire and industrial accidents.

Making workplaces completely smoke-free is a strategy to improve profits and is an appropriate response that should be promoted from the perspective of health management, SDGs, and ESGs.

Although the representative of this proposal has already submitted many documents to the Company, unfortunately, the Company only complies with the minimum legal requirements, lacks the shareholder perspective of maximizing profits, and is not fully fulfilling its corporate social responsibility.

The implementation of this proposal is nothing but a positive for the Company and many stakeholders, including its shareholders. Even if there are smokers who insist on their so-called “right to smoke,” there would be no problem at all in enforcing this policy, as you can see from the fact that many companies have already implemented a policy of “no smoking on the premises and during working hours.”

In order to increase dividends through increased profits due to the elimination of cost burdens, and to reduce the risk of a decline in the stock price due to health hazards, fires, and industrial accidents, we ask for the support of as many shareholders as possible.

Opinion of the Company’s Board of Directors

The Company’s Board of Directors opposes this proposal.

The Group has set the “ESG shift and corporate value enhancement” as one of the goals in its new medium-term management plan (Journey to 1000) covering the next three years starting from fiscal year ended March 31, 2019, and will promote management with an awareness of ESG and SDGs in order to enhance corporate value and contribute to society, contribute to the realization of a sustainable society, and create a workplace where employees can work with peace of mind.

Up until now, we have been implementing initiatives such as banning smoking in the office and encouraging employees who have quit smoking to take advantage of the subsidy system, and we will continue to promote the health of our employees and create a comfortable workplace.

Furthermore, the Articles of Incorporation should set forth the basic principles for operating a company, and we believe that it is not necessary to set forth matters such as those in this proposal in the Articles of Incorporation.