

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 6165

June 4, 2021

To our shareholders:

Tetsuji Morikubo  
Representative Director  
**PUNCH INDUSTRY CO., LTD.**  
6-22-7 Minami-oi, Shinagawa-ku, Tokyo

## **Notice of the 47th Annual General Meeting of Shareholders**

We are pleased to announce the 47th Annual General Meeting of Shareholders of PUNCH INDUSTRY CO., LTD. (the “Company”), which will be held as described below.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” provided hereinbelow, and exercise your voting rights by 6:00 p.m. (JST) on Tuesday, June 22, 2021.**

**1. Date and Time: Wednesday, June 23, 2021 at 10:00 a.m. (JST)**

**2. Venue:** A+B Meeting Room, Single Building 3F, Ours Inn Hankyu  
1-50-5 Oi, Shinagawa-ku, Tokyo

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

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

- 1. Business Report and Consolidated Financial Statements for the 47th fiscal year (from April 1, 2020 to March 31, 2021), and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board**
- 2. Non-consolidated Financial Statements for the 47th fiscal year (from April 1, 2020 to March 31, 2021)**

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

- |                       |  |
|-----------------------|--|
| <b>Proposal No. 1</b> | <b>Appropriation of Surplus</b>  |
| <b>Proposal No. 2</b> | <b>Amendment to the Articles of Incorporation</b>  |
| <b>Proposal No. 3</b> | <b>Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</b>   |
| <b>Proposal No. 4</b> | <b>Election of Three Directors Who Are Audit and Supervisory Committee Members</b>   |
| <b>Proposal No. 5</b> | <b>Election of One Substitute Director Who Is an Audit and Supervisory Committee Member</b>  |
| <b>Proposal No. 6</b> | <b>Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</b>                                       |
| <b>Proposal No. 7</b> | <b>Determination of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members</b>   |
| <b>Proposal No. 8</b> | <b>Determination of Remuneration for Grant of Shares with Restriction on Transfer to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</b> |

- When you attend the meeting in person, you are kindly requested to present the enclosed voting form at the reception desk.
- Pursuant to the laws and regulations and Article 14 of the Company's Articles of Incorporation, "System to Ensure the Appropriateness of Operations and Its Operational Status" in the Business Report as well as "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are posted on the Company's website and accordingly, are not included in the attachments to this notice.

As such, the documents attached to this notice are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members for the audit report and the Accounting Auditor for the accounting audit report.

- If any amendments are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, such changes will be posted on the Company's website.

The Company's website      <http://www.punch.co.jp/english/>

## Request regarding the Prevention of Spread of COVID-19

In order to prevent the spread of COVID-19, the following measures are planned to be taken at the 47th Annual General Meeting of Shareholders of the Company. Your kind understanding and cooperation are greatly appreciated.

### 1. Requests for Shareholders

- Shareholders considering to attend this general meeting of shareholders are asked to pay heed to the state of their health and check their physical condition before visiting the venue of the meeting.  
Shareholders unsure of their health, for instance, those who do not feel well, on the day of the meeting, particularly those who are senior shareholders, those having an underlying disease, or those who are pregnant, are requested to consider refraining from attending the meeting.
- The number of seats for shareholders will be limited in the venue of the meeting as they will be placed at a sufficient distance from each other in order to prevent infection. Please be aware in advance that an entry to the venue of the meeting may be denied if seats are filled.
- In light of the above situation, shareholders are requested to exercise their voting rights in writing (by postal mail) or via the Internet in advance, and refrain from attending on the day of the meeting if at all possible.

### 2. Requests to Shareholders attending the meeting

- Your cooperation will be appreciated in wearing a mask and having your hands disinfected with alcohol.
- Your temperature may be measured at the reception desk using a non-contact thermometer. We may take measures, including limitation on your entry to the venue of the meeting, if you are found to be in poor health.
- Please be aware in advance that you may be asked to leave the venue of the meeting if you turn out to be in poor health after your entry.

### 3. Measures taken by the Company

- Officers and staff members of the Company will wear a mask in interacting with shareholders upon confirmation of good health including temperature measurement.
- No beverages will be served for the purpose of preventing infection.
- Matters to be reported, etc. may be presented in a concise manner.

If any significant change occurs to the management of the general meeting of shareholders due to changes in the future situation, it will be promptly announced on the Company's website (<http://www.punch.co.jp>). Shareholders attending this general meeting of shareholders are asked to check if there is any change in advance. We apologize for any inconvenience this may cause you.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company considers return of profit to its shareholders as one of its management priorities, at the same as recognizing enhancement of its corporate value through the growth and expansion of its businesses as the most important priority.

In terms of profit distribution, our basic policy is to pay stable dividends constantly and emphasize linkage to the consolidated business results while securing internal reserves necessary for future business development and management structure enhancement. The Company intends to make appropriate profit distributions from a comprehensive viewpoint based on its financial position, profit level, dividend payout ratio, and others.

In accordance with such policy, the Company takes the operating results of the fiscal year under review and other factors into consideration and proposes to pay year-end dividends for the fiscal year as follows:

The Company is planning to use other capital surplus as resources for this dividend.

- 1 Type of dividend property  
Cash
- 2 Allotment of dividend property and total amount thereof  
¥2 per common share of the Company  
Total dividends ¥43,637,988
- 3 Effective date of dividends of surplus  
June 24, 2021

**Proposal No. 2      Amendment to the Articles of Incorporation**

1. Reasons for the proposal

- (1) The Company makes dedicated efforts to enhance corporate governance with an eye toward sustainable growth and medium- and long-term enhancement of corporate value. Whereas the Company intends to transit from a company with audit & supervisory board to a company with audit and supervisory committee for the purpose of further enhancing the supervisory function of the Board of Directors by incorporating Audit and Supervisory Committee Members, whose responsibilities include the audit of the execution of duties by Directors, into the Board of Directors and to make managerial decision-making faster by delegating a part of the executive authority of the Board of Directors to Directors; it is proposed to institute changes required for the transition from a company with audit & supervisory board to a company with audit and supervisory committee, including the establishment of provisions regarding Directors who are Audit and Supervisory Committee Members and the Audit and Supervisory Committee and the deletion of provisions regarding Audit & Supervisory Board Members and the Audit & Supervisory Board.
- (2) In order to enable the flexible payment of dividends of surplus, etc., it is proposed to establish a new provision to the effect that the payment of dividends of surplus, etc. may be performed by a resolution of the Board of Directors without a resolution of a general meeting of shareholders in accordance with the provision of Article 459, paragraph (1) of the Companies Act as Article 44 of the Articles of Incorporation, to change the current Article 48 (Year-end Dividend) of the Articles of Incorporation to the proposed Article 45 (Record Date for Dividends of Surplus), and to delete the current Article 49 (Interim Dividend) of the Articles of Incorporation which overlaps a part of those provisions.
- (3) In order to clarify the division of responsibilities entailed by the separation of execution and supervision resulting from the transition to a company with audit and supervisory committee as well as to secure appropriate human resources for Directors and to enable them adequately play their expected role, it is proposed to change the current Article 30 (Limitation of Liability of Directors) of the Articles of Incorporation to the proposed Article 31 (Exemption of Directors from Liability) as a provision to the effect that Directors may be exempted from liability to the extent specified by laws and regulations by a resolution of the Board of Directors in accordance with Article 426, paragraph (1) of the Companies Act. Changes to Article 30 of the current Articles of Incorporation have been approved by all Audit & Supervisory Board Members.
- (4) Besides, necessary changes entailed by each of changes proposed above, including revision of wording, are proposed.

2. Details of the amendments

Changes proposed are described below.

Changes to the Articles of Incorporation pertaining to this proposal shall be effective at the conclusion of this meeting.

(The proposed amendment is underlined)

The Present Articles of Incorporation	Proposed Amendment
Article 1- 18 (Omitted) (Number of Directors) Article 19. The Company shall have not more than ten Directors.  <p style="text-align: center;">(Newly established)</p> (Election of Directors) Article 20. 1 Directors shall be elected by a resolution of a general meeting of shareholders.	Article 1- 18 (Unchanged) (Number of Directors) Article 19. 1 The Company shall have not more than ten Directors <u>(excluding Directors who are Audit and Supervisory Committee Members).</u> 2 <u>The Company shall have not more than five Directors who are Audit and Supervisory Committee Members.</u> (Election of Directors) Article 20. 1 Directors shall be elected by a resolution of a general meeting of shareholders, <u>separately for Directors who are Audit and Supervisory Committee Members and other Directors.</u>

The Present Articles of Incorporation	Proposed Amendment
<p>2 Resolutions on the election of a Director shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</p>	<p>2 (Unchanged)</p>
<p>3 Resolutions for the election of Directors shall not be conducted by cumulative voting.</p>	<p>3 (Unchanged)</p>
<p>(Term of Office of Directors) Article 21. The term of office of a Director shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</p>	<p>(Term of Office of Directors) Article 21. <u>1 The term of office of a Director (excluding a Director who is an Audit and Supervisory Committee Member) shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</u></p>
<p>(Newly established)</p>	<p><u>2 The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the Director.</u></p>
<p>(Newly established)</p>	<p><u>3 The term of office of a Director who is an Audit and Supervisory Committee Member elected to substitute for a Director who is an Audit and Supervisory Committee Member resigning before the expiration of the term of office shall continue until the time the term of office of the said resigning Director is to expire.</u></p>
<p>(Newly established)</p>	<p><u>4 The period during which the resolutions on the election of a substitute Director who is an Audit and Supervisory Committee Member pursuant to Article 329, paragraph (3) of the Companies Act remains effective shall end at the commencement of the annual general meeting of shareholders for the last business year out of the business years terminating within two years after the election of the Director.</u></p>
<p>(Representative Director, etc.) Article 22. 1 The Representative Director shall be appointed by a resolution of the Board of Directors.  2 The Representative Director shall represent the Company and execute the Company's business. 3 The Board of Directors may appoint, by its resolution, one Director and Chairman from among Directors, as required.</p>	<p>(Representative Director, etc.) Article 22. 1 The Representative Director shall be appointed <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors. 2 (Unchanged) 3 The Board of Directors may appoint, by its resolution, one Director and Chairman from among Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u>, as required.</p>
<p>Article 23 (Omitted)</p>	<p>Article 23 (Unchanged)</p>
<p>(Notice of Meeting of the Board of Directors) Article 24</p>	<p>(Notice of Meeting of the Board of Directors) Article 24</p>
<p>When convening a meeting of the Board of Directors of the Company, a notice shall be dispatched to each Director <u>and each Audit &amp; Supervisory Board Member</u> at least three days before the date of the meeting; provided, however, that this period may be reduced in case of urgent needs.</p>	<p><u>1 When convening a meeting of the Board of Directors of the Company, a notice shall be dispatched to each Director at least three days before the date of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u></p>
<p>(Newly established)</p>	<p><u>2 With the consent of all Directors, a meeting of the Board of Directors may be held without following the convening procedures.</u></p>

The Present Articles of Incorporation	Proposed Amendment
(Newly established)	<u>(Delegation of decision regarding important business execution)</u> <u>Article 25</u> <u>Pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or a part of decisions on important execution of business (excluding matters specified in each item of paragraph (5) of the said Article) to Directors.</u>
(Method of Resolutions of the Board of Directors) Article <u>25</u> Resolutions of the Board of Directors of the Company shall be made by a majority of Directors present at the meeting where the majority of Directors are present.	(Method of Resolutions of the Board of Directors) Article <u>26</u> Resolutions of the Board of Directors of the Company shall be made by a majority of Directors <u>entitled to participate in the vote</u> are present.
(Omission of Resolutions of the Board of Directors) Article <u>26</u> If all Directors consent to matters to be resolved in writing or in the form of electromagnetic record, the Company deems that a resolution of the Board of Directors to approve such matters has been made. <u>Provided, however, that this shall not apply to the cases where any Audit &amp; Supervisory Board Member objects.</u>	(Omission of Resolutions of the Board of Directors) Article <u>27</u> If all Directors consent to matters to be resolved in writing or in the form of electromagnetic record, the Company deems that a resolution of the Board of Directors to approve such matters has been made.
(Minutes of Meetings of the Board of Directors) Article <u>27</u> A summary of the progress of the agenda of a meeting of the Board of Directors and the result thereof as well as other matters specified by laws and regulations shall be stated or recorded in minutes, to which Directors <u>and Audit &amp; Supervisory Board Members</u> present shall affix their name and seal or electronic signature.	(Minutes of Meetings of the Board of Directors) Article <u>28</u> A summary of the progress of the agenda of a meeting of the Board of Directors and the result thereof as well as other matters specified by laws and regulations shall be stated or recorded in minutes, to which Directors present shall affix their name and seal or electronic signature.
Article <u>28</u> (Omitted) (Remuneration, etc. for Directors)	Article <u>29</u> (Unchanged) (Remuneration, etc. for Directors)
Article <u>29</u> The remuneration, etc. to Directors shall be determined by resolution of a general meeting of shareholders.	Article <u>30</u> The remuneration, etc. to Directors shall be determined by resolution of a general meeting of shareholders, <u>separately for Directors who are Audit and Supervisory Committee Members and other Directors.</u>
(Limitation of Liability of Directors) Article <u>30</u>	<u>(Exemption of Directors from Liability)</u>
(Newly established)  The Company may enter into an agreement with a Director who is not an executive director, etc. limiting his/her liability for damages under Article 423, paragraph (1) of the Companies Act, if requirements specified in laws and regulations are satisfied; provided, however, that the maximum amount of liability for damages under this agreement is the minimum liability amount specified by laws and regulations.	Article <u>31</u> <u>1 Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a person who was formerly a Director) from his/her liability for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</u> <u>2 (Unchanged)</u>
Article <u>31</u> (Omitted) <u>Chapter V</u> <u>Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u>	Article <u>32</u> (Unchanged) (Deleted)

The Present Articles of Incorporation	Proposed Amendment
<u>(Establishment of Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board)</u>	(Deleted)
<u>Article 32</u>	
<u>The Company shall have Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board.</u>	
(Number of Audit & Supervisory Board Members)	(Deleted)
<u>Article 33</u>	
<u>The Company shall have not more than four Audit &amp; Supervisory Board Members.</u>	
<u>(Election of Audit &amp; Supervisory Board Members)</u>	(Deleted)
<u>Article 34</u>	
1 <u>Audit &amp; Supervisory Board Members shall be elected by resolution of a general meeting of shareholders.</u>	
2 <u>Resolutions on the election of an Audit &amp; Supervisory Board Member shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u>	
3 <u>Pursuant to the provisions of Article 329, paragraph (3) of the Companies Act, the Company may elect a substitute Audit &amp; Supervisory Board Member at a general meeting of shareholders to be ready to fill a vacant position should the number of Audit &amp; Supervisory Board Members fall below the number required by laws and regulations.</u>	
4 <u>The period during which the resolution on the election of a substitute Audit &amp; Supervisory Board Member referred to in the foregoing paragraph remains effective shall end at the commencement of the first annual general meeting of shareholders to be held after the said resolution is adopted.</u>	
<u>(Term of Office of Audit &amp; Supervisory Board Members)</u>	(Deleted)
<u>Article 35</u>	
1 <u>The term of office of an Audit &amp; Supervisory Board Member shall expire at the conclusion of the annual general meeting of shareholders for the last business year out of the business years terminating within four years after the election of the Audit &amp; Supervisory Board Member.</u>	
2 <u>The term of office of an Audit &amp; Supervisory Board Member who is elected as the substitute shall continue until the time the term of office of the Audit &amp; Supervisory Board Member who retired from office is to expire; provided, however, that the substitute Audit &amp; Supervisory Board Member who is elected pursuant to paragraph (3) of the preceding article assumes the office of the Audit &amp; Supervisory Board Member, it shall expire no later than the conclusion of the annual general meeting of shareholders that concludes within four years of his/her election as a substitute Audit &amp; Supervisory Board Member.</u>	
<u>(Full-Time Audit &amp; Supervisory Board Members)</u>	(Deleted)
<u>Article 36</u>	
<u>The Audit &amp; Supervisory Board shall appoint full-time Audit &amp; Supervisory Board Members from among its Members.</u>	
<u>(Notice of Meeting of the Audit &amp; Supervisory Board)</u>	(Deleted)
<u>Article 37</u>	
<u>When convening a meeting of the Audit &amp; Supervisory Board, a notice shall be dispatched to each Audit &amp; Supervisory Board Member at least three days before the date of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u>	



The Present Articles of Incorporation	Proposed Amendment
<u>(Method for Making Resolutions by Audit &amp; Supervisory Board)</u>	(Deleted)
Article 38	
<u>A resolution of the Audit &amp; Supervisory Board shall be made by a majority of Audit &amp; Supervisory Board Members unless otherwise specified by laws and regulations.</u>	
<u>(Minutes of Meetings of the Audit &amp; Supervisory Board)</u>	(Deleted)
Article 39	
<u>A summary of the progress of the agenda of a meeting of the Audit &amp; Supervisory Board and the result thereof as well as other matters specified by laws and regulations shall be stated or recorded in minutes, to which Audit &amp; Supervisory Board Members present shall affix their name and seal or electronic signature.</u>	
<u>(Rules of the Audit &amp; Supervisory Board)</u>	(Deleted)
Article 40	
<u>Matters concerning the Audit &amp; Supervisory Board shall be governed by the Rules of the Audit &amp; Supervisory Board established by the Audit &amp; Supervisory Board, in addition to applicable laws and regulations and the Articles of Incorporation.</u>	
<u>(Remuneration, etc. for Audit &amp; Supervisory Board Members)</u>	(Deleted)
Article 41	
<u>The Remuneration, Etc. to Audit &amp; Supervisory Board Members shall be determined by resolution of a general meeting of shareholders.</u>	
<u>(Limitation of Liability of Audit &amp; Supervisory Board Members)</u>	(Deleted)
Article 42	
<u>The Company may enter into an agreement with an Audit &amp; Supervisory Board Member limiting his/her liability for damages under Article 423, paragraph (1) of the Companies Act, if requirements specified in laws and regulations are satisfied; provided, however, that the maximum amount of liability for damages under this agreement is the minimum liability amount specified by laws and regulations.</u>	
(Newly established)	
(Newly established)	<u>Chapter V</u>
(Newly established)	<u>Audit and Supervisory Committee</u>
(Newly established)	<u>(Establishment of the Audit and Supervisory Committee)</u>
(Newly established)	<u>Article 33</u>
(Newly established)	<u>The Company shall have Audit and Supervisory Committee.</u>
(Newly established)	<u>(Full-time Audit and Supervisory Committee Members)</u>
(Newly established)	<u>Article 34</u>
(Newly established)	<u>The Audit and Supervisory Committee may appoint, by its resolution, full-time Audit and Supervisory Committee Members.</u>
(Newly established)	<u>(Notice of Meeting of the Audit and Supervisory Committee)</u>
(Newly established)	<u>Article 35</u>
(Newly established)	<u>1 When convening a meeting of the Audit and Supervisory Committee of the Company, a notice shall be dispatched to each Audit and Supervisory Committee Member at least three days before the date of the meeting;</u>
(Newly established)	<u>provided, however, that this period may be reduced in case of urgent needs.</u>
(Newly established)	<u>2 With the consent of all Audit and Supervisory Committee Members, a meeting of the Audit and Supervisory Committee may be held without following the convening procedures.</u>
(Newly established)	<u>(Method for Making Resolutions by Audit and Supervisory Committee)</u>

The Present Articles of Incorporation	Proposed Amendment
	<p><u>Article 36</u>  <u>A resolution of the Audit and Supervisory Committee of the Company shall be made by a majority of Audit and Supervisory Committee Members present at the meeting where the majority of Audit and Supervisory Committee Members entitled to participate in the vote are present.</u>  <u>(Minutes of Meetings of the Audit and Supervisory Committee)</u></p>
(Newly established)	<p><u>Article 37</u>  <u>A summary of the progress of the agenda of a meeting of the Audit and Supervisory Committee and the result thereof as well as other matters specified by laws and regulations shall be stated or recorded in minutes, to which Audit and Supervisory Committee Members present shall affix their name and seal or electronic signature.</u>  <u>(Rules of the Audit and Supervisory Committee)</u></p>
(Newly established)	<p><u>Article 38</u>  <u>Matters concerning the Audit and Supervisory Committee shall be governed by the Rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, in addition to applicable laws and regulations and the Articles of Incorporation.</u></p>
Chapter VI Accounting Auditor	Chapter VI Accounting Auditor
Article 43- 45 (Omitted) (Remuneration, etc. for Accounting Auditor)	Article 39- 41 (Unchanged) (Remuneration, etc. for Accounting Auditor)
Article 46 Remuneration, etc. for the Accounting Auditor shall be determined by the Board of Directors with the consent of <u>the Audit &amp; Supervisory Board.</u>	Article 42 Remuneration, etc. for the Accounting Auditor shall be determined by the Board of Directors with the consent of <u>the Audit and Supervisory Committee.</u>
Chapter VII Accounts	Chapter VII Accounts
Article 47 (Omitted) (Newly established)	Article 43 (Unchanged) <u>(Organizational Body to Determine Dividends of Surplus, Etc.)</u>
<u>(Year-end Dividend)</u>	<u>Article 44</u> <u>Unless otherwise provided for by laws and regulations, the Company may, by resolution of the Board of Directors, determine dividends of surplus and other matters set forth in the items of Article 459, paragraph (1) of the Companies Act.</u> <u>(Record Date for Dividends of Surplus)</u>
<u>Article 48</u> <u>The Company shall, by resolution of the general meeting of shareholders, pay dividends of surplus in cash (hereinafter referred to as the “Year-end Dividends”) to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of March 31 every year.</u> (Newly established)	<u>Article 45</u> <u>1 The record date for year-end dividends of the Company shall be March 31 of each year.</u>
(Newly established)	<u>2 The record date for interim dividends of the Company shall be September 30 of each year.</u> <u>3 In addition to the provisions of the preceding two paragraphs, the Company may pay dividends of surplus by setting a record date.</u>
<u>(Interim Dividend)</u>	(Deleted)
<u>Article 49</u> <u>The Company may, by resolution of the Board of Directors, pay dividends of surplus (hereinafter referred to as the “Interim Dividends”) as specified in Article 454, paragraph (5) of the Companies Act to shareholders or registered pledgees of shares listed or recorded in the final register of shareholders as of September 30 every year.</u>	

The Present Articles of Incorporation	Proposed Amendment
<p>(Prescription for Payment of <u>Year-end</u> Dividends, etc.)  Article <u>50</u></p> <p>1 In case where the <u>Year-end Dividends or Interim Dividends of the Company</u> have not been received after the lapse of three full years from the date of commencement of payment thereof, the Company shall be exempt from the obligation to pay such dividends.</p> <p>2 No interest shall accrue on <u>unpaid Year-end Dividends and Interim Dividends.</u></p>	<p>(Prescription for Payment of Dividends, etc.)  Article <u>46</u></p> <p>1 In cases where the <u>dividends</u> have not been received after the lapse of three full years from the date of commencement of payment thereof, the Company shall be exempt from the obligation to pay such dividends.</p> <p>2 No interest shall accrue on <u>the payment specified in the foregoing paragraph.</u></p>

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

Subject to the approval of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company will transit to a company with audit and supervisory committee, and all six Directors will retire from office due to the expiration of their terms of office when the amendment to the Articles of Incorporation takes effect. Therefore, the Company proposes the election of seven Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) after its transition to a company with audit and supervisory committee.

Each candidate for Director has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Advisory Committee, a majority of which are independent outside officers.

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

The candidates for Director are as follows.

Candidate No.	Name	Current position in the Company	Attribute	Attendance at Board of Directors meetings
1	Tetsuji Morikubo	Representative Director President, Chief Executive Officer	Reelection	18/18 (100%)
2	Yasuhiro Sanada	Director Managing Executive Officer, Chief Operating Officer	Reelection	18/18 (100%)
3	Takao Murata	Director Senior Executive Officer, Chief Financial Officer	Reelection	18/18 (100%)
4	Akira Takanashi	Director Senior Executive Officer, Chief Operating Officer	Reelection	17/18 (94%)
5	Susumu Sugita	Full-time Audit & Supervisory Board Member	New election	17/18 (94%)
6	Yukiko Mitsuhashi	Outside Director Chairperson of the Board of Directors	Reelection Outside Independent	18/18 (100%)
7	Naruhiko Takatsuji	-	New election Outside Independent	-/-

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p><b>Tetsuji Morikubo</b> (January 12, 1977)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2020 18/18</p> <p>Tenure as Director 3 years</p>	<p>May 2003      Joined the Company</p> <p>Feb. 2005      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Nov. 2012      General Manager of Value Creation Office of the Company</p> <p>Apr. 2013      General Manager of Corporate Planning Office</p> <p>Apr. 2015      Seconded to PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Dec. 2015      Representative Director of PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Apr. 2016      Executive Officer of the Company</p> <p>June 2018      Director and Senior Executive Officer in Charge of Corporate Strategy</p> <p>Apr. 2019      Chief Strategy Officer in Charge of Group Business Management</p> <p>June 2019      Representative Director (incumbent) and Vice President</p> <p>Nov. 2019      President and Chief Executive Officer in charge of the Punch Industry Group (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Tetsuji Morikubo and the Company.</p>	663,000
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2018, Mr. Morikubo has been overseeing the entire business of the Punch Industry Group, with a focus on management and business development strategies. Furthermore, since becoming President and Chief Executive Officer in November 2019, he has worked hard to improve corporate value as a top executive of the Punch Industry Group by utilizing his business experience at the Company and the Punch Industry Group in China and Southeast Asia. The Company judges him to be appropriate as Chief Executive Officer to accelerate the rebuilding of management and drive the further growth of the Group, in light of its deteriorating performance due to sluggish market conditions since the middle of fiscal 2018, as well as the recent COVID-19 pandemic and, thus, requests him to be reelected as Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p><b>Yasuhiro Sanada</b> (January 7, 1959)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2020 18/18</p> <p>Tenure as Director 9 years</p>	<p>May 1988      Joined the Company</p> <p>May 2002      Deputy General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Apr. 2008      General Manager of Sales Department of the Company</p> <p>Jan. 2010      General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2011      Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2012      Director (incumbent)</p> <p>Apr. 2016      Executive Officer and Chief Operating Officer in Charge of Business Supervision</p> <p>June 2017      Managing Executive Officer and Chief Operating Officer (incumbent)</p> <p>June 2018      In Charge of Overseas Business</p> <p>Apr. 2019      In Charge of Sales and General Manager of Marketing &amp; Sales Headquarters (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Yasuhiro Sanada and the Company.</p>	28,196
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2012, Mr. Sanada has led the Punch Industry Group's global expansion as a top executive by utilizing his business experience at the Company and the Punch Industry Group in China. Since 2019, he has overseen the Group's sales with a focus on cultivating new demand and attracting business orders amid ongoing sluggish market conditions. In light of his experience and track record, the Company judges him to be appropriate as a person in charge to "Enhance customer-focused marketing capabilities," a priority initiative defined in VC2020 Plus, the Group's new mid-term business plan and, thus, requests him to be reelected as Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<p><b>Takao Murata</b> (October 4, 1959)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2020 18/18</p> <p>Tenure as Director 9 years</p>	<p>Apr. 1984      Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>Nov. 1998      Seconded to JVC Electronics Malaysia Sdn. Bhd. as General Manager of Accounting Department</p> <p>Oct. 2008      Senior Manager of Finance Strategy Division of JVCKENWOOD Holdings, Inc. (currently JVCKENWOOD Corporation)</p> <p>July 2010      General Manager of Accounting &amp; Tax Supervisory Department of Finance Strategy Division of JVCKENWOOD Holdings, Inc.</p> <p>Dec. 2010      Joined the Company as Deputy General Manager of Accounting Department</p> <p>Apr. 2011      General Manager of Accounting Department</p> <p>July 2011      Executive Officer</p> <p>June 2012      Director (incumbent)</p> <p>June 2016      Executive Officer and Chief Financial Officer</p> <p>June 2017      Senior Executive Officer and Chief Financial Officer (incumbent)</p> <p>June 2018      In Charge of Administration (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Takao Murata and the Company.</p>	20,173
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2012, Mr. Murata has overseen the Group's administration department by utilizing many years of experience and insights in finance and accounting. In addition to centrally managing the Group's human, material, financial and information resources, he has promoted reforms in working-style and corporate governance. The Company judges him to be appropriate as a person in charge to maintain the Group's sound financial structure, as well as to promote further working-style reforms, governance reforms, and human resource development and, thus, requests him to be reelected as Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p><b>Akira Takanashi</b> (May 14, 1969)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2020 17/18</p> <p>Tenure as Director 3 years</p>	<p>Aug. 1989      Joined the Company</p> <p>Apr. 2008      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2013      General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2015      Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2017      Senior Executive Officer of the Company (incumbent)</p> <p>Apr. 2018      General Manager of Manufacturing Headquarters and General Manager of Marketing &amp; Sales Headquarters</p> <p>June 2018      Director (incumbent) in Charge of Domestic Businesses</p> <p>Apr. 2019      Chief Operating Officer, in Charge of Manufacturing and General Manager of Manufacturing Headquarters (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Akira Takanashi and the Company.</p>	13,592
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2018, Mr. Takanashi has been a powerful force in improving the Group's manufacturing capabilities and product quality as head of manufacturing by utilizing his business experience at the Company and the Punch Industry Group in China. The Company judges him to be appropriate as a person in charge to promote cost reduction and quality reforms in production bases in Japan and overseas and, thus, requests him to be reelected as Director.</p>			
5	<p><b>Susumu Sugita</b> (February 20, 1952)</p> <p>New election</p> <p>Attendance at Board of Directors meetings in FY2020 17/18</p> <p>Tenure as Director -</p>	<p>Apr. 1970      Joined ALPS ELECTRIC CO., LTD. (currently ALPS ALPINE CO., LTD.)</p> <p>June 1987      Joined the Company</p> <p>May 2000      General Manager of Sales Department of the Company</p> <p>Apr. 2005      Executive Officer of the Company</p> <p>June 2010      Director</p> <p>June 2011      Managing Director</p> <p>June 2014      Senior Managing Director</p> <p>June 2015      Full-time Audit &amp; Supervisory Board Member (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Susumu Sugita and the Company.</p>	19,132
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Mr. Sugita oversaw the Group's sales, manufacturing, and development departments for six years as Director since June 2010 and has been serving as a full-time Audit &amp; Supervisory Board Member for six years since taking office in June 2015, performing audit by utilizing his profound knowledge regarding the Group's business. The Company judges him to be appropriate as a person to carry out the special presidential mission of strengthening collaboration between the Audit and Supervisory Committee and the internal audit department upon transition to a company with audit and supervisory committee and, thus, requests him to be elected as Director.</p>			



Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
6	<p><b>Yukiko Mitsuhashi</b> (June 12, 1966)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings in FY2020 18/18</p> <p>Tenure as Outside Director 5 years</p>	<p>Apr. 1989      Joined Central Japan Railway Company</p> <p>Apr. 2000      Registered as an attorney at law Joined Blakemore &amp; Mitsuki Law Office</p> <p>Nov. 2002      Joined Ashurst Tokyo Law Office</p> <p>Jan. 2010      Joined City-Yuwa Partners</p> <p>June 2015      Outside Director of AOI Pro. Inc. (incumbent)</p> <p>June 2016      Outside Director of the Company (incumbent)</p> <p>June 2018      Chairperson of the Board of Directors (incumbent)</p> <p>July 2020      Partner at Atsumi &amp; Sakai (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b></p> <p>Lawyer at Atsumi &amp; Sakai</p> <p>Outside Director of AOI Pro. Inc.</p> <p><b>[Relationship of special interest in the Company]</b></p> <p>There is no special interest between Yukiko Mitsuhashi and the Company.</p>	-
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging Ms. Mitsuhashi capable of appropriately fulfilling duties</b></p> <p>While Ms. Mitsuhashi has not been involved in running a company in other ways than serving as an outside officer, she has extensive knowledge in general legal affairs as a lawyer as well as experience as an outside director at another company in addition to work experience in a business corporation. Furthermore, she has provided appropriate advice regarding our efforts to promote diversity from her perspective as a woman. The Company judges her to be appropriate as Outside Director capable of realizing proactive governance. The Company expects that she will contribute to more vigorous discussion at meetings of the Board of Directors of the Company as its chairperson and provide objective and highly transparent opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration, etc. as a member of the Nomination &amp; Remuneration Advisory Committee and, thus, requests her to be reelected as Outside Director.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
7	<b>Naruhiko Takatsuji</b> (October 4, 1977)  New election Outside Independent	<p>Apr. 2000      Joined the Ministry of Economy, Trade and Industry</p> <p>June 2007      Joined M&amp;A Advisory Services Department of Sumitomo Mitsui Banking Corporation</p> <p>July 2009      Analyst at Toward the Infinite World, Inc.</p> <p>June 2011      In charge of Public Relations and IR of General Administration Department of Nabtesco Corporation</p> <p>Jan. 2013      Senior Analyst at Analysis Team of Uzabase, Inc.</p> <p>May 2014      Senior Analyst at Ichiyoshi Securities Co., Ltd. (Seconded to ICHIYOSHI RESEARCH INSTITUTE INC.)</p> <p>July 2020      Senior Economist and Senior Analyst at Information Distribution Section of FISCO Ltd. (incumbent)</p> <p>Apr. 2021      Part-time lecturer at Department of Business Law, Graduate School of Law, Aoyama Gakuin University (incumbent)</p> <p>Apr. 2021      Visiting Researcher at Tama University Center for Social Investment (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Naruhiko Takatsuji and the Company.</p>	-
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging Mr. Takatsuji capable of appropriately fulfilling duties</b></p> <p>While Mr. Takatsuji has not been involved in running a company in the past, he has deep insights on corporate finance and governance, abundant experience as a member of a corporate IR department and a securities analyst, and broad knowledge regarding the Company's external environment including the trend in industries in which the Company operates. The Company judges him to be appropriate as Outside Director capable of realizing an improvement of the Company's corporate value. The Company expects that he will give us appropriate advice on its management strategies and provide objective and highly transparent opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration, etc. as a member of the Nomination &amp; Remuneration Advisory Committee and, thus, requests him to be elected as Outside Director.</p>			

- Notes:
- Ms. Yukiko Mitsuhashi and Mr. Naruhiko Takatsuji are candidates for Outside Director.
  - Ms. Mitsuhashi and Mr. Takatsuji satisfy the "Independence Criteria for Outside Officers" stipulated by the Company.
  - The Company has entered into agreements with Ms. Mitsuhashi to limit her liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. If she is reelected as Director, the Company plans to continue the agreements with her. If Mr. Takatsuji is elected as Director, the Company plans to enter into the same limited liability agreement with him.
  - The Company has entered into a directors and officers liability insurance contract as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Every candidate elected as Director will be insured by the said insurance contract.  
The said insurance contract is planned to be renewed for Directors (including Directors who are Audit and Supervisory Committee Members) with the same terms and conditions upon next renewal.
  - The Company has submitted notification to the Tokyo Stock Exchange for Ms. Mitsuhashi as an independent officer as provided for by the aforementioned exchange. If she is reelected as Director, the Company plans to continue to designate her as an independent officer. If Mr. Takatsuji is elected as Director, the Company plans to submit notification for him as an independent officer.
  - The number of the Company's shares owned by each candidate includes his/her shares in the Officers Stock Ownership Plan of the Company.

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

Subject to approval of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company will transit to a company with audit and supervisory committee. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

Each candidate for Director who is an Audit and Supervisory Committee Member has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Advisory Committee, a majority of which are independent outside officers.

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

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

Candidates for Director who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current position in the Company	Attribute	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
1	Minoru Kawano	Senior General Manager of Corporate Audit Office	New election	-/-	-/-
2	Yoriatsu Matsue	Outside Audit & Supervisory Board Member	New election Outside Independent	18/18 (100%)	16/16 (100%)
3	Tomoo Suzuki	-	New election Outside Independent	-/-	-/-

Candidate No.	Name (Date of Birth)	Career summary and position in the Company	Number of the Company's shares owned
1	<p style="text-align: center;"><b>Minoru Kawano</b> (May 28, 1957)</p> <p style="text-align: center;">New election</p>	<p>Apr. 1982      Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>May 2007      Seconded to JVC China (Beijing) as General Manager of Administrative Department (until July 2009)</p> <p>June 2012      General Manager of Finance Supervisory Department of Finance Strategy Division of JVCKENWOOD Corporation</p> <p>Oct. 2013      Head of Finance Management Group, Finance Operation Department of Finance Strategy Division of JVC KENWOOD Corporation</p> <p>July 2014      Joined the Company as Deputy General Manager of Finance &amp; Accounting Department</p> <p>Apr. 2015      General Manager of Finance &amp; Accounting Department</p> <p>June 2017      Executive Officer, General Manager of Administration Headquarters and General Manager of Finance &amp; Accounting Department</p> <p>Apr. 2018      Executive Officer and General Manager of Corporate Audit Office</p> <p>June 2020      Senior General Manager of Corporate Audit Office (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Minoru Kawano and the Company.</p>	6,503
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Mr. Kawano has a certain degree of understanding of the Company's business and profound knowledge of finance and accounting, internal audit, internal control, risk management, etc. on the basis of many years of experience in areas of finance and accounting at his former position and the Company as well as his four years of experience as a person in charge of the internal audit departments. The Company judges him to be appropriate as Audit and Supervisory Committee Member performing its duties and, thus, requests him to be elected as Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of Birth)	Career summary and position in the Company	Number of the Company's shares owned
2	<p><b>Yoriatsu Matsue</b> (July 28, 1956)</p> <p>New election Outside Independent</p> <p>Attendance at Board of Directors meetings in FY2020 18/18</p> <p>Attendance at Audit &amp; Supervisory Board meetings in FY2020 16/16</p> <p>Tenure as Outside Audit &amp; Supervisory Board Member 9 years</p>	<p>Apr. 1988 Registered as an attorney at law</p> <p>Apr. 1994 Part-time official of the Tokyo Metropolitan Government (for legal advice) (incumbent)</p> <p>Apr. 2009 Established the MATSUE Yoriatsu Law Office</p> <p>Apr. 2010 Secretary General of Legal Training Center of TOKYO BAR Association</p> <p>Jan. 2012 Partner at Legal Professional CO. AWAJICHO DREAM (currently Legal Professional CO. DREAM) (incumbent)</p> <p>June 2012 Outside Audit &amp; Supervisory Board Member of the Company (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Lawyer at Legal Professional CO. DREAM Part-time official of the Tokyo Metropolitan Government</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Yoriatsu Matsue and the Company.</p>	10,455
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging Mr. Matsue capable of appropriately fulfilling duties</b></p> <p>Mr. Matsue has been serving as Outside Audit &amp; Supervisory Board Member for nine years since taking office in June 2012. While he has not been involved in running a company in other ways than serving as an outside officer, he has contributed to ensuring the objectivity and neutrality of the Company's management through his fair judgment based on his many years of experience as a lawyer and knowledge gained there through. The Company judges him to be appropriate as Audit and Supervisory Committee Member. The Company expects that he will not only perform his duties as an Audit and Supervisory Committee Member but also provide objective and highly transparent opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration, etc. and, thus, requests him to be elected as Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of Birth)	Career summary and position in the Company	Number of the Company's shares owned
3	<b>Tomoo Suzuki</b> (January 31, 1958)  New election Outside Independent	<p>Apr. 1982      Joined NEC Corporation</p> <p>Oct. 2003      General Manager of Accounting Department of Personal Solution Planning Headquarters of NEC Corporation</p> <p>July 2008      Seconded to NEC TOSHIBA Space Systems Ltd. as Supervisory Manager and General Manager of Business Planning Department</p> <p>Oct. 2011      General Manager of Management Planning Department of NEC TOSHIBA Space Systems Ltd.</p> <p>June 2012      Full-time Audit &amp; Supervisory Board Member of Nippon Avionics Co., Ltd.</p> <p>June 2020      Advisor of Nippon Avionics Co., Ltd. (Incumbent) (scheduled to retire in June 2021)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Tomoo Suzuki and the Company.</p>	-
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging Mr. Suzuki capable of appropriately fulfilling duties</b></p> <p>Mr. Suzuki has been engaged in finance and accounting for many years at business corporations and served as an Audit &amp; Supervisory Board Member for eight years at another business corporation. While he has not been involved in running a company in other ways than serving as an outside officer, the Company judges him to be appropriate as Audit and Supervisory Committee Member performing its duties on the basis of his abundant knowledge on finance and accounting as well as his auditing experience. The Company expects that he will not only perform his duties as an Audit and Supervisory Committee Member but also provide objective and highly transparent opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration, etc. and, thus, requests him to be elected as Director who is an Audit and Supervisory Committee Member.</p>			

- Notes:
1. Mr. Yoriatsu Matsue and Mr. Tomoo Suzuki are candidates for Outside Director.
  2. Mr. Matsue and Mr. Suzuki satisfy the "Independence Criteria for Outside Officers" stipulated by the Company.
  3. The Company has entered into an agreement with Mr. Matsue limit his liability for damages as an Outside Audit & Supervisory Board Member under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. If he is elected as Outside Director, the Company plans to enter into the same agreement with him as an Outside Director. If Mr. Suzuki is elected as Director, the Company plans to enter into the same limited liability agreement with him.
  4. The Company has entered into a directors and officers liability insurance contract as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Every candidate elected as Director will be insured by the said insurance contract.  
The said insurance contract is planned to be renewed for Directors with the same terms and conditions upon next renewal.
  5. The Company has submitted notification to the Tokyo Stock Exchange for Mr. Matsue as independent officers as provided for by the aforementioned exchange. If he is reelected as Director, the Company plans to continue to designate him as an independent officer. If Mr. Suzuki is elected as Director, the Company plans to submit notification for him as an independent officer.
  6. The number of the Company's shares owned by each candidate includes his/her shares in the Officers Stock Ownership Plan of the Company.

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

Subject to approval of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company will transit to a company with audit and supervisory committee. Therefore, the Company proposes the election of one substitute Director who is an Audit and Supervisory Committee Member to be ready to fill a vacant position should the number of Directors who are Audit and Supervisory Committee Members fall below the number required by laws and regulations.

The candidate for substitute Director who is an Audit and Supervisory Committee Member has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Advisory Committee, a majority of which are independent outside officers.

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

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

A Candidate for Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Career Summary	Number of the Company’s shares owned
<p><b>Atsushi Mugitani</b> (June 17, 1957)</p> <p>Outside Independent</p>	<p>Apr. 1980      Joined Teijin Limited July 2007      Manager of New Business Development Department of Teijin Limited Apr. 2013      Manager of Corporate Audit Department of Teijin Limited June 2015      Full-time Corporate Auditor of Teijin Limited (retired in June 2019)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed. <b>[Relationship of special interest in the Company]</b> There is no special interest between Atsushi Mugitani and the Company.</p>	-
<p><b>Reasons for nomination as candidate for substitute Outside Director who is an Audit and Supervisory Committee Member and expected roles</b></p> <p>Mr. Mugitani possesses experience in accounting, finance and others across multiple business fields as well as abundant experience in internal audits and as a corporate auditor. The Company judges him to be appropriate as Outside Director who is an Audit and Supervisory Committee Member and thus requests him to be elected as substitute Outside Director who is an Audit and Supervisory Committee Member. If he takes office as Outside Director who is an Audit and Supervisory Committee Member, the Company expects that he will provide objective and highly transparent opinions on the selection of candidates for the Company’s officers and the appropriateness of their remuneration, etc., as a member of the Nomination &amp; Remuneration Advisory Committee.</p>		

- Notes:
1. Mr. Atsushi Mugitani is a candidate for substitute Outside Director who is an Audit and Supervisory Committee Member.
  2. Mr. Mugitani satisfies the “Independence Criteria for Outside Officers” stipulated by the Company.
  3. If Mr. Mugitani takes office as Outside Director who is an Audit and Supervisory Committee Member, the Company plans to enter into an agreement with him to limit his liability for damages under Article 423, paragraph (1) of the Companies Act in accordance with the provisions of Article 427, paragraph (1) of the Act.
  4. The Company has entered into a directors and officers liability insurance contract as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and the said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. If Mr. Mugitani takes office as Outside Director who is an Audit and Supervisory Committee Member, he will be insured by the said insurance contract. The said insurance contract is planned to be renewed for Directors with the same terms and conditions upon next renewal.
  5. If Mr. Mugitani takes office as Outside Director who is an Audit and Supervisory Committee Member, the Company plans to submit notification to the Tokyo Stock Exchange for him as an independent officer as provided for by the aforementioned exchange.

<Reference>

### **Policy and Procedure in Nominating Candidates for Director**

Candidates are proposed by the Representative Director provided that the following requirements are met, and determined by the Board of Directors after deliberation on their eligibility at the Nomination & Remuneration Advisory Committee, a majority of which are independent outside officers.

#### Requirements for Directors

- (i) The person has personality and insight that is appropriate for a director of a listed company
- (ii) The person has no health issues, both physically and mentally, in performing duties as Director
- (iii) The person has excellent managerial judgment and management execution capabilities
- (iv) The person has sufficient experience and knowledge to fulfill duties as Director in relation to the operations of the Company and its Group
- (v) The person has abundant expertise/experience and is a talented individual who can contribute to sustainable growth of the Company and increase in corporate value over the medium to long term
- (vi) His/her concurrent assignments as officer at other companies are within reasonable limits, allowing him/her to allocate sufficient time and efforts to businesses as Director of the Company
- (vii) Independence from a person with responsibility to execute business
- (viii) Ability to maintain integrity and objectivity
- (ix) At least one Director should preferably have reasonable knowledge on finance and accounting

Note: Among the above, (i) to (iv) are requirements for internal Directors, (i) to (iii) and (v) and (vi) are those for Outside Directors, and (vii) to (ix) in addition to the above mentioned are those for Directors who are Audit and Supervisory Committee Members.

#### **Criteria for Independence of Outside Officers**

If a person does not fall under any of the below items in addition to meeting the requirements for outside officers for the purpose of the Companies Act, the Company judges the relevant outside officer to have independence with no risk of conflict of interest with general shareholders.

- (i) A person with the current responsibility to execute business\*1 of the Company and its affiliates (the Group hereinbelow), or who has had such responsibility in the past
- (ii) A person who has the Group as a major trading partner\*2 or a person with responsibility to execute business for such person
- (iii) A major trading partner of the Group or a person with responsibility to execute business for such trading partner
- (iv) A major shareholder\*3 of the Company or a person with responsibility to execute business for such person
- (v) A person with responsibility to execute business for a company of which the Group is a major shareholder
- (vi) A person who belongs to an auditing corporation which acts as Statutory Accounting Auditor of the Company
- (vii) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives a large amount\*4 of money or other financial benefits other than officers' remuneration from the Group. Where a relevant person who receives such benefits is an entity such as a corporation or association, persons who belong to such entity are included.
- (viii) A party who receives a large amount of donations or grants from the Group, or a person with responsibility to execute business for such party
- (ix) A financial institution or its affiliated company from which the Group borrows money in excess of 2% of its consolidated total assets as at the end of the most recent fiscal year, or a person with responsibility to execute business for such companies
- (x) Where a person with responsibility to execute business for the Group concurrently assumes office of outside officer of another company, a person with responsibility to execute business for such other company or its affiliates
- (xi) A person who has fallen under (ii) to (x) in the above during the past three years
- (xii) Where a person who falls under (i) to (xi) in the above assumes an important post (an officer or employee in a General Manager post or other equivalent positions), his/her spouse and relative within the second degree of kinship

Notes:

\*1 A person with responsibility to execute business: executive director, executive officer, officer in charge of the execution of the operations of other entities, etc., and staff member/employee who executes business



- \*2 Major trading partner: A trading partner where the amount of business with such partner exceeds 2% of its consolidated sales during the most recent financial year
- \*3 Major shareholder: A shareholder who possesses 10% or more of voting rights, including direct and indirect ownership
- \*4 A large amount: More than ¥10 million a year in the case of an individual, and more than an amount equivalent to 2% of its annual total revenue in the case of an entity such as a corporation or association

**Proposal No. 6      Determination of Amount of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

Subject to approval of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company will transit to a company with audit and supervisory committee.

Remuneration, etc. for Directors of the Company was approved to be no more than ¥400 million (up to ¥200 million for fixed remuneration and up to ¥200 million for performance-linked remuneration (bonus)) per year at the 42nd Annual General Meeting of Shareholders held on June 22, 2016. With transition to a company with audit and supervisory committee, in light of recent economic and other situations, the Company requests approval for a proposal to set the amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) after transition to a company with audit and supervisory committee to be no more than ¥400 million (including up to ¥30 million for Outside Directors) per year and to let the specific amount, time of payment, etc. of remuneration, etc. to each Director be determined by resolution of the Board of Directors.

Concerning remuneration for Directors after transition to a company with audit and supervisory committee, the Company maintains a basic policy to make it composed of fixed remuneration as its basis, performance-linked remuneration and stock remuneration, based on the position, individual performance, etc. of each Director and in light of the balance between short-term incentives and medium- and long-term incentives. The Company judges the amount of remuneration, etc. pertaining to this proposal to be appropriate since fixed remuneration and performance-linked remuneration will be paid in accordance with such policy.

While there are currently six Directors, the number of Directors will be seven, two of which are Outside Directors, if Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved as originally proposed.

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

**Proposal No. 7      Determination of Amount of Remuneration for Directors Who Are Audit and Supervisory Committee Members**

Subject to approval of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company will transit to a company with audit and supervisory committee. In light of recent economic and other situations, the Company requests approval for a proposal to set the amount of remuneration, etc. for Directors who are Audit and Supervisory Committee Members after transition to a company with audit and supervisory committee to be no more than ¥80 million per year and to let the specific amount, time of payment, etc. of remuneration, etc. to each Director who is an Audit and Supervisory Committee Member be determined through consultation among Directors who are Audit and Supervisory Committee Members. The Company judges the amount of remuneration, etc. pertaining to this proposal to be appropriate in light of duties of Directors who are Audit and Supervisory Committee Members.

The number of Directors who are Audit and Supervisory Committee Members will be three, if Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 4 “Election of Three Directors Who Are Audit and Supervisory Committee Members” are approved as originally proposed.

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

## **Proposal No. 8 Determination of Remuneration for Grant of Shares with Restriction on Transfer to Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

It was approved at the 45th Annual General Meeting of Shareholders held on June 18, 2019 to introduce a remuneration system for Directors (excluding Outside Directors), whereby transfer restricted shares are assigned to them. With transition to a company with audit and supervisory committee subject to the approval and adoption of Proposal No. 2 “Amendment to the Articles of Incorporation” in its original form, the Company requests approval for a proposal to pay remuneration for the assignment of transfer restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors, and non-executive Directors; hereinafter referred to as the “Eligible Directors”) after transition to a company with audit and supervisory committee. The details of the system for which approval is requested in this proposal are the same as those approved at the 45th Annual General Meeting of Shareholders.

Remuneration paid to Eligible Directors for the assignment of transfer restricted shares in accordance with this proposal shall be a monetary claim (hereinafter referred to as the “Monetary Remuneration Claim”) and its total amount shall be no more than ¥100 million per year. The specific time of payment and distribution to each Eligible Director shall be determined by the Board of Directors.

Concerning remuneration for Directors after transition to a company with audit and supervisory committee, the Company maintains a basic policy to make it composed of fixed remuneration as its basis, performance-linked remuneration and stock remuneration, based on the position, individual performance, etc. of each Director and in light of the balance between short-term incentives and medium- and long-term incentives. The Company judges the amount of remuneration pertaining to this proposal to be appropriate since remuneration for the assignment of transfer restricted shares will be paid in accordance with such policy.

While there are currently six Directors, two of which are Outside Directors, the number of Eligible Directors will be four, if Proposal No. 2 “Amendment to the Articles of Incorporation” and Proposal No. 3 “Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” are approved and adopted as originally proposed.

This proposal can only take effect after the amendment to the Articles of Incorporation of Proposal No. 2 “Amendment to the Articles of Incorporation” takes effect.

### **(1) Outline of the system**

Eligible Directors shall pay the entire Monetary Remuneration Claim paid to them in accordance with a resolution of the Board of Directors of the Company pursuant to this proposal as property contributed in kind to have common shares of the Company issued or disposed of to them. The total number of common shares of the Company thereby issued or disposed of shall be 90,000 or less per year; provided, however, that the said total number shall be adjusted within a reasonable range, if a stock split or reverse stock split of common shares of the Company (including allotment of common shares of the Company without contribution) is effected on or after the day on which this proposal is approved and adopted, or if any other reason arises for adjusting the total number of common shares of the Company to be issued or disposed of as transfer restricted shares.

The amount to be paid per share shall be determined by the Board of Directors on the basis of the closing price of common shares of the Company at the Tokyo Stock Exchange on the business day preceding the date of each resolution of the Board of Directors (or on the most recent preceding trading day if no trade is made on that day) within the range in which the said amount is not particularly favorable to Eligible Directors subscribing for the said common shares. Furthermore, in thereby issuing or disposing of common shares of the Company, the Company will enter into an agreement on the allocation of transfer restricted shares (hereinafter referred to as the “Allocation Agreement”) that includes the content specified below with Eligible Directors.

### **(2) Outline of the Allocation Agreement**

#### **(i) Transfer restriction period**

Eligible Directors may not transfer, pledge or otherwise dispose of common shares of the Company allocated to them pursuant to the Allocation Agreement (hereinafter referred to as the “Allocated Shares”) for 30 years from the day on which allocation is made (hereinafter referred to as the “Transfer Restriction Period”) pursuant to the Allocation Agreement (hereinafter referred to as “Transfer Restriction”).

#### **(ii) Handling upon resignation or retirement**

If an Eligible Director resigns or retires from Director, officer, employee, advisor or counselor, or any other position specified by the Board of Directors in advance before the expiration of the Transfer Restriction Period, the Company shall necessarily acquire the Allocated Shares without contribution except where there is a reason for the said resignation or retirement deemed justified by the Board of Directors of the Company such as the expiration of term of office, death, etc.

(iii) Cancellation of transfer restriction

Notwithstanding the provisions of (i) above, the Company shall cancel Transfer Restriction for all Allocated Shares at the time of the expiration of the Transfer Restriction Period on the condition that an Eligible Director will have continuously been a Director, officer, employee, advisor or counselor, or any other position specified by the Board of Directors in advance throughout the Transfer Restriction Period. If, however, such Eligible Director resigns or retires from a position specified in (ii) above before the expiration of the Transfer Restriction Period because the expiration of term of office, death, or any other reason deemed justified by the Board of Directors, the number of the Allocated Shares of which Transfer Restriction is cancelled and the time when Transfer Restriction is cancelled shall be reasonably adjusted as required. In addition, the Company shall necessarily acquire, without contribution, the Allocated Shares of which Transfer Restriction has not been cancelled at the time immediately after Transfer Restriction is cancelled pursuant to the above provisions.

(iv) Handling upon organizational restructuring, etc.

Notwithstanding the provisions of (i) above, if a merger agreement whereby the Company becomes a non-surviving company, a stock exchange agreement or stock transfer plan whereby the Company becomes a wholly owned subsidiary, or any other matter pertaining to organizational restructuring, etc. is approved by the general meeting of shareholders of the Company (or the Board of Directors of the Company if an approval by the general meeting of the shareholders of the Company is not required for such organizational restructuring, etc.), the Company shall cancel Transfer Restriction of Allocated Shares by a resolution of the Board of Directors of the Company prior to the effective date of such organizational restructuring, etc. in the number reasonably determined in light of the period from the starting date of the Transfer Restriction Period to the date of approval of such organizational restructuring, etc. Furthermore, in cases specified above, the Company shall necessarily acquire, without contribution, the Allocated Shares of which Transfer Restriction has not been cancelled at the time immediately after Transfer Restriction is cancelled.

(v) Other matters

Any other matters pertaining to the Allocation Agreement shall be specified by the Board of Directors of the Company.