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Securities Code: 4112

June 9, 2020

To our shareholders:

Yuto Matsumoto  
President  
**Hodogaya Chemical Co., Ltd.**  
2-4-1 Yaesu, Chuo-Ku, Tokyo

## Notice of the 162nd Annual General Meeting of Shareholders

We are pleased to announce the 162nd Annual General Meeting of Shareholders of Hodogaya Chemical Co., Ltd. (the “Company”), which will be held as indicated below.

Recently, the Government of Japan and prefectural governors have been strongly requesting that people voluntarily stay at home to prevent the spread of the novel coronavirus disease (COVID-19). After careful consideration given the current situation, the Company has decided to hold this meeting, taking appropriate measures beforehand to avoid infection.

To avoid the risk of infection to shareholders and the Company’s officers and employees, you are strongly encouraged to exercise your voting rights prior to the meeting in writing or by Smart Vote or the internet. Regardless of your own state of health, you are urged to refrain from attending the meeting.

Please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Tuesday, June 23, 2020 (JST).

**1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m. (Reception starts at 9:00 a.m.)

**2. Venue:** Main hall, 2nd floor, The Industry Club of Japan  
1-4-6 Marunouchi, Chiyoda-Ku, Tokyo

### 3. Purpose of the Meeting

#### Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 162nd fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Committee
2. The Non-consolidated Financial Statements for the 162nd fiscal year (from April 1, 2019 to March 31, 2020)

#### Matters to be resolved:

- |                |  |
|----------------|--|
| Proposal No. 1 | Renewal of Plan for Countermeasures Against Large-Scale Acquisitions of Hodogaya Chemical Shares (Takeover Defense Measures) |
| Proposal No. 2 | Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)                              |

- If you attend the meeting in person, please submit the enclosed voting form at the reception of the meeting. In addition, you are kindly requested to bring this notice to the meeting.

## **Guide to the Exercise of Voting Rights**

### **Attending the meeting in person**

Please bring the enclosed voting form and submit it to the reception desk on the day of the meeting.

Date and Time: Wednesday, June 24, 2020, at 10:00 a.m. (JST)

Venue: Main hall, 2nd floor, The Industry Club of Japan

### **Exercise of voting rights by mail (in writing)**

Please indicate your approval or disapproval of the proposals in the enclosed voting form and then return the form to the Company. If you submit this without indicating your approval or disapproval for each proposal, it will be considered that you indicated your approval.

\* Please use the enclosed “Voting form writing protection sticker.”

Deadline for Exercising Voting Rights: Received by 5:45 p.m. on Tuesday, June 23, 2020 (JST).

### **Exercise of voting rights by Smart Vote or the internet**

Please access the website (<https://soukai.mizuho-tb.co.jp/>) via a smartphone or computer, and enter your vote of approval or disapproval of each proposal by using the login ID and temporary password shown on the enclosed voting form and following on-screen instructions. Please refer page 6. (Only available in Japanese version)

Deadline for Exercising Voting Rights: All data entry to be completed no later than 5:45 p.m. on Tuesday, June 23, 2020 (JST).

\* If you exercise your voting right in duplicate both by mail (in writing) and via the internet, etc., the Company will only deem your exercise via the internet, etc. valid.

\* If you exercise your voting rights via the internet, etc. more than once, the last exercise shall be deemed to be valid.

## Notice regarding measures to prevent the spread of the novel coronavirus disease (COVID-19)

### <Notice and request to our shareholders>

- To prevent the spread of the novel coronavirus disease (COVID-19), considering the health and safety of our shareholders as our highest priority, the Company strongly recommends that, if at all possible, you exercise your voting rights prior to the meeting in writing or by Smart Vote or the internet, and refrain from attending the meeting. Please exercise your voting rights so that your vote is received by 5:45 p.m. on Tuesday, June 23, 2020 (JST) Please refer page 6 of the Notice of the Annual General Meeting of Shareholders. (Only available in Japanese version)
- To reduce the risk of infection from contact, the Company will not hold a gathering for shareholders' discussion after this year's meeting and will not provide gifts to attendants. Thank you for your understanding.
- Shareholders who plan to attend the meeting in person should pay close attention to their physical conditions up to the date of the meeting. If you have any cold symptoms or are not feeling well, the Company strongly recommends that you refrain from attending the meeting.

### <Notice and request to our shareholders attending the meeting>

- On the day of the meeting, shareholders attending the meeting may be requested to undergo body temperature measurement tests at the entrance of the venue. You may be requested to refrain from attending the meeting, if you have a fever or are in poor physical conditions.
- We kindly ask for your cooperation to wear a medical mask during the meeting and use alcohol disinfectant at the venue.
- Shareholders may be required to refrain from attending the meeting to secure the safety of the attendees.

### <Our measures>

- Officers and staff members will wear a medical mask.
- Officers and staff members will participate the meeting, after undergoing body temperature measurement tests and confirming their body conditions at the day of the meeting.

If any circumstances necessitating amendments to the operation of the meeting, notification of those amendments are provided by posting them on the Company's website. <http://www.hodogaya.co.jp/english/>

## Reference Documents for General Meeting of Shareholders

### **Proposal No. 1** Renewal of Plan for Countermeasures Against Large-Scale Acquisitions of Hodogaya Chemical Shares (Takeover Defense Measures)

Hodogaya Chemical Co., Ltd. (hereinafter, the “Company”) obtained the approval from the shareholders of the Company at the 156th Ordinary Annual General Meeting of Shareholders held on June 26, 2014 to introduce “Plan for Countermeasures Against Large-Scale Acquisitions of the Company Shares (Takeover Defense Measures),” and subsequently obtained the approval to continue the Plan for Countermeasures Against Large-Scale Acquisitions of the Company Shares (Takeover Defense Measures) at the 159th Ordinary Annual General Meeting of Shareholders held on June 28, 2017 (hereinafter, the “Current Plan”). However, the Current Plan will expire at the conclusion of the 162nd Ordinary Annual General Meeting of Shareholders to be held on June 24, 2020 (hereinafter, “the 162<sup>nd</sup> Shareholders Meeting”).

In light of changes in the social and economic circumstances, trends in the practice of takeover defense measures, etc., even since the Current Plan were approved, the Company has conducted a review of the Current Plan from the perspective of securing and enhancing the corporate value and the common interest of its shareholders, to consider the merits of continuing the Current Plan and the need to make any revisions.

As a result, the Company has determined that, even at present, it continues to be necessary for the Company to have takeover defense measures in place because of the possibility of a large-scale acquisitions of the Company shares that does not benefit the Company’s corporate value in the medium to long term and the common interest of its shareholders, in addition to concerns that with Japan’s tender offer system, the time and procedures provided for shareholders to review the appropriateness of the acquisitions are insufficient.

The Company decided, at the Board of Directors Meeting held on May 28, 2020, to renew the Current Plan, with partial amendment (the Current Plan after amendment hereinafter referred to as the “Plan”) under the “Basic Policies Regarding the Way a Person is to Control the Determination of Financial and Business Policies of the Company” (i.e. the “Basic Policies” as defined in Article 118, Item (iii) of the Regulation for Enforcement of the Companies Act), subject to shareholders’ approval at the 162nd Shareholders Meeting.

The shareholders are hereby requested to approve of the Plan in accordance with the provision of Article 19 of the Articles of Incorporation of the Company.

The Plan has the following features:

1. In order to prevent abusive exercise, etc. of the Plan by the Company’s Board of Directors, the Independent Committee, composed of members who are independent of management involved in business execution of the Company, shall make recommendations to the Board of Directors as to whether or not the Acquirer is complying with the Plan, and the Board of Directors shall respect to the maximum extent any recommendation made by the Independent Committee.
2. Even when the Acquirer complies with the Plan, in cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of the shareholders of the Company, the Independent Committee shall be consulted, and in the event that the Independent Committee recommends that the resolution of the General Meeting of the Shareholders of the Company should be sought in relation to whether or not to exercise the Plan, the Board of Directors of the Company shall convene a General Meeting of the Shareholders of the Company without fail, and confirm the intent of the Company’s shareholders regarding the implementation of the Counter measures (the gratis allotment of the Stock Acquisition Rights).
3. In cases where the Board of Directors of the Company judges that the Acquirer is not complying with the Plan, the Board of Directors shall consult the Independent Committee in relation to whether or not the Plan is being complied with, and in the event that the Independent Committee recommends that the Plan is not being complied with, and that the Countermeasures should be exercised, a general meeting of shareholders shall be convened without fail, and the matter of exercising the Countermeasures shall be referred to the general meeting of the shareholders of the Company.
4. In order to prevent the abuse of exercise, etc. of the Plan by the Company’s Board of Directors, “cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of the shareholders of the Company” shall be limited to the so-called Four Types cited by the Tokyo High Court and the coercive two-tier tender offer.

5. The legal rights and economic interests of the shareholders of the Company, other than those of entities deemed inappropriate according to the Company's Basic Policies, shall not be infringed upon the exercise of Countermeasures.

I. Basic Policies Regarding the Way a Person is to Control the Determination of Financial and Business Policies of the Company

The strength of the Company group (the "Group") lies in the highly specialized abilities of each of the Group companies in their respective field, such as in Functional Colorants, Specialty Polymers, Basic Chemicals, Agro-Science and Logistics.

Within the Group, each company has a tripartite structure consisting of R&D, production and sales departments, responding to the many and varied requests of customers and leveraging unique technology and network to consistently provide high-quality products and services.

This in turn has led to favorable perceptions for the Group as a whole, and to building strong relationships of mutual trust with customers.

In order to further enhance such strength of the Group, we will continue with our efforts as a Group to maintain advantages in cost competitiveness, profitability, and resiliency to risks.

In Growth Businesses and Cultivation Businesses, we will weigh the allocation of management resources so as to further reinforce and expand the businesses.

In addition, by further expanding applications of technologies and know-how in the areas in which we excel, centered on organic composites, we will promote the shift of the Group as a whole towards higher functionality and higher added value, in order to provide products and services that will increase customer satisfaction.

We believe that, in addition to demonstrating in this way the synergistic effects between Group companies focused on specialized technology in their respective fields, aiming to become a corporate group that creates high functionality and high added value by expanding applications of our expert technologies and know-how will contribute to the common interest of the Company and shareholders, as well as enhancing corporate value.

Accordingly, it is our view that a person who controls the determination of financial and business policies of the Company must fully understand its corporate philosophy and the source of its corporate value, and must aim to secure and enhance both the corporate value of the Company and in turn the common interest of its shareholders.

II. Measures to help implementation of the Basic Policies

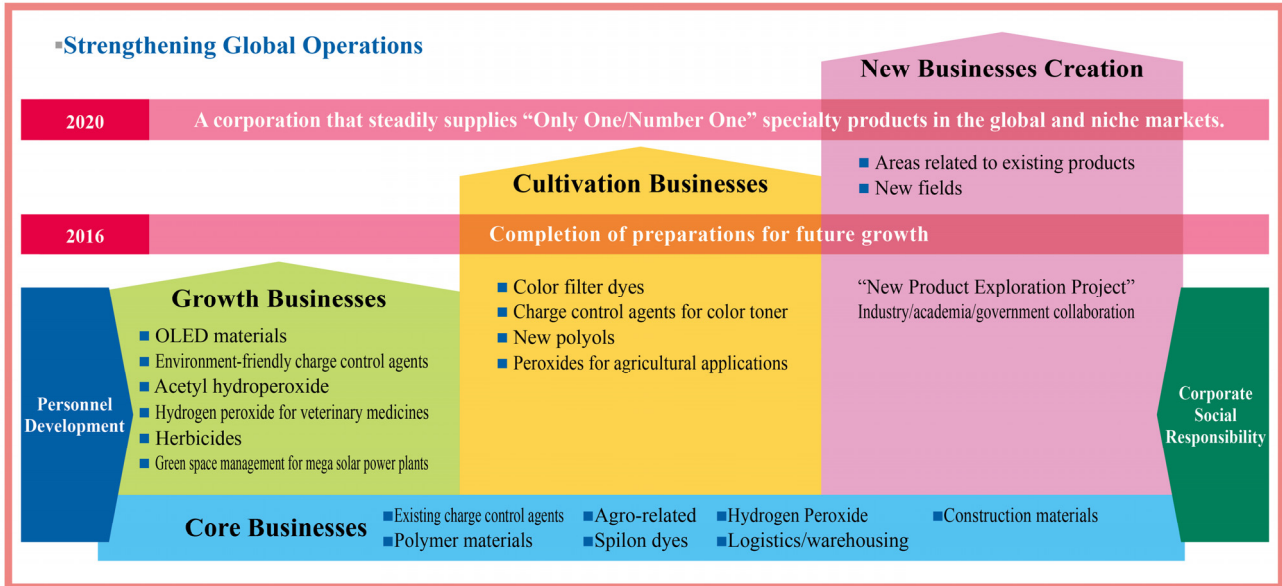
1. Strengthening existing businesses

The Group is devoting its efforts on “HONKI 2020,” a 6-year mid-term management plan that began in FY2015 (FY2015 – FY2020).

(Hodogaya as Only one, Number one with our Key technology and Imagination)

We aim to become a corporation that steadily supplies “Only One/Number One” specialty products in the global and niche markets by FY2020, and to achieve this, we will prepare ourselves for future growth.

Outline of “HONKI 2020”



Each business is classified into one of the four stages of growth, and we focus on strengthening core businesses while enhancing and cultivating the businesses of the future.

Core Businesses: Businesses that are already generating profits

Growth Businesses: Businesses that are expected to produce positive results in FY2015 – FY2016

Cultivation Businesses: Businesses that are expected to produce positive results in FY2017 – FY2018

New Business Creation: Businesses that are expected to produce positive results in FY2019 and beyond

The following initiatives are being implemented as part of “HONKI 2020.”

- 1) Regaining competitive strength, and securing a stable revenue base
- 2) Establishing a pillar for the next generation
- 3) Expanding our sphere of activity by creating new value
- 4) Strengthening global operations
- 5) Cultivating personnel for a diversifying society
- 6) Enhancing our commitment to CSR (Corporate Social Responsibility)

- 1) Regaining competitive strength, and securing a stable revenue base

Core businesses: Businesses that are already generating profits

- [Basic approach]
- Cutting costs
  - Improving production capacity
  - Developing new applications
  - Expanding global business

[Main businesses]

- [Functional Colorants segment]
- Existing charge control agents (CCA)
  - Aluminum coloring dyes, stationery dyes
  - Dyes for hair color treatments

- [Specialty Polymers segment]
  - Existing polyol materials (bio-polyol, special polyol)
  - Phosgene derivatives
  - Adhesives for tires
  - Waterproofing and water blocking materials
- [Basic Chemicals segment]
  - Hydrogen peroxide, sodium percarbonate
- [Agro-Science segment]
  - Herbicides
  - Insecticides
  - Contract-based formulation
- [Logistics segment]
  - Logistics/warehousing

2) Establishing a pillar for the next generation

Growth Businesses: Businesses that are expected to produce positive results in FY2015 – FY2016

- [Basic approach]
  - Expand sales and market share in growing markets
  - Strategic investment

[Main businesses]

- [Functional Colorants segment]
  - OLED materials
  - Environment-friendly CCA (Charge Control Agents)
- [Basic Chemicals segment]
  - Acetyl hydroperoxide
  - Hydrogen peroxide for veterinary medicines
- [Agro-Science segment]
  - Herbicides
  - Green space management for mega solar power plants

3) Expanding our sphere of activity by creating new value

Cultivation Businesses: Businesses that are expected to produce positive results in FY2017 – FY2018

New Business Creation: Businesses that are expected to produce positive results in FY2019 and beyond

(1) Cultivation Businesses

- [Basic approach]
  - Creation of new products
  - Expansion of sales and market share

[Main businesses]

- [Functional Colorants segment]
  - Color filter dyes
  - CCA (Charge Control Agents) for color toner
- [Specialty Polymers segment]
  - New polyol materials
- [Agro-Science segment]
  - Peroxides for agriculture applications

(2) New Businesses Creation

- [Basic approach]
  - Striving to achieve 5,000 million yen in new product sales in 2020
  - Using the strengths in organic synthesis and manufacturing technologies that we have cultivated over the course of our long history as a foundation for our capabilities in “High Purity Technologies,” “Development of Functional Materials,” and “Evaluation of Functional Materials,” we will endeavor to contribute to a world of abundance

- 4) Strengthening global operations  
 [Basic approach] - Promotion of business activities in global and niche markets on the basis of a firm understanding of customer needs
  
- 5) Cultivating personnel for a diversifying society  
 [Basic approach] - Energizing the Group by training employees to “think, investigate, and act”
  
- 6) Enhancing our commitment to CSR (Corporate Social Responsibility)  
 [Basic approach] - Maintaining and deepening the trust held in us by all stakeholders, and contributing to social development

Performance Target

	FY2020 (Plans)
Net sales	50.0 billion yen
Operating profit	5.0 billion yen
Operating margin	10.0%

By implementing the above measures, the Group as a whole will strive to meet the expectations of all our stakeholders, including shareholders, customers, local communities and employees.



III. Measures to prevent decisions on financial and business policies of the Company from being controlled by inappropriate parties in the context of its Basic Policies

1. Purpose of the Plan

The Company will renew the Current Plan for the purpose of ensuring and enhancing the corporate value of the Company / the common interest of its shareholders in accordance with the Basic Policies set out in Section I above.

The Company's thoughts regarding renewal of the Plan as follows.

The Company's board of directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company / the common interest of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies.

Thus, the Company determined to renew the Current Plan in order to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Company / the common interest of its shareholders, with the aim of, on the occasion that the Company receives a large-scale acquisition proposal from an acquirer for shares in the Company, enabling the Company's board of directors to present an alternative proposal to the shareholders or ensuring necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and enabling the Company to negotiate for the benefit of the shareholders.

2. Details of the Plan

Procedures related to the Plan are as described in "Overview of Takeover Defense Measures" in Attachment 2 on page 19, however this is a reference document created for the sake of convenience and with the aim of assisting shareholders in their understanding of the Plan. A detailed explanation is as follows:

1) Purchases subject to countermeasures

The Plan will be applied in cases where any purchase or other acquisition of share, etc. of the Company that falls under (1) or (2) below or any similar action, or a proposal for such action (except for such action as the Company's board of directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

- (1) Purchases of shares, etc. issued by the Company (Note 1) resulting in the ownership ratio of shares, etc. (Note 2) of the purchaser reaching or exceeding 20%
- (2) Tender offers for shares, etc. issued by the Company (Note 3), which would result in the ownership ratio of shares, etc. (Note 4) of the tender offerer and the ownership ratio of shares, etc. of specially related parties (note 5) of the tender offerer reaching or exceeding 20%

- Notes
1. "Shares, etc." means "Share Certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act.
  2. "Ownership ratio of shares, etc." means the "Ownership Ratio of Share Certificates, etc." as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act.  
The same shall apply hereinafter, but in calculating the ownership ratio of shares, etc.,
    - (1) "Specially Related Parties" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act, and
    - (2) investment banks, securities companies, and other financial institutions that have concluded financial advisor agreements with specific shareholders of the Company, as well as tender-offer representatives and underwriting securities companies (hereinafter, "contracted financial institutions, etc.") of Large-Scale Purchasers, shall be deemed joint holders with specific shareholders of the Company.Moreover, in calculating the ownership ratio of shares, etc., with regard to the total number of shares issued by the Company, the most recent number disclosed by the Company can be referenced.
  3. "Shares, etc." means "Shares Certificates, etc." as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act.
  4. "Ownership ratio of shares, etc." means the "Ownership Ratio of Share Certificates, etc." as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Act.  
The same shall apply hereinafter, but in calculating the ownership ratio of shares, etc., with regard to the total number of voting rights, the most recent number disclosed by the Company can be referenced.

5. “Specially related party” means “Specially Related Party” as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act.  
However, the parties set forth in Item (i) of that paragraph shall exclude those who are prescribed in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer.  
Also, (1) joint holders and (2) contracted financial institutions, etc. shall be deemed as specially related parties of the specific shareholders of the Company.  
The same shall apply hereinafter unless otherwise prescribed.

2) Procedures of Large-Scale Acquisitions

(1) Submission of Acquirer’s Statement

In cases where a Large-Scale Acquirer is attempting to conduct Large-Scale Acquisitions, they must first submit an Acquirer’s Statement addressed to the Representative Director and President of the Company, including a statement to the effect that they will abide by the following Procedures of the Large-Scale Acquisitions, in Japanese:

- (i) Outline of the Large-Scale the Acquirer
  - a) Name and address or location of offices
  - b) Law governing the incorporation
  - c) Name of representative
  - d) Contact details in Japan
  - e) Purpose and business description of the company, etc.
  - f) Major shareholders or equity holders (overview of 10 largest holders in terms of ownership ratio of shares or equity holding ratio)
- (ii) Overview of Large-Scale Acquisitions being conducted by Large-Scale Acquirer (including the class and number of shares, etc. of the Company that the Large-Scale Acquirer intends to acquire through the Large-Scale Acquisitions, and the purpose of the Large-Scale Acquisitions)
- (iii) The number of shares, etc. of the Company currently held by the Large-Scale Acquirer, and details of transactions by the Large-Scale Acquirer involving the shares, etc. of the Company during the period of 60 days immediately preceding the date of submission of the Acquirer’s Statement

In addition, when submitting the Acquirer’s Statement, documents proving the existence of the Large-Scale Acquisitions, such as certified copies of the company registration, and copies of the articles of incorporation, must be attached (including a Japanese translation for those not originally written in Japanese).

The Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, disclose at an appropriate time and using an appropriate method, that it has received the Acquirer’s Statement, and provide information deemed necessary for shareholders to make a decision.

(2) Provision of Large-Scale Acquisitions Information

The Board of Directors of the Company shall, within 10 working days (not including the first day) of receiving the Acquirer’s Statement, deliver to the Large-Scale Acquirer a list of necessary and sufficient information that the Large-Scale Acquirer is required to provide to enable shareholders of the Company to make a decision, and the Board of Directors of the Company to form an opinion, etc. (hereinafter, the “Large-Scale Acquisitions Information”)

The Large-Scale Acquirer shall submit the Large-Scale Acquisitions Information in writing, in Japanese, and addressed to the Representative Director and President of the Company.

The specifics of the Large-Scale Acquisitions Information vary depending on the attributes of the Large-Scale Acquirer, the details of the Large-Scale Acquisitions, etc., but a partial list of general items is as follows:

- (i) Details of the Large-Scale Acquirer and its associated group (including joint holders, specially related parties, partners (in the case of funds), and other members), including name, business description, career summary or corporate history, capital structure,

financial details, history of past acquisitions and large-scale acquisitions, experience in businesses similar to those of the Company and the Group, past infringement, if any, of laws and regulations)

- (ii) Purpose, methods of implementation and details of the Large-Scale Acquisitions (including the value and type of consideration offered for the Large-Scale Acquisitions, timing of the Large-Scale Acquisitions, mechanisms of related transactions, lawfulness of the methods used to implement the Large-Scale Acquisitions, and the feasibility of the Large-Scale Acquisitions)
- (iii) Basis for the calculation of the consideration offered for the Large-Scale Acquisitions (including the assumptions and facts of the calculation; the method of calculation, numerical information used in the calculation, the details of and basis for the synergy expected to arise from the series of transactions related to the Large-Scale Acquisitions)
- (iv) Supporting documents explaining the source of funds for the Large-Scale Acquisitions (including the specific name of the provider of the funds [including substantial providers of funds], funding methods and the details of any related transactions)
- (v) Management policy, business plan, financial plan, capital policy and dividend policy for the Company and the Group after the execution of the Large-Scale Acquisitions, anticipated candidates for member of management subsequent to the Large-Scale Acquirer's involvement in the management of the Company and the Group (including information related to experience in businesses similar to those of the Company and the Group), etc.
- (vi) Measures to be taken after the execution of the Large-Scale Acquisitions for the consistent and sustainable improvement of corporate value of the Company and the Group, and the common interest of shareholders (including measures to utilize the Company's patents and brands, etc.)

From the perspective of seeking to speed up procedures based on the Plan, the Board of Directors of the Company may, if necessary, impose a deadline on the Large-Scale Acquirer in relation to their response to the requested provision of information.

Nevertheless, in cases where the Large-Scale Acquirer requests an extension on reasonable grounds, the deadline may be extended.

The Board of Directors of the Company shall submit the information provided by the Large-Scale Acquirer to a detailed inspection, and refer to the opinions of external experts such as financial advisers, certified public accountants, and lawyers (hereinafter, "external experts").

In cases where it is subsequently judged that what is provided by the Large-Scale Acquirer is insufficient in terms of Large-Scale Acquisitions Information, the Board of Directors of the Company shall receive advice from the Independent Committee as set forth in 3) below, and after setting a reasonable deadline of not more than 60 days counted from the day on which the original list of Large-Scale Acquisitions Information was delivered, request that additional information should be provided by the Large-Scale Acquirer until the Large-Scale Acquisitions Information is deemed adequate.

In addition, the Board of Directors consult with the Independent Committee in cases where, despite the Board of Directors of the Company having requested additional information related to the Large-Scale Acquisitions Information, the Large-Scale Acquirer provides a reasonable explanation as to why some of the information cannot be provided, and also when contemplating whether or not the information provided by the Large-Scale Acquirer is adequate in terms of Large-Scale Acquisitions information. When such consultation is made, the Independent Committee shall deliberate the matter, with appropriate input from external experts, and make recommendations to the Board of Directors.

The Board of Directors shall respect to the maximum extent any recommendation of the Independent Committee.

Also, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose from among the information provided by the Large-Scale Acquirer those items deemed necessary for shareholders to make a decision.

In addition, if the Board of Directors determines that the provision of Large-Scale Acquisitions Information by the Large-Scale Acquirer has been completed, in addition to notifying the Large-Scale Acquirer to this effect (hereinafter, “notification of completion of information provision”), the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this fact.

- (3) Setting the Board of Directors evaluation period
- The Board of Directors of the Company shall set either of the periods listed in (i) or (ii) below (in either cases, the first day not included) as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by the Board of Directors of the Company (hereinafter the “Board of Directors evaluation period”).
- (i) In the case of a Large-Scale Acquisitions by means of a tender offer for all shares, etc. of the Company using only cash (Japanese yen) as consideration, a period of up to 60 days from the date on which the Board of Directors gave notification of completion of information provision
  - (ii) In the case of any other kind of Large-Scale Acquisitions, a period of up to 90 days from the date on which the Board of Directors gave notification of completion of information provision

During the Board of Directors evaluation period, the Board of Directors shall, based on the Large-Scale Acquisitions Information provided by the Large-Scale Acquirer, take advice from external experts as appropriate while fully evaluating and considering the Large-Scale Acquirer, the specific details of the Large-Scale Acquisitions, and the impact of the Large-Scale Acquisitions on the corporate value of the Company and by extension the common interest of shareholders of the Company. After carefully forming an opinion as the Board of Directors in relation to the Large-Scale Acquisitions, in addition to notifying the Large-Scale Acquirer, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this opinion.

In addition, the Company may negotiate with the Large-Scale Acquirer regarding conditions and methods, etc. of the Large-Scale Acquisitions, as necessary, and the Board of Directors may additionally present an alternative proposal to shareholders of the Company.

In cases where for unavoidable reasons the Board of Directors is unable to form its opinion during the Board of Directors evaluation period, the Board of Directors may consult with the Independent Committee regarding the possibility of extending the Board of Directors evaluation period, explaining the necessity and the rationale of the extension. Based on the recommendation of the Independent Committee, the Board of Directors may extend the Board of Directors evaluation period by up to 30 days.

In the event that the Board of Directors of the Company resolves to extend the Board of Directors evaluation period, the specific period thus determined, and the reason for the specific period being deemed necessary shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, be disclosed.

The Large-Scale Acquirer may commence the Large-Scale Acquisitions only after the Board of Directors evaluation period has elapsed.

In addition, when a General Meeting of the shareholders of the Company is held to confirm the will of the shareholders in accordance with 3), (4) below, the Large-Scale Acquirer must not begin the Large-Scale Acquisitions until the conclusion of the General Meeting of the shareholders of the Company.

3) Establishing an Independent Committee and holding General Meeting of Shareholders of the Company

(1) Establishing an Independent Committee

The Board of Directors makes the final judgment on whether or not the procedures provided by the Plan have been obeyed, and, when they are obeyed, makes the final decision whether or not to execute certain countermeasures deemed necessary and appropriate to secure or improve the Company's corporate value as well as the common interest of shareholders of the Company. In order to ensure objectivity and neutrality in making such decisions, the Company shall establish an Independent Committee as an organization independent of the Board of Directors of the Company.

The Independent Committee shall consist of at least three members, who shall be selected by the Board of Directors from among experienced external parties such as Outside Directors, lawyers, certified public accountants, distinguished academics, persons familiar with investment banking operations, and directors or executive officers of other companies (hereinafter, "outside experts").

The career summaries of each Committee member are as shown in Attachment 3 on page 20, "Career Summary of the Independent Committee Members."

(2) Consultation with the Independent Committee

When the Board of Directors determines that the procedures provided by the Plan are not being obeyed, or that they are being obeyed but nevertheless countermeasures should be exercised, it must consult the Independent Committee without fail. Also, in cases where there are doubts as to whether the Large-Scale Acquisitions Information provided by the Large-Scale Acquirer is adequate, or in other cases where the Board of Directors deems it necessary, the Independent Committee may be consulted.

In the case of either consultation, the Independent Committee may, at the Company's expense, seek the opinions of external experts as necessary and appropriate, and after considering matters associated with the consultation, provide advice to the Board of Directors of the Company.

The Board of Directors shall pay utmost respect to the recommendations of the Independent Committee.

(3) Providing information to the Independent Committee

The Independent Committee may request the Board of Directors to provide necessary information such as the information provided by the Large-Scale Acquirer, as needed, and when such requests are made, the Board of Directors shall provide the information to the Independent Committee.

(4) Holding General Meeting of Shareholders of the Company

With regard to the decision to exercise countermeasures, the Board of Directors must, without fail, convene a General Meeting of Shareholders of the Company, and submit a proposal at that General Meeting in relation to the gratis allotment of share acquisition rights as described in Attachment 4 on pages 21 to 22 “Overview of the allotment of the share acquisition rights” (hereinafter, the “Share Acquisition Rights”), in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

The Large-Scale Acquirer must not commence until a resolution has been made at the General Meeting of Shareholders of the Company concerning the countermeasures.

In the event that this proposal is approved at the General Meeting of Shareholders, the gratis allotment of share acquisition rights shall be carried out.

4) Requirements for exercising countermeasures

(1) In cases where the Large-Scale Acquirer does not comply with procedures provided by the Plan

In cases where the Board of Directors of the Company judges that a Large-Scale Acquirer does not comply with the procedures provided by the Plan, the Board of Directors shall consult the Independent Committee in relation to whether or not the procedures provided by the Plan rules are being complied with.

When determining whether or not the procedures provided by the Plan have been complied with, various facts on the side of the Large-Scale Acquirer shall be fully assessed, and a Large-Scale Acquirer shall not be deemed as not complying with the large-scale purchase rules solely for the reason that part of the Large-Scale Acquisitions Information has not been provided.

In the event that the Independent Committee advises that the procedures provided by the Plan have not been complied with, and that countermeasures should be exercised, a General Meeting of Shareholders of the Company shall be convened without fail, and a proposal shall be submitted at that General meeting of Shareholders in relation to the gratis allotment of share acquisition rights, in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

The specifics of countermeasures are as described in 5).

(2) In cases where the Large-Scale complies with the procedures provided by the Plan

In cases where the Large-Scale Acquirer complies with the procedures provided by the Plan, even if the Board of Directors of the Company is opposed to the Large-Scale Acquisitions, although it expresses opposing opinions, presents alternative proposals, works on persuading shareholders not to sell their shares, etc., in principle, the countermeasures shall not be exercised against such Large-Scale Acquisitions.

The decision as to whether or not to accept the proposal of the Large-Scale Acquirer shall be made by each Shareholder of the Company after considering the details of the Large-Scale Acquisitions, the opinion, alternative proposals provided by the Board of Directors of the Company, etc.

However, even in cases where the Large-Scale Acquirer complies with the procedures provided by the Plan, if it is recognized that the Large-Scale Acquisitions would cause significant harm to the corporate value of the Company, and in turn to the common interest of shareholders of the Company, the Independent Committee shall be consulted. In the event that the Independent Committee advises that the opinion of the General Meeting of Shareholders of the Company should be sought in relation to whether or not to exercise countermeasures, the Board of Directors of the Company shall convene a General Meeting of Shareholders of the Company without fail, and submit at that General Meeting of Shareholders a proposal in relation to the gratis allotment of share acquisition rights, in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

Specifically, in cases where the proposed Large-Scale Acquisitions is found to fall under any of types of Cases listed in Attachment 5 “Cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of shareholders of the Company,” in principle, the Large-Scale Acquisitions will be deemed to be one that would significantly undermine the corporate value of the Company and the common interest of shareholders of the Company.

The specifics of countermeasures are as described in 5).

5) Specifics of countermeasures

The Board of Directors of the Company shall submit a proposal for the gratis allotment of the Share Acquisition Rights (Article 277 of the Companies Act) at a General Meeting of Shareholders of the Company in accordance with Article 20, Paragraph 1 of the Articles of Incorporation.

6) Discontinuation of countermeasures or revocation of the decision to exercise countermeasures (non-exercise of countermeasures), etc.

In 5) above, in cases where, after the General Meeting of shareholders of the Company has decided to devise and implement specific countermeasures, the Board of Directors judges that the exercise of countermeasures is no longer appropriate, such as when the Large-Scale Acquirer revokes or changes the Large-Scale Acquisitions, the Independent Committee shall be consulted regarding this judgment, and after giving due consideration to its recommendation, the countermeasures may be discontinued or revoked (non-exercise).

After carrying out a gratis allocation of Share Acquisition Rights, if the Large-Scale Acquirer revokes or changes the Large-Scale Acquisitions, causing the Board of Directors of the Company to judge that the exercise of countermeasures is no longer appropriate, the Independent Committee shall be consulted. After the recommendation of the Independent Committee, the Board of Directors may, up to the date on which the Share Acquisition Rights come into effect, abort the gratis allotment of Share Acquisition Rights. The Company shall be able to terminate the countermeasures by means of acquiring the Share Acquisition Rights without contribution up until the day immediately preceding the start date of the exercise period.

In cases where the countermeasures are terminated or revoked (not exercised) in this way, the Company shall, in accordance with applicable laws and regulations and the rules of financial instruments exchanges, and at an appropriate time and using an appropriate method, disclose this decision with items which the Independent Committee deems necessary.

7) Effective period, abolition, and change of the Plan

The effective period of the Plan is to expire at the conclusion of the 165th Annual General Meeting of Shareholders of the Company, scheduled to be held in June 2023.

In addition, even before the expiration of the effective period, in cases where

- (1) the Plan is not approved at this Annual General Meeting of Shareholders of the Company, or
- (2) a proposal to abolish or amend the Plan is approved at a General Meeting of Shareholders of the Company, or
- (3) the Board of Directors approves a resolution to abolish or amend the Plan, the Plan may be abolished or amended at that point in time.

3. Rationality and fairness of the Plan

1) The Plan respects Shareholders' intention.

This Plan shall continue upon approval of the shareholders at the 162nd Shareholders Meeting of the Company. The Plan shall be altered or abolished even after the approval of the Plan with the resolution to do so at a general meeting of shareholders. Therefore, opinion of Shareholders of the Company shall be fully respected at introduction, alternation and abolishment of the Plan.

Also, even before the expiration of the effective period for the Plan, we will consider updating the Plan as necessary, based on revisions to relevant laws and regulations, but for substantial changes or abolition, we will consult with a general meeting of shareholders in the form of a proposal.

Because the term of office of Directors of the Company (excluding Directors who are Audit & Supervisory Board Members) is 1 year, even during the effective period for the Plan, with regard to the continuation of the Plan, the will of shareholders shall be reflected through the exercise of voting rights in relation to proposals to elect Directors at the Annual General Meeting of Shareholders.

- 2) The Plan satisfies the requirements of the guidelines on takeover defense measures.  
The Plan satisfies all three principles (1. principle of protecting and enhancing corporate value and common interest of shareholders, 2. principle of prior disclosure and shareholders' decision, and 3. principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

They also take into account the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008.

- 3) The Plan is continued for the purpose of protecting and enhancing corporate value of the Company and the common interest of Shareholders.  
The Plan, as described in 2 above, require a Large-Scale Acquirer to provide necessary information and ensure the necessary time in relation to the Large-Scale Acquisitions beforehand, enabling the Board of Directors of the Company to evaluate, investigate, negotiate, form opinions and draw up alternative proposals in relation to the Large-Scale Acquisitions.  
As a result, shareholders can make an appropriate judgment with regard to whether or not the Large-Scale Acquisitions should be accepted.  
In other words, the Plan is being continued in order to suppress Large-Scale Acquisitions that harm the corporate value of the Company and conflict with the common interest of shareholders.
- 4) Reasonable and objective requirements for the exercise of the Plan  
The countermeasures against Large-Scale Acquisitions in the Plan is set up so that it will not be exercised unless reasonable and objective requirements are satisfied, and disclosed in advance, thus providing a mechanism to ensure that it is not exercised arbitrarily by the Board of Directors of the Company.
- 5) Establishment of Independent Committee and obtaining of advice from external experts  
An Independent Committee will be established by the Company as an organ to prevent arbitrary judgments by the Board of Directors.

The Independent Committee consists of at least three members selected from among outside directors and outside experts, who are independent of the directors of the Company who execute business. It advises the Board of Directors on such matters as whether or not countermeasures should be exercised, the convening of general meetings of shareholders of the Company to confirm the intention of shareholders, and extension of the Board of Directors evaluation period.

The Board of Directors shall pay utmost respect to such advice, and it makes resolutions as an organ under the Companies Act.

- 6) The Plan is not a dead-hand type or slow-hand type takeover defense plan.  
The Plan may be abolished by the Board of Directors of the Company appointed by the majority of the Shareholders of the Company. That makes the Plan not being a dead-hand takeover defense



measure (a takeover defense measure in which even if a majority members of the Board of Directors are replaced, the triggering of the measure cannot be stopped).

Also, as the term of office of the Company's Director is one (1) year and the Company has not adopted a system of staggered term of office for the board of directors, the Plan is not a slow-hand takeover defense measure (a takeover defense measure in which the triggering of the measure takes more time to stop due to the fact that all members of the board of directors cannot be replaced at once.)

#### 4. Impact on shareholders and investors

##### 1) Impact on shareholders and investors by the resolution of the Plan

At the time at which the Plan is resolved at the 162nd Shareholders Meeting, the gratis allotment of Share Acquisition Rights itself will not be carried out.

Accordingly, the Plan does not directly have any specific impact on the legal rights or economic benefits related to shares of the Company held by shareholders.

##### 2) Impact on shareholders and investors at the time of gratis allotment of the Share Acquisition Rights

In cases where the Board of Directors makes the decision to exercise countermeasures, and passes a resolution in relation to the gratis allotment of Share Acquisition Rights in accordance with the Plan, all shareholders registered or recorded in the final shareholder registry on a reference date to be specified separately shall be allotted the Share Acquisition Rights without contribution, at a rate of at least 1 per share held to be specified separately by the Board of Directors, and on an effective date to be specified separately.

Due to the nature of such structure, while the gratis allotment of the Share Acquisition Rights causes dilution of the economic value per share of the Company held by each shareholder, it does not cause dilution of the total economic value of the shares of the Company held by each shareholder. In addition, because no dilution of voting rights per share of the Company takes place, no direct and specific impact on legal rights or economic benefits pertaining to the total shares of the Company held by shareholders is expected.

Note that, even in the event that the gratis allotment of Share Acquisition Rights is resolved by a board of directors' meeting of the Company, in cases where the Board of Directors terminates or revokes the countermeasures in accordance with the procedure described in 2.6) above, the economic benefits per share of the Company held by shareholders and investors will not be diluted. Accordingly, shareholders and investors who have traded shares of the Company based on the assumption that dilution of economic value per share of the Company would occur may be exposed to a loss due to share price fluctuation.

##### 3) Impact on shareholders and investors when Share Acquisition Rights are exercised or acquired after the gratis allotment of Share Acquisition Rights

Since discriminatory conditions will be attached in relation to the exercise or acquisition of the Share Acquisition Rights, while the legal rights, etc. of the Large-Scale Acquirer are expected to be affected with regard to the said exercise or acquisition, such conditions are not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company held by shareholders other than the Large-Scale Acquirer.

Please be aware that, because the transfer of the Share Acquisition Rights themselves is restricted, from the reference date for the gratis allotment of share acquisition rights onward, in cases where shares are delivered to shareholders as a result of the exercise or purchase of Share Acquisition Rights, during the period up to the point at which the shares are delivered to shareholders, there may be limits on recovering the capital invested, by means of transfer, in relation to the portion of the value of the shares held by shareholders that is attributable to Share Acquisition Rights.

## Status of the Company's shares (as of March 31, 2020)

1. Total number of shares authorized to be issued 20,000,000 shares
2. Total number of shares issued 8,413,726 shares(including 510,700 treasury shares)
3. Number of shareholders 7,042

## 4. Main shareholders (Top 10)

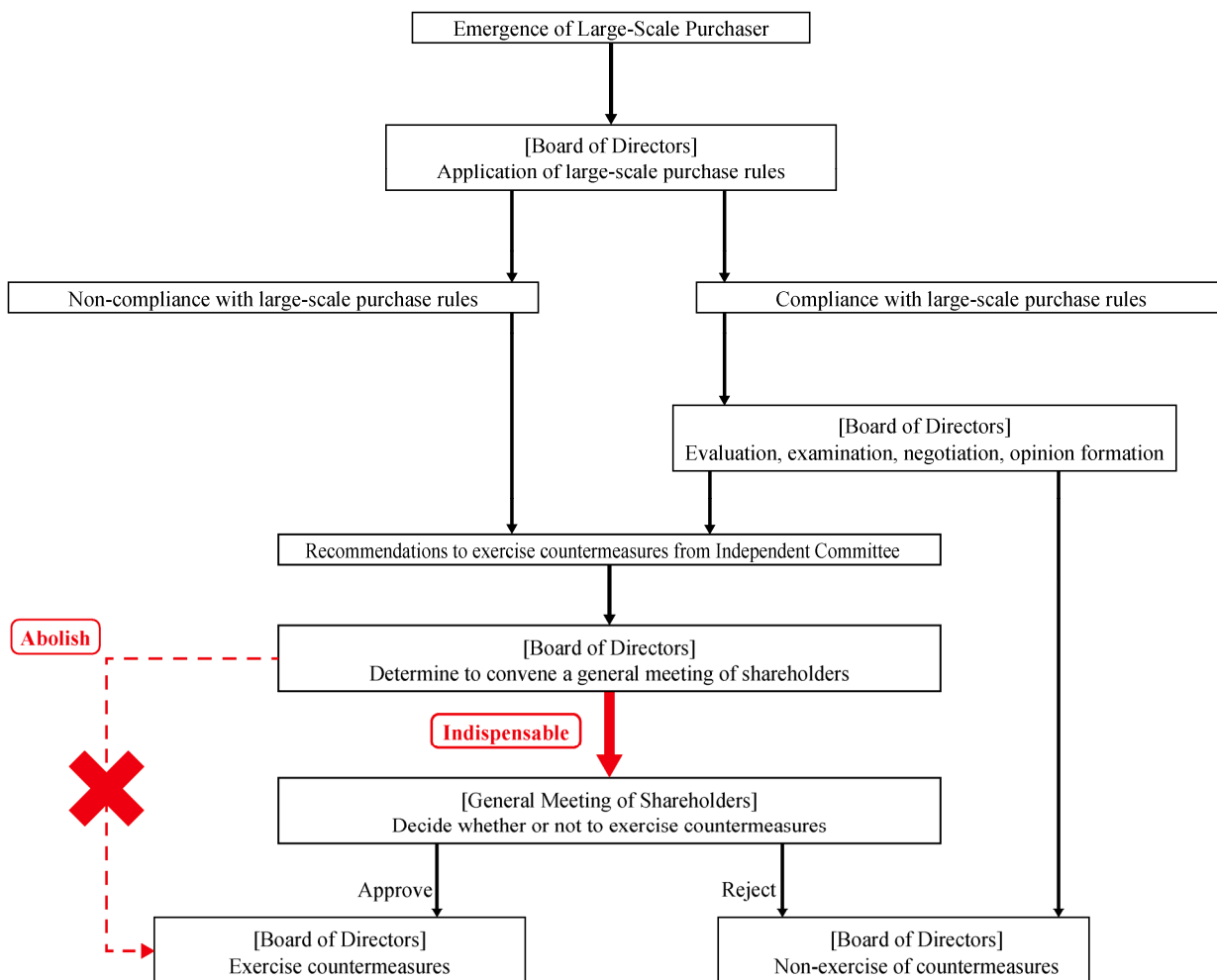
Name of Shareholder	Contribution in the Company	
	Number of shares held	Shareholding ratio
Tosoh Corporation	700,000 shares	8.9%
The Master Trust Bank of Japan, Ltd. (Trust Account)	684,100 shares	8.7%
Japan Trustee Services Bank, Ltd. (Trust Account)	592,700 shares	7.5%
Mizuho Bank, Ltd.	298,704 shares	3.8%
The Norinchukin Bank	227,430 shares	2.9%
Meiji Yasuda Life Insurance Company	164,535 shares	2.1%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	148,600 shares	1.9%
The Toho Bank, Ltd.	148,399 shares	1.9%
Mitsui Sumitomo Insurance Company, Limited	141,400 shares	1.8%
The Yamaguchi Bank, Ltd.	130,000 shares	1.6%

\* The Company holds treasury shares (510,700 shares), which is excluded from the major shareholders mentioned above.

\* The shareholding ratio is calculated by excluding the number of treasury shares.

Overview of Takeover Defense Measures

This “Overview of Takeover Defense Measures” is prepared only as reference, with the aim of assisting your understanding of the Plan. Please refer to the main text for the details of the Plan.



Career Summary of the Independent Committee Members

The members of the Independent Committee for the Plan are the following three individuals.

Shuji Kato (Date of birth: January 10, 1953)

- Apr. 1975      Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
- June 1995      Counsellor, Director-General's Secretariat of National Land Agency
- May 1997      Attached to Minister's Secretariat of Ministry of International Trade and Industry
- Dec. 1997      Senior Economist of International Economic Policy Study Group
- May 1999      Commissioner of International Economic Policy Study Group  
Special Visiting Researcher of Japan Industrial Location Center
- Dec. 2001      Joined BICCAMERA INC.  
Representative Director and President of Future Ecology Co., Ltd.
- Nov. 2003      Director of BICCAMERA INC.
- Feb. 2010      Director, CSRO and Manager of Internal Control Office
- June 2013      Outside Audit & Supervisory Board Member of KOBAYASHI YOKO CO., LTD.  
(currently outside Director (Audit and Supervisory Committee Member))  
Outside Director of the Company
- June 2015      Outside Director (Audit & Supervisory Committee Member) (current position)

Nobuhiro Yamamoto (Date of birth: February 22, 1956)

- Apr. 1979      Joined The Norinchukin Bank
- June 2007      General Manager of Procedures & Operations Planning Division
- June 2009      Director and General Manager of Planning Control Department of The Cooperative Servicing Co., Ltd.
- Oct. 2010      Director and General Manager of Business Operations Department
- June 2012      Managing Director
- June 2015      Outside Director of the Company (Audit & Supervisory Committee Member) (current position)

Masaki Sakai (Date of birth: May 27, 1956)

- Apr. 1981      Joined Ministry of Agriculture, Forestry and Fisheries (MAFF)
- July 2009      Deputy Director-General for Management Improvement Bureau and Policy Evaluation
- Aug. 2011      Director-General, International Affairs Department, Minister's Secretariat
- Apr. 2013      Director-General, Statistics Department, Minister's Secretariat
- Apr. 2014      Ambassador Extraordinary and Plenipotentiary to the Federated States of Micronesia and Republic of Marshall Islands
- Aug. 2016      Advisor for Sompo Japan Nipponkoa Insurance Inc.
- Dec. 2018      Retired from Sompo Japan Nipponkoa Insurance Inc.
- June 2019      Executive Director and Secretary General of Steady Supply of Fishery Products Promotion Foundation
- June 2019      Outside Director of the Company (Audit & Supervisory Committee Member) (current position)

## Overview of the allotment of the share acquisition rights

1. Shareholders eligible for delivery of share acquisition rights, and allotment conditions  
The Share Acquisition Rights shall be allotted without contribution to shareholders whose names are recorded in the final shareholder registry as of the allotment date determined by the Board of Directors, at the rate of 1 share acquisition right per share held (however, this shall exclude Company's common shares held by the Company).
2. Class and number of shares underlying the share acquisition rights  
The class of shares underlying the share acquisition rights shall be common shares of the Company, and the number of underlying shares per share acquisition right shall be 1. However, in cases where the Company carries out a share split or share consolidation, this shall be subject to required adjustment.
3. Total number share acquisition rights to be issued and allotted  
The total number of share acquisition rights allotted shall be determined by the Board of Directors of the Company.
4. Allotment price of share acquisition rights  
Share acquisition rights shall be allotted without contribution.
5. Amount to be paid in per share acquisition right upon exercise  
The amount to be paid in upon exercise of share acquisition rights shall be an amount determined by the Board of Directors of the Company, and shall not be less than 1 yen per share acquisition right.

After share acquisition rights have been issued, each shareholder shall complete and submit an application form for the exercise of the share acquisition rights, during the rights exercise period, in addition to submitting documents in a format prescribed by the Company that include a statement testifying that the shareholder themselves is not a Large-Scale Purchaser. Upon payment of an amount per share acquisition right of at least 1 yen, determined by the Board of Directors of the Company, to a payment-handling institution, 1 share of the Company's common stock will be issued for each share acquisition right.

However, in cases where the Company makes a change, such as the addition of a clause (an acquisition clause) that enables the Company to acquire the share acquisition rights in exchange for the Company's shares or other assets, or, in other words, in cases where it has been determined that the Company can obtain the share acquisition rights in exchange for the Company's shares, if the Company completes the acquisition procedures, the shareholders who own the share acquisition rights determined by the Company's Board of Directors to be the subject of the acquisition will receive shares of the Company as consideration for the acquisition by the Company of the share acquisition rights without having to pay any sum of money equivalent to the exercise price thereof.

6. Restrictions on the transfer of share acquisition rights  
Any transfer of the share acquisition rights shall be subject to the approval of the Board of Directors of the Company.
7. Exercise conditions  
Large-Scale Purchasers shall not be permitted to exercise share acquisition rights.
8. Exercise period, etc. of the share acquisition rights  
The exercise period of the share acquisition rights, exercise conditions other than those in 7. above, reasons for cancellation and cancellation conditions, and other necessary matters shall be separately specified by the Board of Directors of the Company.

9. Share acquisition rights with call provisions

As described in 5 above, in some cases the Company may make a change, such as the addition of a clause (an acquisition clause) that enables the Company to acquire the share acquisition rights in exchange for the Company's shares or other assets.

Cases where it is recognized that significant harm would be caused to the corporate value of the Company, and in turn to the common interest of shareholders

1. Cases where the Large-Scale Purchaser is found to be a party who does not have any intention to participate in corporate management and is acquiring or intends to acquire shares, etc. of the Company only for the purpose of selling the shares, etc. of the Company to the Company or a related party of the Company at a high price after driving the share price higher (a so-called greenmailer)
2. Cases where the Large-Scale Purchaser is found to be acquiring shares, etc. of the Company for the purpose of transferring such assets of the Company or the Group companies as intellectual property rights, know-how, corporate secrets, major business partners or customers that are necessary for the business operation of the Company or the Group companies to the Large-Scale Purchaser or its group companies, etc. by temporarily acquiring control over the corporate management of the Company
3. Cases where the Large-Scale Purchaser is found to be acquiring shares, etc. of the Company for the purpose of using the assets of the Company or the Group companies as collateral for or the source of funds to repay, debts of the Large-Scale Purchaser or its group companies, etc. after acquiring the control over the corporate management of the Company
4. Cases where the Large-Scale Purchaser is found to be acquiring shares, etc. of the Company for the purpose of temporarily acquiring the control over the corporate management of the Company and disposing high-value assets, etc. such as real estate, securities, etc., that are not currently related to the business of the Company or the Group companies by sale, etc. and temporarily paying higher dividends from the disposition proceeds or causing share price surges during the period of the said temporarily higher dividends
5. Cases where the method of purchase of shares, etc. of the Company proposed by the Large-Scale Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer and shareholders could be effectively forced to sell the shares, etc. of the Company

**Proposal No. 2** Election of Three Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of office of all three Directors (excluding Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this meeting.

Therefore, the Company proposes the election of three Directors (excluding Directors who are Audit & Supervisory Committee Members).

Moreover, this proposal has been considered by the Audit & Supervisory Committee, but they have expressed no opinion.

Candidates for Director (excluding Directors who are Audit & Supervisory Committee Members) are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Yuto Matsumoto (November 19, 1960)	Apr. 1983	Joined the Company	7,100 shares
	Reelection	June 2004	Director and President of HODOGAYA CHEMICAL (U.S.A.), INC.	
	Tenure as Director (At the conclusion of this meeting) 5 years	Apr. 2010	General Manager of Color & Imaging Materials Division of the Company	
	Attendance at the Board of Directors Meetings during fiscal 2019 17/17 times	Apr. 2012	General Manager of Imaging Materials Division	
		Apr. 2013	General Manager of Business Promotion Division	
		Apr. 2014	Executive Officer and General Manager of Business Promotion Division	
		June 2015	Director and Managing Executive Officer	
		Nov. 2016	Representative Director, President and CEO (current position)	
Reasons for nomination as candidate for Director After joining the Company in April 1983, he worked in the Research & Development Department, has engaged in operations of sales department including overseas business, and became Representative Director and President of the Company in November 2016. He has extensive experience and knowledge and has been appropriately fulfilling his duties. Therefore, the Company judges that he is qualified as Director of the Company.				
2	Kaoru Kasahara (July 18, 1956)	Apr. 1981	Joined the Company	4,300 shares
	New election	Apr. 2009	General Manager of Research Planning Management Department	
	Tenure as Director (At the conclusion of this meeting)* —	Apr. 2010	Executive Officer and General Manager of Research & Development Department	
	Attendance at the Board of Directors Meetings during fiscal 2019 —	Apr. 2015	Executive Officer and Deputy Supervising Manager of Research & Development Department	
		June 2015	Director and Managing Executive Officer	
		Jan. 2018	Managing Executive Officer	
		Nov. 2019	Senior Managing Executive Officer (current position)	
Reasons for nomination as candidate for Director Since joining the Company in April 1981, he has engaged in operations of the research & development and production departments. Currently, he has extensive experience and knowledge for supervising the Research & Development Department and Production Department of the Group, and has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director of the Company.				
* The period from June 2015 to December 2017 in which he served as Director is not included.				



Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p>Eiichi Sunada (June 24, 1951)</p> <p>Reelection</p> <p>Tenure as Director (At the conclusion of this meeting) 5 years</p> <p>Attendance at the Board of Directors Meetings during fiscal 2019 17/17 times</p>	<p>June 2002 General Manager of Legal &amp; Intellectual Property Department of the Company</p> <p>Apr. 2004 General Manager of Compliance Department</p> <p>June 2005 Executive Officer and General Manager of Compliance Department</p> <p>July 2006 Executive Officer and General Manager of Business Innovation Department</p> <p>June 2008 Executive Officer, General Manager of Internal Control Department and General Manager of IT Planning &amp; Administration Department</p> <p>Apr. 2011 Managing Executive Officer and General Manager of Internal Control Department</p> <p>June 2014 Managing Executive Officer and General Manager of Legal Department</p> <p>June 2015 Director and Managing Executive Officer</p> <p>Jan. 2018 Director and Senior Managing Executive Officer (current position)</p>	4,400 shares
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company in June 2002, he has engaged in operations of Legal, Internal Control, Internal Auditors and IT Departments of the Group. He has extensive experience and knowledge for supervising the Corporate Planning, Legal, and Internal Auditors Departments, and has been appropriately fulfilling his duties. Therefore, the Company judges he is qualified as Director of the Company.</p>			

\* There is no special interest between any of the candidates and the Company.

\* The responsibilities of each candidate at the end of the fiscal year are stated on page 50 and 51 of this notice. (Only available in Japanese version)