

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders.  
In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.*

Securities identification code: 5480  
June 8, 2020

To our shareholders:

Hisashi Kubota  
Representative Director and President  
**Nippon Yakin Kogyo Co., Ltd.**  
5-8, Kyobashi 1-chome, Chuo-ku, Tokyo

## Notice of the 138th Annual General Meeting of Shareholders

Please be advised that the 138th Annual General Meeting of Shareholders of Nippon Yakin Kogyo Co., Ltd. (the “Company”) will be held as described below.

**In order to prevent spreading the infection of COVID-19, shareholders are requested to avoid attending this General Meeting of Shareholders and exercise your voting rights by voting form or by electromagnetic means (e.g. the Internet) after examining the Reference Documents for the General Meeting of Shareholders given below. Please see page 3 for information on how to exercise your voting rights.**

### Meeting Details

- 1. Date and time:** Thursday, June 25, 2020 at 10:00 a.m. (Japan Standard Time)  
**2. Venue:** 1st Floor of Kawasaki Sorinso  
8-14, 2-Chome, Egawa, Kawasaki-ku, Kawasaki-shi, Kanagawa

**3. Purposes:**

**Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 138th Term (from April 1, 2019 to March 31, 2020), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. Non-Consolidated Financial Statements for the 138th Term (from April 1, 2019 to March 31, 2020)

**Items to be resolved:**

- Proposal 1:** Appropriation of surplus  
**Proposal 2:** Election of three (3) Directors  
**Proposal 3:** Election of one (1) Audit & Supervisory Board Member  
**Proposal 4:** Election of one (1) substitute Audit & Supervisory Board Member  
**Proposal 5:** Continuation of Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)

- Please submit the enclosed voting form at the reception of the venue if you attend the General Meeting of Shareholders. Please bring this convocation notice to save resources.
- If the need arises to revise the information contained in the business report, consolidated financial statements, non-consolidated financial statements or reference documents for the General Meeting of Shareholders of this convocation notice, please understand that we will post those revised matters on the Company's website on the Internet (<http://www.nyk.co.jp/>).
- Matters concerning Internet disclosure  
The following matters have been posted on the Company's website on the Internet (<http://www.nyk.co.jp/>) under the provisions in laws, ordinances and Article 17 of the Company's Articles of Incorporation. Therefore, they are not contained in this convocation notice.
  - (1) Notes to the consolidated financial statements
  - (2) Notes to the non-consolidated financial statements
 The consolidated financial statements and non-consolidated financial statements, which were audited when the audit report was prepared by the Audit & Supervisory Board and when the accounting audit report was prepared by the Accounting Auditors, are also included as those that should be presented as these notes to the consolidated and non-consolidated financial statements in addition to those that are presented in the documents attached to this convocation notice.
- Exercising of voting rights in duplicate:
  - (1) If you exercise your voting rights in duplicate by voting form and by electromagnetic means (e.g. the Internet), we will treat the voting rights exercised by electromagnetic means as being valid.
  - (2) If you exercise your voting rights multiple times by electromagnetic means (e.g. the Internet), we will treat the voting rights exercised the last time as being valid.
- Please understand that results of voting at this meeting will be posted on the Company's website on the Internet (<http://www.nyk.co.jp/>) in lieu of sending a written notice to shareholders.

[Notice, etc.]

1. Please wear a mask when attending the meeting. Shareholders who do not wear a mask may be denied entry to the meeting.
2. Shareholders attending the meeting who seem to be feeling ill may be denied entry to the meeting.
3. As distance between shareholder seating will be increased, it may be impossible to provide sufficient seating. If all seats are filled, shareholders may not be allowed to be seated or enter the venue.
4. If you have any questions regarding the information contained in this convocation notice, please send such inquiries by e-mail to the address below. Answers to questions with shareholder interest will be posted on the Company's website on the Internet (<http://www.nyk.co.jp/>) at a later date. Please note that we cannot respond to individual questions.  
E-mail address: [yakin.soukai@nyk.jp](mailto:yakin.soukai@nyk.jp)  
Deadline: Wednesday, June 24, 2020 at 5:30 p.m. (Japan Standard Time)
5. Other measures to prevent spreading the infection of COVID-19 and changes in the operation of the General Meeting of Shareholders will be posted on the Company's website on the Internet (<http://www.nyk.co.jp/>).

## **Information on How to Exercise Your Voting Rights**

The following methods are available for the exercise of voting rights.

### **Voting by Attending the General Meeting of Shareholders**

Please submit your voting form at the reception of the venue. (You do not need to affix your seal.)

Date and Time: Thursday, June 25, 2020 at 10:00 a.m. (Start of reception: 9:00 a.m.) (Japan Standard Time)

Venue: 1st floor of Kawasaki Sorinso

### **Voting by Mail**

Please indicate your approval or disapproval of the proposals on the enclosed voting form and then post it without affixing a postage stamp.

Deadline: It must arrive by Wednesday, June 24, 2020 at 5:30 p.m.

### **Voting via the Internet (only in Japanese)**

Please access our voting website (<https://evote.tr.mufg.jp/>) on a PC or smartphone and then enter your “login ID” and “temporary password” written on the enclosed voting form. Next, please enter your approval or disapproval according to the instructions on the screen.

Deadline: Wednesday, June 24, 2020 at 5:30 p.m.

### **■ Electronic Voting Platform – For Institutional Investors**

The Company participates in the Electronic Voting Platform operated by ICJ, Inc. The platform may be used if a management trust bank or other nominal shareholder applies in advance for its use.

## **Reference Documents for the General Meeting of Shareholders**

### **Proposal 1: Appropriation of surplus**

The basic policy of the Company is to operate stably while further strengthening our financial structure taking into consideration investment necessary to develop our business foundations and our earnings forecast. We propose to pay a dividend as below in accordance with this policy.

#### **Matters related to year-end dividends**

- (1) Type of dividend property  
Cash
- (2) Allocation of dividend property and total amount thereof  
30 yen per common share of the Company  
Total amount of dividends: 455,470,050 yen
- (3) Effective date of distribution of dividends of surplus  
June 26, 2020

## Proposal 2: Election of three (3) Directors

The terms of office of three (3) Directors (Hisashi Kubota, Akira Horiuchi and Takashi Michibayashi) will expire at the conclusion of this meeting. Therefore, the Company proposes that three (3) Directors be elected.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hisashi Kubota (March 16, 1955)	<p>April 1978      Joined the Company</p> <p>December 2004      General Manager of Finance &amp; Accounting Department of the Company</p> <p>June 2008      Director, General Manager of Finance &amp; Accounting Department of the Company</p> <p>June 2010      Managing Director, General Manager of Finance &amp; Accounting Department of the Company</p> <p>June 2012      Director, Managing Executive Officer, General Manager of Finance &amp; Accounting Department of the Company</p> <p>June 2013      Director, Managing Executive Officer of the Company</p> <p>June 2016      Representative Director, Senior Managing Executive Officer, General Manager of Corporate Marketing Division of the Company</p> <p>April 2018      Representative Director and Executive Vice President, General Manager of Corporate Marketing Division of the Company</p> <p>April 2019      Representative Director and President, President and Executive Officer of the Company (present position)</p>	8,829
<p><b>Reasons for nomination as a candidate for Director</b></p> <p>Hisashi Kubota has experience as an officer responsible for the Corporate Planning Department, the Finance &amp; Accounting Department and the General Affairs Department as well as General Manager of Corporate Marketing Division, and has a wealth of experience and knowledge relating to the Company's corporate management. Since he was appointed Representative Director and President, President and Executive Officer last April, he has put together the Medium-Term Management Plan 2020 which covers three years starting from fiscal year 2020, leading the Company's management to achieve the goals of this plan. The Company again nominated him as a candidate for Director with the expectation that these rich experiences and achievements will be instrumental in the decision-making of the Board of Directors while contributing to improving the corporate value of the Company.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)		Number of the Company’s shares owned
2	[New appointment]  Shinpei Ito (January 10, 1962)	April 1984	Joined the Company	2,647
		April 2005	General Manager of Hiroshima Branch of the Company	
		April 2010	General Manager of Osaka Branch of the Company	
		April 2016	Deputy General Manager of Corporate Marketing Division of the Company	
		April 2017	Executive Officer, Deputy General Manager of Corporate Marketing Division of the Company	
		April 2019	Managing Executive Officer, General Manager of Corporate Marketing Division of the Company (present position)	
<b>Reasons for nomination as a candidate for Director</b> Shinpei Ito has experience as General Manager of Hiroshima Branch and General Manager of Osaka Branch, and has a wealth of experience and knowledge in the Company’s sales division. Since he was appointed Managing Executive Officer, General Manager of Corporate Marketing Division last April, he is leading important sales strategies of the Medium-Term Management Plan 2020, such as sales expansion of high-performance alloys and strengthening the customer base of standard grade stainless steel and the revenue base for the future. The Company nominated him as a candidate for Director with the expectation that these rich experiences and achievements will be instrumental in the decision-making of the Board of Directors while contributing to improving the corporate value of the Company.				

No.	Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Takashi Michibayashi (August 21, 1951)	<p>April 1975      Joined Nippon Steel Corporation (currently Nippon Steel Corporation)</p> <p>June 1997      Overseas Business Planning Group Manager of Corporate Planning Division, Head Office of Nippon Steel Corporation</p> <p>July 1999      Seconded to The Siam United Steel Co., Ltd. (1995) (General Manager of Office of the President)</p> <p>April 2005      Advisor of Japan Metals &amp; Chemicals Co., Ltd.</p> <p>June 2006      Managing Director of Japan Metals &amp; Chemicals Co., Ltd.</p> <p>June 2008      Senior Managing Director of Japan Metals &amp; Chemicals Co., Ltd.</p> <p>June 2010      Representative Director and President of Japan Metals &amp; Chemicals Co., Ltd.</p> <p>June 2014      Senior Advisor of Japan Metals &amp; Chemicals Co., Ltd.</p> <p>June 2016      Outside Director of the Company (present position)</p>	740
<p><b>Reasons for nomination as a candidate for Outside Director</b></p> <p>Takashi Michibayashi has rich experience and extensive knowledge in corporate management. The Company proposes his candidacy for Outside Director so that he can provide valuable opinions and suggestions to the management of the Company by taking advantage of this knowledge and experience.</p>			

Notes:

1. There is no special interest between any of the candidates and the Company.
2. Takashi Michibayashi is a candidate for Outside Director. He meets the requirements of Independent Officer as stipulated by the Tokyo Stock Exchange. Therefore, if his election is approved, we will continue the registration of Takashi Michibayashi as Independent Officer.
3. Takashi Michibayashi is currently Outside Director of the Company. His term of office as Outside Director will have been four (4) years at the conclusion of this meeting.
4. Pursuant to the provisions of Article 427, paragraph (1) of Companies Act, if Takashi Michibayashi is elected, the Company will enter into an agreement with him limiting his liability for damages as stipulated in Article 423, paragraph (1) of the same Act. The amount of liability pursuant to the agreement is limited to the minimum liability amount provided for in Article 425, paragraph (1) of the same Act.

### Proposal 3: Election of one (1) Audit & Supervisory Board Member

The term of office of Masahiko Kishiki will expire at the conclusion of this General Meeting of Shareholders. Therefore, the Company proposes the election of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Audit & Supervisory Member is as follows:

Name (Date of birth)	Career summary and position (significant concurrent positions outside the Company)		Number of the Company’s shares owned
[New appointment]  Yasuji Kawabata (December 9, 1955)	April 1979	Joined Nippon Seisen Co., Ltd.	0
	June 2007	General Manager of Sales Planning Department of Nippon Seisen Co., Ltd.	
	April 2010	Executive Officer, General Manager of Tokyo Branch of Nippon Seisen Co., Ltd.	
	April 2014	Executive Officer, General Manager of Osaka Branch of Nippon Seisen Co., Ltd.	
	May 2014	Managing Executive Officer, General Manager of Osaka Branch of Nippon Seisen Co., Ltd.	
	January 2015	Managing Executive Officer of Nippon Seisen Co., Ltd.	
	June 2016	Director, Managing Executive Officer of Nippon Seisen Co., Ltd.	
	April 2019	Director of Nippon Seisen Co., Ltd.	
	June 2019	Advisor of Nippon Seisen Co., Ltd. (present position)	
<b>Reasons for nomination as a candidate for Outside Audit &amp; Supervisory Board Member</b> Yasuji Kawabata has a wealth of experience and extensive knowledge in corporate management. The Company nominated him as a candidate for Outside Audit & Supervisory Member to seek appropriate advice and audits to the Company by utilizing his expertise.			

Notes:

1. There are no special interests between the candidate and the Company.
2. Yasuji Kawabata is a candidate for Outside Audit & Supervisory Board Member. He meets the requirements of Independent Officer as stipulated by the Tokyo Stock Exchange. Therefore, if his election is approved, we will register Yasuji Kawabata as Independent Officer.
3. There were no dealings between Nippon Seisen Co., Ltd. and the Company in the most recent fiscal year.
4. Pursuant to the provisions of Article 427, paragraph (1) of Companies Act, if Yasuji Kawabata is elected, the Company will enter into an agreement with him limiting his liability for damages as stipulated in Article 423, paragraph (1) of the same Act. The amount of liability pursuant to the agreement is limited to the minimum liability amount provided for in Article 425, paragraph (1) of the same Act.



#### **Proposal 4: Election of one (1) substitute Audit & Supervisory Board Member**

The Company proposes that one (1) substitute Audit & Supervisory Board Member be elected to prepare for a case where the number of Audit & Supervisory Board Members falls below the number stipulated by laws and regulations.

The Audit & Supervisory Board has given its consent to this proposal.

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

Name (Date of birth)	Career summary (significant concurrent positions outside the Company)	Number of the Company's shares owned
Nobuyuki Hoshikawa (August 15, 1970)	April 2002 Legal Apprentice, the Legal Training & Research Institute, the Supreme Court of Japan October 2003 Registered as an Attorney at Law (Daini Tokyo Bar Association) Joined LPC Hoshikawa Law Office (present position)	0
<b>Reasons for nomination as a candidate for substitute Outside Audit &amp; Supervisory Board Member</b> Nobuyuki Hoshikawa is the substitute Outside Audit & Supervisory Board Member candidate so that he can utilize his legal knowledge cultivated as a lawyer in the audit structure of the Company from a viewpoint of mainly compliance if elected as Audit & Supervisory Board Member.		

Notes:

1. There is no special interest between the candidate and the Company.
2. Nobuyuki Hoshikawa is a candidate for substitute Outside Audit & Supervisory Board Member.
3. Nobuyuki Hoshikawa has no experience of being directly involved in corporate management. However, he is well-versed in corporate legal affairs, including corporate governance, as a lawyer and has sufficient insight to oversee corporate management. Therefore, we believe he will be able to appropriately execute his duties as Outside Audit & Supervisory Board Member.
4. Pursuant to the provisions of Article 427, paragraph (1) of Companies Act, if Nobuyuki Hoshikawa is elected, the Company will enter into an agreement with him limiting his liability for damages as stipulated in Article 423, paragraph (1) of the same Act. The amount of liability pursuant to the agreement is limited to the minimum liability amount provided for in Article 425, paragraph (1) of the same Act.

## **Proposal 5: Continuation of Policy for Responding to Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)**

At a meeting of the Company's Board of Directors held on May 9, 2017, the Company decided to introduce a policy for responding to large-scale purchases of the Company's shares (hereinafter the "Original Policy"; for an overview of the Original Policy, please refer to the below-mentioned Business Report, item 6. (3) "Overview of Measures to Prevent Persons Who are Unsuitable in Light of the Basic Policy from Controlling Decisions on the Company's Financial and Business Policies" on pages 64 to 69 of the Japanese version of this document) and made a public announcement to that effect on the same date. Subsequently, at the 135th Annual General Meeting of Shareholders of the Company held on June 28, 2017, a proposal related to the introduction of the Original Policy was approved and passed based on the votes of shareholders in attendance, in accordance with Article 13 of the Company's Articles of Incorporation. Thereafter, the Company has continued considering the content of the Original Policy as a measure for further protecting and enhancing the corporate value of the Company and the shareholders' common interests, including the appropriateness of continuing the Original Policy, taking into consideration recent changes in social and economic trends, trends in discussions surrounding takeover defense measures, and other factors, while closely following trends in amendments to related laws and regulations, etc.

As a result of this consideration, the Company has decided that it is necessary to continue a policy for responding to large-scale purchases of the Company's shares, in order to protect and enhance the corporate value of the Company and the shareholders' common interests, based on the following:

- 1) the fact that under the tender offer system in Japan, it cannot be said that information and time is sufficiently ensured as necessary for shareholders to make an assessment concerning such matters as whether or not to accept a large-scale purchase of shares;
- 2) the fact that there have been apparent instances in capital markets in Japan in recent years of so-called hostile large-scale purchases of shares being forcibly and suddenly conducted in a one-sided manner, without going through the processes of consulting and agreeing with the management of the target company; and
- 3) the fact that if a purchase of shares as described in item 2) above results in obstacles to the uninterrupted execution of the Company's business, it could prevent the stable supply of products and significantly impact our clients' business activities because, owing to the reorganization of the steel industry in recent years, there are only two companies, including the Company, supplying nickel-based stainless steel in Japan, in de facto terms, and because high-performance alloys manufactured by the Company (products in sheet and strip forms with a nickel content of 20% or more) are an essential industrial material in a variety of fields;

Accordingly, at a meeting of the Company's Board of Directors held on May 8, 2020, the Company decided to introduce the following policy for responding (hereinafter the "Policy") in place of the Original Policy, the effective period of which will expire at the conclusion of this General Meeting of Shareholders, subject to it being approved and passed based on a majority of the votes of shareholders in attendance at this General Meeting of Shareholders. Accordingly, the Company hereby requests that shareholders approve the proposal for the introduction of the Policy, in accordance with Article 13 of the Company's Articles of Incorporation. Furthermore, the Policy will be introduced at the conclusion of this General Meeting of Shareholders, subject to it being approved and passed based on a majority of the votes of shareholders in attendance at this General Meeting of Shareholders, and the Original Policy will remain in effect until that time.

In addition, the effective period of the Policy will be until the conclusion of the 141st Annual General Meeting of Shareholders of the Company to be held in June 2023.

The main changes, etc. from the Original Policy in the content of the Policy are as follows:

- The definition of large-scale purchases has been partially revised.
- Cases where countermeasures may be initiated based on the judgment of the Board of Directors of the Company without a resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders (as defined in item 2. (2) (i) (a) 2 below; hereinafter, the same applies) when a large-scale purchase is conducted in accordance with the Large-Scale Purchase Rules (as defined in item 2. (1) (ii) below; hereinafter, the same applies) have been limited to cases where it has been concluded that the large-scale purchase falls under one of the cases which are clearly recognized as an abusive purchase (the five categories covering the so-called four patterns specified by the Tokyo High Court and coercive two-step acquisitions; please refer to Attachment 1).
- It has been decided that only Outside Directors and Outside Audit & Supervisory Board Members who are Independent Officers of the Company will be selected as members of the Special Committee at the time of the introduction of the Policy (please refer to item 2. (3) (i) (a) below; hereinafter, the same applies), and the members of the Special Committee have been partially changed.
- Other amendments to expressions have been made for prescribed terms and phrases, in order to aid understanding of the Policy.

**(Reference 1)**

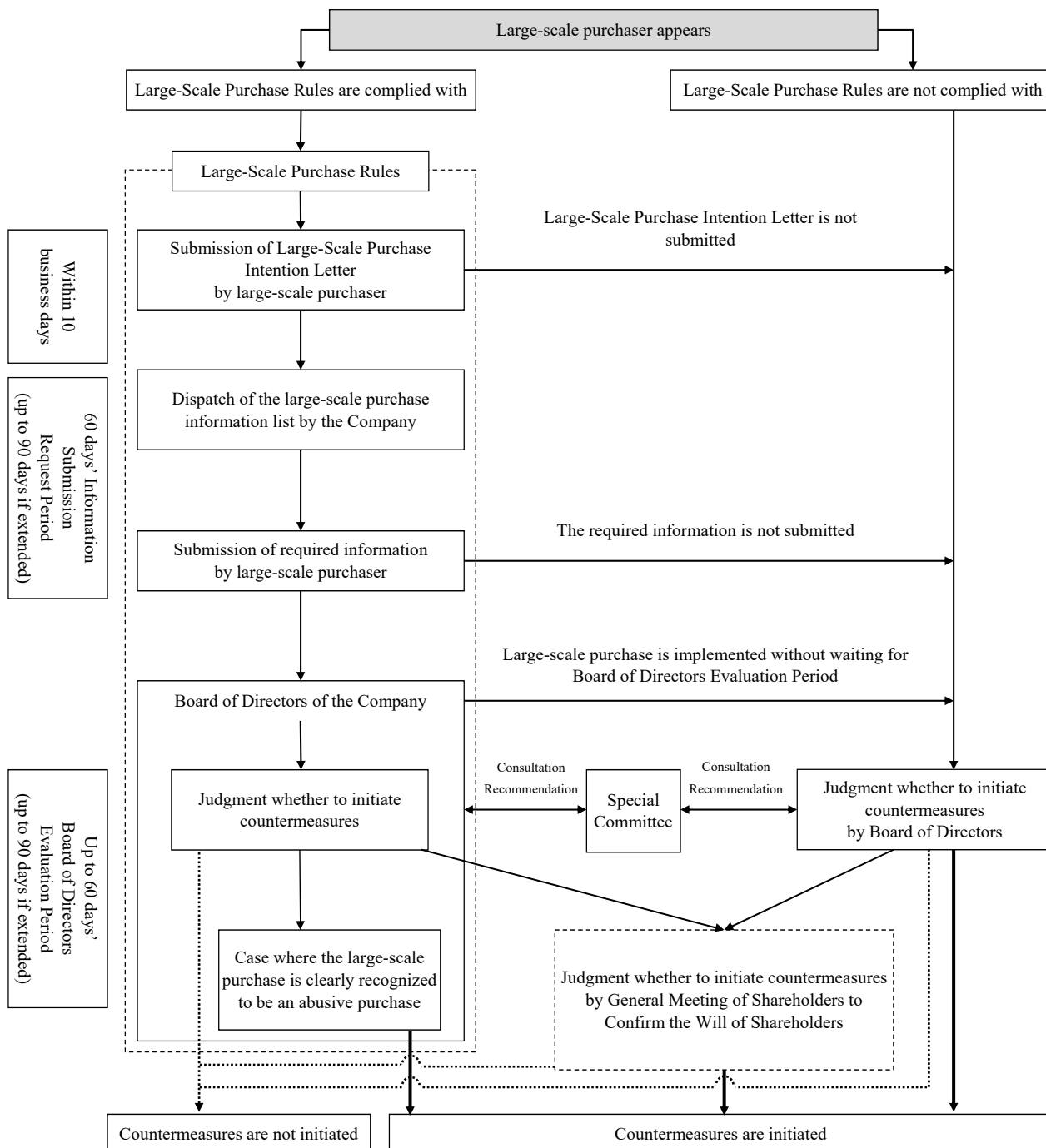
**Main Changes from the Original Policy**

Item	Original Policy	The Policy
Definition of large-scale purchases (2. (1) (i))	1) Purchases where the total ownership ratio of share certificates, etc. of a holder will be 20% or more 2) Tender offers where the sum of the ownership ratio of share certificates, etc. pertaining to the tender offer and the ownership ratio of share certificates, etc. of any specially related parties will be 20% or more	In addition to 1) and 2) on the left: 3) Agreements and other actions that create a relationship between a specified holder of share certificates, etc. and another holder, in which these persons fall under the definition of joint holders, or actions that create a relationship between the specified holder and the other holder, in which one party effectively controls the other or these parties act jointly or in concert (however, this only applies when the total ownership ratio of share certificates, etc. of the specified holder and the other holder will be 20% or more)
Cases where countermeasures may be initiated based on the judgment of the Board of Directors without a resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders, when a large-scale purchase is conducted in accordance with the Large-Scale Purchase Rules (2. (2) (i) (b))	In addition to the five categories covering the so-called four patterns specified by the Tokyo High Court and coercive two-step acquisitions, this also includes other cases where the large-scale purchase is recognized as an abusive purchase	Cases which are clearly recognized as an abusive purchase are limited to the five categories covering the so-called four patterns specified by the Tokyo High Court and coercive two-step acquisitions
Composition of members of the Special Committee at the time of the introduction of the policy for responding (Attachment 5)	In addition to Independent Outside Directors of the Company, outside experts are also selected	Only Outside Directors and Outside Audit & Supervisory Board Members who are Independent Officers of the Company are selected

\* This table has been prepared as a reference to aid understanding of the main changes from the Original Policy. For details of the Policy, please refer to the main text of this proposal.

(Reference 2)

Flowchart Concerning the “Policy for Responding to Large-Scale Purchases of the Company’s Shares”



\* The Board of Directors may also consult the Special Committee regarding initiating countermeasures during the Board of Directors Evaluation Period.

This flowchart has been prepared as a reference to aid understanding of an overview of the Policy. For details of the Policy, please refer to the main text of this proposal.

## 1. Purpose of Introducing the Policy

The Company will introduce the Policy in order to protect and enhance the corporate value of the Company and the shareholders' common interests, as described below. The details of the Company's views on the introduction of the Policy are as follows.

The Company is the only manufacturer in Japan performing the entire manufacturing process from ferro-nickel, the raw material in products, to high-quality stainless steel and high-performance nickel alloys, and its businesses cover a wide range of areas. In addition, the sources of the Company's corporate value stretch across a range of factors, including the Company's technical and development capabilities, business model, and strong relationships of trust with a variety of stakeholders. Moreover, the Company actually has various measures in place to ensure the fulfilment of its basic policy regarding persons controlling decisions on the financial and business policies of the Company, including initiatives based on medium-term management plans (hereinafter, the "Basic Policy").

Accordingly, the Company believes that, if it receives a large-scale purchase proposal from a large-scale purchaser (as defined in item 2. (1) (i) below; hereinafter, the same applies), it will be extremely difficult for shareholders to make an appropriate assessment regarding whether or not to accept the large-scale purchase proposal in a short time, based on a sufficient understanding of the corporate value of the Company, taking into consideration the above-mentioned status of the Company's businesses, the sources of its corporate value, and various measures actually in place by the Company, together with the specific terms and method of the purchase proposal, and other factors.

As a result, the Company believes that in order for shareholders to make an appropriate assessment regarding whether or not to accept the large-scale purchase proposal, sufficient information must be provided to shareholders, including not only information provided solely by the large-scale purchaser, but also information provided by the Board of Directors of the Company, which is actually responsible for the management of the Company and is well versed in the Company's businesses and the details of the various measures mentioned above, in addition to the views of the Board of Directors of the Company regarding the large-scale purchase. Furthermore, the Company also believes that it is essential that sufficient time is ensured for shareholders to carefully consider this information. In addition, the Company also believes that, if the terms and method of the large-scale purchase must be changed or improved from the perspective of protecting and enhancing the corporate value of the Company and the shareholders' common interests, it will be necessary to negotiate the terms and method of the large-scale purchase with the large-scale purchaser and submit an alternative proposal, etc.; therefore, the time necessary to fulfill these purposes should also be ensured.

Furthermore, the Board of Directors of the Company believes that it will be necessary to take necessary and appropriate countermeasures against the large-scale purchase in cases where, as a result of evaluating and considering whether or not the terms, method, etc. of the large-scale purchase, including any post-large-scale purchase management policies, etc. for the Company held by the large-scale purchaser, will contribute to protecting and enhancing the corporate value of the Company and the shareholders' common interests, it has been concluded that the large-scale purchase will significantly harm the corporate value of the Company and the shareholders' common interests, including cases where the intention is to purchase shares of the Company and engage in abusive corporate management for the sole purpose of pursuing the purchaser's own interests as a majority shareholder, where shareholders are effectively forced to sell the Company's shares, or where sufficient time is not ensured for shareholders to consider the terms, method, etc. of the purchase and for the Board of Directors of the Company to make an alternative proposal, etc.

Therefore, the Board of Directors of the Company has decided to introduce the Policy to request that any large-scale purchaser submit necessary information regarding the large-scale purchase that the large-scale purchaser is attempting to conduct in advance and ensure the time required for evaluation and consideration of the contents thereof, etc., in order to protect and enhance the corporate value of the Company and the shareholders' common

interests. Under the Policy, countermeasures may be initiated against large-scale purchasers attempting to conduct a large-scale purchase who do not comply with requests to submit sufficient information and to ensure sufficient time for consideration, etc., and large-scale purchasers conducting or attempting to conduct a large-scale purchase that will significantly harm the corporate value of the Company and the shareholders' common interests.

Furthermore, the Policy is designed so that initiation of countermeasures will depend on the will of shareholders. That is to say, as described in item 2. (2) (i) (b) below, if the large-scale purchaser conducts the large-scale purchase in accordance with the Large-Scale Purchase Rules, countermeasures must be initiated based on the will of shareholders, in accordance with a resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders, excluding cases which are clearly recognized as an abusive purchase. In addition, countermeasures may be initiated based on the judgment of the Board of Directors of the Company only when it has been concluded that the large-scale purchase falls under any of the cases which are clearly recognized as an abusive purchase (limited to the five cases listed in Attachment 1) and the procedures for consulting the Special Committee, an independent body from the Board of Directors of the Company, have been followed.

As described above, the Policy aims to protect the Company from large-scale purchases by such large-scale purchasers, and the introduction of the Policy is our effort to prevent persons considered unsuitable in light of the Basic Policy from controlling decisions on the financial and business policies of the Company.

Furthermore, as of the time of the decision to introduce the Policy by the Board of Directors of the Company, the Board of Directors of the Company has not received any proposal related to a large-scale purchase of the Company's shares from any specific third party. In addition, please refer to Attachment 2 for the status of the Company's major shareholders and submission of Statements of Large-Volume Holdings.

## 2. Content of the Policy

### (1) Establishment of Large-Scale Purchase Rules

#### (i) Large-Scale Purchases Subject to Initiation of Countermeasures

Countermeasures may be initiated based on the Policy if actions falling under any of categories 1) through 3) below or other similar actions are conducted or attempted (however, those approved in advance by the Board of Directors of the Company are excluded) (these actions are hereinafter referred to as "large-scale purchases," and persons conducting or attempting to conduct a large-scale purchase are hereinafter referred to as "large-scale purchasers").

- 1) Purchases of share certificates, etc.<sup>1</sup> issued by the Company, in which the total ownership ratio of share certificates, etc.<sup>2</sup> of a holder<sup>3</sup> will be 20% or more;
- 2) Tender offers for share certificates, etc.<sup>4</sup> issued by the Company in which the sum of the ownership ratio of share certificates, etc.<sup>5</sup> pertaining to the tender offer<sup>6</sup> and the ownership ratio of share certificates, etc. of any specially related parties<sup>7</sup> will be 20% or more.
- 3) Regardless of whether actions set forth in item 1) or 2) above are carried out, agreements and other actions that create a relationship between a specified holder of share certificates, etc. issued by the Company and another holder (including cases where there are multiple holders; hereinafter, the same applies in this item 3)) of share certificates, etc. issued by the Company, in which these persons fall under the definition of joint holders,<sup>8</sup> or actions that create a relationship<sup>9</sup> between the specified holder and the other holder, in which one party effectively controls the other or these parties act jointly or in concert<sup>10</sup> (however, this only applies when the total ownership ratio of share certificates, etc. of the specified holder of share certificates, etc. issued by the Company and the other holder will be 20% or more). Furthermore, if actions falling under

this item 3) (hereinafter, “large-scale purchase type 3”) are conducted or attempted, the specified holder, the other holders, and any other persons conducting the above actions shall be deemed to fall under the definition of large-scale purchaser and shall be subject to the Policy.

(ii) Advance Submission of Large-Scale Purchase Intention Letter to the Company

First, prior to the large-scale purchase, the large-scale purchaser must submit to the Company a Large-Scale Purchase Intention Letter written in Japanese that includes a pledge to conduct the large-scale purchase in accordance with the procedures set forth in the Policy (hereinafter, the “Large-Scale Purchase Rules”).

Specifically, the Large-Scale Purchase Intention Letter should include the following information:

(a) Overview of the large-scale purchaser

- 1) Name or corporate name and address or location
- 2) Name of representative
- 3) Objective of company, etc. and details of businesses
- 4) Overview of major shareholders or major investors (top ten by number of shares held or investment stake held)
- 5) Contact details within Japan
- 6) Governing law of incorporation

(b) Number of the Company’s share certificates, etc. currently held by the large-scale purchaser and the status of any transactions for the Company’s share certificates, etc. by the large-scale purchaser during a period of 60 days prior to the submission of the Large-Scale Purchase Intention Letter

(c) Outline of the large-scale purchase proposed by the large-scale purchaser (including the class and number of the Company’s share certificates, etc. to be acquired by the large-scale purchaser in the large-scale purchase and an overview of the objective of the large-scale purchase (acquisition of control or participation in management, portfolio investment or investment for policy considerations, and if there is any intention to transfer the Company’s share certificates, etc. to a third party after the large-scale purchase or conduct any other material proposal, etc.<sup>11</sup> or other objective, notification to that effect and an overview thereof; furthermore, if there are multiple objectives, all must be described))

(d) Pledge to comply with the Large-Scale Purchase Rules

Furthermore, when submitting the Large-Scale Purchase Intention Letter, a certified copy of the commercial register, copy of the Articles of Incorporation, and other documents proving the existence of the large-scale purchaser must also be attached (including Japanese translations if these documents are written in foreign languages).

(iii) Submission of Large-Scale Purchase Information

After submitting the Large-Scale Purchase Intention Letter described in item (ii) above, the large-scale purchaser must submit to the Company, in Japanese, sufficient and necessary information for shareholders to make an assessment and for the Board of Directors of the Company to engage in evaluation and consideration, etc., regarding the large-scale purchase, in accordance with the following procedures (hereinafter, the “large-scale purchase information”).

First, the Company will dispatch to the large-scale purchaser, at its contact point within Japan as described in item (ii) (a) 5) above, a large-scale purchase information list that describes the information that should initially be submitted, within ten (10) business days<sup>12</sup> (not including the first day) from the date of submission of the



Large-Scale Purchase Intention Letter, and the large-scale purchaser must submit sufficient information to the Company in accordance with this large-scale purchase information list.

In addition, if, after obtaining advice from a financial advisor, attorney-at-law, certified public tax accountant, certified public accountant, or other expert, etc. independent from the Board of Directors of the Company (hereinafter, “outside experts, etc.”), the Board of Directors of the Company reasonably concludes that the information submitted by the large-scale purchaser in accordance with the aforementioned large-scale purchase information list is not sufficient for shareholders’ assessment and evaluation and consideration by the Board of Directors of the Company, etc., in light of the details, type, etc. of the large-scale purchase, the large-scale purchaser must submit additional information separately requested by the Board of Directors of the Company.

From the perspective of ensuring the swift implementation of the Large-Scale Purchase Rules, the Board of Directors of the Company will establish a period of 60 days (not including the first day) from the date of the dispatch of the large-scale purchase information list as a period for the Board of Directors of the Company to request the submission of the large-scale purchase information from the large-scale purchaser and for the large-scale purchaser to submit this information (hereinafter, the “Information Submission Request Period”). Once the Information Submission Request Period expires, the Board of Directors of the Company will end communication with the large-scale purchaser regarding the submission of the large-scale purchase information, even if the large-scale purchase information has not been sufficiently assembled, and will immediately begin the Board of Directors Evaluation Period (as defined in item (iv) below; hereinafter, the same applies). Provided, however, that the Information Submission Request Period may be extended by up to 30 days as necessary, if the large-scale purchaser makes a request for extension based on reasonable grounds. On the other hand, if the Board of Directors of the Company objectively and reasonably concludes that the information submitted by the large-scale purchaser is sufficient as the large-scale purchase information and the submission of the large-scale purchase information has been completed, the Information Submission Request Period will immediately end, even if it is prior to the expiration of the Information Submission Request Period, and the Board of Directors Evaluation Period will begin. In addition, each time the submission of the large-scale purchase information from the large-scale purchaser is requested, the Board of Directors of the Company may establish a deadline for the submission of information by the large-scale purchaser, as necessary.

Furthermore, information about each of the following items will be included as part of the large-scale purchase information list, in principle; however, the specific details of the information to be included in the large-scale purchase information list will be determined by the Board of Directors of the Company in light of the details, type, etc. of the large-scale purchase, after obtaining advice from outside experts, etc.

In addition, if the large-scale purchaser is unable to submit part of the information pertaining to an item included in the large-scale purchase information list, the Company will require the large-scale purchaser to provide specific reasons why it is unable to submit this information.

- 1) Details of the large-scale purchaser and its group (including history, investment performance in the past, amount of capital or investment, total number of issued shares, officers’ names, career summary, number of shares held, other corporate status information, etc., together with information on its financial position in the most recent two (2) fiscal years, business results, and other accounting information);
- 2) Purpose of the large-scale purchase (specific details of the purpose disclosed on the Large-Scale Purchase Intention Letter), method, and details (including views on the legality of the large-scale purchase (including prospects for obtaining any permissions and approvals, etc. required by laws and regulations, and the implementation and compliance status of any regulatory matters pursuant to the Foreign Exchange and Foreign Trade Act; hereinafter, the same applies));
- 3) The type and amount of consideration for the purchase (including the type and exchange ratio of

marketable securities, etc. if marketable securities, etc. will be used as the consideration, and the type and exchange ratio of marketable securities together with the amount of cash if marketable securities, etc. and cash will be used as the consideration), together with the basis and background to the calculation of the amount of consideration (for the basis of the calculation, the specific grounds of the calculation will be described, and if this amount differs from the market value or the price in any transactions recently conducted by the large-scale purchaser, the details of this difference will also be described. In addition, where there are differences in the purchase price in accordance with the class of share certificates, etc., the specific details of the large-scale purchaser's approach to conversion will also be described. For the background to the calculation, if the views of a third party have been sought for the calculation, the name of the third party, an overview of their views, and the process that led to them calculating the amount, taking into consideration these views, will specifically be described.);

- 4) Status of the raising of funds required for the large-scale purchase and an overview of the providers of these funds (including the balance amount of each type of deposit if using deposits, the borrowing amount, industry of the lender, etc., and details of any lending agreements if borrowing funds, and the details of the fundraising method, amount to be raised, and industry of the providers of funds, etc. if using any other type of fundraising method);
- 5) If there are any loan agreements, agreements for the establishment of security interests, resale agreements, pre-contracts for sale and purchase, or other material agreements or arrangements (hereinafter, "security agreements, etc.") relating to share certificates, etc. of the Company already held by the large-scale purchaser, the specific details of those security agreements, etc., including the type of agreement, agreement counterparty, and number of share certificates, etc. subject to the agreement;
- 6) If there are security agreements, etc. or other agreements that will be made between the large-scale purchaser and a third party on the share certificates, etc. of the Company to be acquired by the large-scale purchaser in the large-scale purchase, the specific details of those security agreements, etc. with the third party, including the type of agreement, agreement counterparty, and the number of share certificates etc. subject to the agreement;
- 7) If the purpose of the large-scale purchase is to acquire control or participate in management, the planned method of acquiring control or participating in the management of the Company and its group after completion of the large-scale purchase, understanding of the future outlook for industries related to the Company's businesses and the Company's positioning in these industries, together with any management policies after acquiring control or plans after participating in management; if there are any plans for organizational restructuring, restructuring of the corporate group, dissolution, disposal or transfer of material assets, significant borrowing, selection or dismissal of Representative Directors, etc., changes to the composition of officers, material changes related to dividend and capital policy, or other actions that will cause significant changes to the management policies of the Company and its group or have a significant impact, the details and necessity thereof;
- 8) If the purpose of the large-scale purchase is portfolio investment or investment for policy considerations, policies related to the holding of share certificates, etc. after the large-scale purchase, purchase and sale policies, and any other policies related to the return of capital invested, together with policies related to the exercise of voting rights and the reasons thereof; if the large-scale purchase is conducted as investment for policy considerations for the purpose of a long-term capital partnership, the necessity thereof;
- 9) If the purpose of the large-scale purchase is to make a material proposal, etc., or if there is a possibility that a material proposal, etc. will be made after the large-scale purchase, the purpose, details, necessity, and timing of the material proposal, etc., together with information related to the circumstances in which the material proposal, etc. will be made;

- 10) If there are any plans to acquire more share certificates, etc. of the Company after the large-scale purchase, the reasons and details thereof;
- 11) If there is any prospect of the delisting of the Company's share certificates, etc. after the large-scale purchase, notification to that effect and the reasons thereof;
- 12) If there has been any communication of intent with any third party when conducting the large-scale purchase, the purpose and content thereof, and an overview of the relevant third party (including their name, address or location, name of representative, overview of major shareholders or major investors, contact details in Japan, and governing law of incorporation);
- 13) If there are any plans to change relationships with the Company's employees, suppliers, customers, local communities, and other stakeholders after the large-scale purchase, the specific details thereof;
- 14) If the large-scale purchaser operates any businesses in the same industry as the Company and its group, the large-scale purchaser's views on legality after completion of the large-scale purchase in light of the Antimonopoly Act and competition law overseas;
- 15) Details of measures to avoid conflicts of interest with other shareholders of the Company;
- 16) Information related to any relationships with antisocial forces.

Furthermore, if it is recognized that the fact that there was a large-scale purchase proposal and the information submitted by the large-scale purchaser (including the relevant information and reasons for non-submission, if any information requested in the large-scale purchase information list was not submitted by the large-scale purchaser; hereinafter, the same applies) are necessary for an assessment of shareholders, the Company will disclose all or part of this information to shareholders in a timely and appropriate manner.

In addition, if the Board of Directors of the Company reasonably concludes that the information submitted by the large-scale purchaser is sufficient as the large-scale purchase information and the submission of the large-scale purchase information has been completed, it will promptly notify the large-scale purchaser of that fact (hereinafter, the "information submission completion notification") and disclose that fact to shareholders. In addition, once the Information Submission Request Period has expired, the Company will promptly provide notification to that effect to the large-scale purchaser and disclose that fact to shareholders.

(iv) Establishment of the Board of Directors Evaluation Period, etc.

After obtaining advice from outside experts, etc., the Company will establish a reasonably necessary period of up to 60 days (not including the first day) from the date of the information submission completion notification or the date on which the Information Submission Request Period expired, as a period for evaluation, consideration, negotiation, formation of opinions, and formation of an alternative proposal by the Board of Directors of the Company (hereinafter, the "Board of Directors Evaluation Period").

The specific period will be established in accordance with the purpose of the large-scale purchase, the type of purchase consideration, purchase method, etc., and the difficulty of evaluation, consideration, negotiation, opinion formation, and alternative proposal formation by the Board of Directors of the Company, and the Board of Directors of the Company will disclose to shareholders the date on which the Board of Directors Evaluation Period will expire in a timely and appropriate manner.

During the Board of Directors Evaluation Period, the Board of Directors of the Company will sufficiently evaluate and consider the information submitted by the large-scale purchaser, while obtaining advice from outside experts, etc., carefully compile its views regarding the large-scale purchase as the Board of Directors of the Company, and

notify the large-scale purchaser of its views, while also disclosing its views to shareholders in a timely and appropriate manner. In addition, the Board of Directors of the Company may negotiate the terms and method of the large-scale purchase with the large-scale purchaser and also present an alternative proposal to shareholders as the Board of Directors of the Company, as necessary.

Furthermore, if there are unavoidable circumstances where the Board of Directors of the Company is unable to compile its views as the Board of Directors of the Company during the Board of Directors Evaluation Period, the Board of Directors of the Company may extend the Board of Directors Evaluation Period within a scope reasonably deemed necessary, for up to 90 days (not including the first day; including the period initially established), after obtaining advice from outside experts, etc., and explaining the necessity of and reasons for extending the Board of Directors Evaluation Period to the Special Committee, consulting the Special Committee about the appropriateness thereof, and respecting the recommendation of the Special Committee to the maximum extent possible. If the Board of Directors of the Company decides to extend the Board of Directors Evaluation Period, it will promptly notify the large-scale purchaser of the specific period decided and the reasons why the extension is necessary, and will also disclose this information to shareholders in a timely and appropriate manner.

The large-scale purchaser may only begin the large-scale purchase after the Board of Directors Evaluation Period has passed. Furthermore, please refer to item (2) (i) (c) below for cases when a General Meeting of Shareholders to Confirm the Will of Shareholders is convened.

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- <sup>1</sup> Refers to share certificates, etc. as provided for in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act. The same shall apply hereinafter, unless otherwise stated. Furthermore, in the event of amendments to the laws and regulations quoted in the Policy (including changes to the names of laws and regulations and the establishment of new laws and regulations, etc. that supersede old laws and regulations, etc.), each clause and term in the laws and regulations, etc. quoted in the Policy will be read as replaced with each clause and term in the laws and regulations, etc. that effectively supersede each clause and term in these laws and regulations, etc. after the relevant amendments, excluding cases separately determined by the Board of Directors of the Company.
- <sup>2</sup> Refers to the ownership ratio of share certificates, etc. as provided for in Article 27-23, paragraph (4) of the Financial Instruments and Exchange Act. The same shall apply hereinafter, unless otherwise stated. Furthermore, when calculating each ownership ratio of share certificates, etc., the most recently submitted annual securities report, quarterly securities report, or report on repurchase may be referred to for the total number of issued shares (refers to the total number of issued shares as provided for in Article 27-23, paragraph (4) of the same; the same shall apply hereinafter, unless otherwise stated).
- <sup>3</sup> Refers to a holder as provided for in Article 27-23, paragraph (1) of the Financial Instruments and Exchange Act, and includes persons included as holders pursuant to the provisions of paragraph (3) of the same. The same shall apply hereinafter, unless otherwise stated.
- <sup>4</sup> Refers to share certificates, etc. as provided for in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act. Hereinafter, the same applies in item 2).
- <sup>5</sup> Refers to the ownership ratio of share certificates, etc. as provided for in Article 27-2, paragraph (8) of the Financial Instruments and Exchange Act. The same shall apply hereinafter, unless otherwise stated. Furthermore, when calculating each ownership ratio of share certificates, etc., the most recently submitted annual securities report, quarterly securities report, or report on repurchase may be referred to for the total number of voting rights (refers to the total number of voting rights as provided for in Article 27-2, paragraph (8) of the same; the same shall apply hereinafter, unless otherwise stated).
- <sup>6</sup> Refers to a tender offer as provided for in Article 27-2, paragraph (6) of the Financial Instruments and Exchange Act. The same shall apply hereinafter, unless otherwise stated.
- <sup>7</sup> Refers to specially related parties as provided for in Article 27-2, paragraph (7) of the Financial Instruments and Exchange Act. Provided, however, that persons listed in item (i) of the same do not include persons set forth in Article 3, paragraph (2) of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers. The same shall apply hereinafter, unless otherwise stated.
- <sup>8</sup> Refers to a joint holder as provided for in Article 27-23, paragraph (5) of the Financial Instruments and Exchange Act, and includes persons deemed joint holders pursuant to paragraph (6) of the same. The same shall apply hereinafter, unless otherwise stated.
- <sup>9</sup> The determination of whether a “relationship between the specified holder and the other holder, in which one party effectively controls the other or these parties act jointly or in concert” has been created shall be made based on factors including capital relationships, business alliance relationships, transactional or contractual relationships, relationships pertaining to concurrent posts held by officers, relationships pertaining to the provision of capital, relationships pertaining to the provision of credit, de facto

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interests related to the Company's share certificates, etc. via derivatives, the lending of shares, etc., and the direct and indirect impacts of the specified holder and any other holders on the Company.

- <sup>10</sup> The Board of Directors will reasonably determine whether an action falls under those provided for in this item 3), based on the recommendation of the Special Committee. Furthermore, the Board of Directors of the Company may request the submission of information from shareholders of the Company as required to determine whether an action falls under those provided for in this item 3).
- <sup>11</sup> Refers to a material proposal as provided for in Article 27-26, paragraph (1) of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph (1) of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates. The same shall apply hereinafter, unless otherwise stated.
- <sup>12</sup> Furthermore, business days refers to days other than those listed in each item of Article 1, paragraph (1) of the Act on Holidays of Administrative Organs. The same shall apply hereinafter, unless otherwise stated.

## (2) Policy for Responding in the Event of a Large-Scale Purchase

### (i) Conditions for Initiating Countermeasures

#### (a) Cases Where the Large-Scale Purchaser Conducts a Large-Scale Purchase Without Following the Large-Scale Purchase Rules

##### 1) Cases Where Countermeasures are Initiated Based on the Judgment of the Board of Directors

If the large-scale purchaser conducts or attempts to conduct a large-scale purchase without following the Large-Scale Purchase Rules, then regardless of the specific terms, method, etc. of the large-scale purchase, the Board of Directors of the Company may deem the large-scale purchase as a hostile takeover that will significantly harm the corporate value of the Company and the shareholders' common interests, and may initiate necessary and appropriate countermeasures to protect and enhance the corporate value of the Company and the shareholders' common interests.

In these cases, as described in item (3) (i) (b) below, the Board of Directors of the Company will, prior to initiating countermeasures, consult the Special Committee regarding the appropriateness of initiating countermeasures, and the Special Committee will make a recommendation to the Board of Directors of the Company concerning the appropriateness of initiating countermeasures based on this consultation. When making a judgment about whether or not to initiate countermeasures, the Board of Directors of the Company will respect the recommendation of the Special Committee to the maximum extent possible.

##### 2) Cases Where Countermeasures are Initiated Based on a Resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders

In addition to item 1) above, the Board of Directors of the Company may convene a General Meeting of Shareholders to Confirm the Will of Shareholders and have shareholders judge whether or not to initiate countermeasures in cases where, (a) the Board of Directors of the Company judges that it is appropriate to convene a General Meeting of Shareholders to confirm the will of shareholders regarding whether or not to initiate countermeasures (hereinafter, a "General Meeting of Shareholders to Confirm the Will of Shareholders") and to confirm shareholders' views regarding the appropriateness of initiating countermeasures, even if the large-scale purchaser is conducting or attempting to conduct a large-scale purchase without complying with the Large-Scale Purchase Rules, or (b) the Special Committee recommends the convocation of a General Meeting of Shareholders to Confirm the Will of Shareholders (in cases described in item (a) above, this convocation will replace the consultation of the Special Committee).

#### (b) Cases Where the Large-Scale Purchaser Conducts the Large-Scale Purchase in Accordance with the Large-Scale Purchase Rules

##### 1) Cases Where Countermeasures are Initiated Based on the Judgment of the Board of Directors

If the large-scale purchaser conducts or attempts to conduct a large-scale purchase in accordance with the Large-Scale Purchase Rules, countermeasures against the large-scale purchase will not be initiated, in principle, even if the Board of Directors of the Company opposes the large-scale purchase; however, this will not eliminate the possibility of the Board of Directors of the Company expressing an opposing view, presenting an alternative proposal, providing an explanation to shareholders, etc. Shareholders must make a judgment concerning whether or not to accept the large-scale purchase proposal, taking into consideration the information submitted by the large-scale purchaser about the large-scale purchase and any views, alternative proposal, etc. provided by the Board of Directors of the Company in regard to the large-scale purchase.

Provided, however, that the Board of Directors of the Company may initiate necessary and appropriate countermeasures to protect and enhance the corporate value of the Company and the shareholders' common interests in cases where the large-scale purchase is clearly recognized as an abusive purchase (limited to cases where it has been concluded that the large-scale purchase falls under any of the five cases listed in Attachment 1), even if the large-scale purchaser conducts or attempts to conduct a large-scale purchase in accordance with the Large-Scale Purchase Rules.

As described in item (3) (i) (b) below, if the large-scale purchase is clearly recognized as an abusive purchase (limited to cases where it has been concluded that the large-scale purchase falls under any of the five cases listed in Attachment 1), the Board of Directors of the Company will, prior to initiating countermeasures, consult the Special Committee on the appropriateness of initiating countermeasures, and the Special Committee will make a recommendation to the Board of Directors of the Company concerning the appropriateness of initiating countermeasures based on this consultation. When making a judgment about whether or not to initiate countermeasures, the Board of Directors of the Company will respect the recommendation of the Special Committee to the maximum extent possible.

2) Cases Where Countermeasures are Initiated Based on a Resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders

In addition to item 1) above, the Board of Directors of the Company may convene a General Meeting of Shareholders to Confirm the Will of Shareholders and have shareholders judge whether or not to initiate countermeasures in cases where, (a) it has been concluded that the large-scale purchase will significantly harm the corporate value of the Company and the shareholders' common interests and the Board of Directors of the Company judges that it is appropriate to convene a General Meeting of Shareholders to Confirm the Will of Shareholders and confirm shareholders' views regarding the appropriateness of initiating countermeasures, or (b) the Special Committee recommends the convocation of a General Meeting of Shareholders to Confirm the Will of Shareholders (in cases described in item (a) above, this convocation will replace the consultation of the Special Committee).

(c) Treatment if a General Meeting of Shareholders to Confirm the Will of Shareholders is Convened

If the Board of Directors of the Company convenes a General Meeting of Shareholders to Confirm the Will of Shareholders, it will comply with any resolution concerning the appropriateness of initiating countermeasures made at the General Meeting of Shareholders to Confirm the Will of Shareholders.

If the Board of Directors of the Company convenes a General Meeting of Shareholders to Confirm the Will of Shareholders, it will hold the General Meeting of Shareholders to Confirm the Will of Shareholders within 60 days from the end of the Board of Directors Evaluation Period and submit a proposal regarding approval for initiation of countermeasures against the large-scale purchase; however, if it is not possible to hold the General Meeting of Shareholders to Confirm the Will of Shareholders within 60 days for administrative reasons, the meeting will be held as soon as administratively possible.

If the Board of Directors of the Company convenes a General Meeting of Shareholders to Confirm the Will of Shareholders, it will explain to shareholders the reasons the Board of Directors of the Company has concluded that convening a General Meeting of Shareholders to Confirm the Will of Shareholders is appropriate, the views of the Board of Directors of the Company regarding the large-scale purchase, the specific details of countermeasures to be initiated, the necessity and reasonableness of initiating these countermeasures, and any other information deemed necessary for the assessment of shareholders.

If the Board of Directors of the Company decides to convene a General Meeting of Shareholders to Confirm the Will of Shareholders, the large-scale purchaser may not commence the large-scale purchase until the

conclusion of this General Meeting of Shareholders to Confirm the Will of Shareholders. Furthermore, if a General Meeting of Shareholders to Confirm the Will of Shareholders is not convened, the large-scale purchase may be commenced after the Board of Directors Evaluation Period has passed, as described in item (1) (iv) above.

(ii) Details of Countermeasures

In principle, a gratis allotment of subscription rights to shares (hereinafter, the “subscription rights to shares”) will be conducted as a countermeasure under the Policy. Provided, however, that other countermeasures permitted under the Companies Act, other laws and regulations, and the Company’s Articles of Incorporation may be used if it has been concluded that initiating these other countermeasures is appropriate. An overview of the subscription rights to shares is provided in Attachment 3.

(3) Systems and Procedures to Ensure the Reasonableness and Fairness of the Policy

(i) Establishment of Special Committee and Procedures for Consultation, etc.

(a) Establishment of Special Committee

The Board of Directors of the Company will make a final judgment concerning whether or not the relevant purchase falls under the definition of large-scale purchase type 3, whether or not to extend the Board of Directors Evaluation Period, whether or not to initiate countermeasures, and whether or not to maintain the initiated countermeasures (hereinafter collectively referred to as “required consultation matters”); however, in order to ensure the reasonableness and fairness of these judgments, the Company will establish a Special Committee as a body that is independent from the Board of Directors of the Company, in accordance with the Special Committee Regulations (an overview thereof is provided in Attachment 4 “Overview of Special Committee Regulations”). The Special Committee will consist of three (3) or more members, who will be selected by resolution of the Board of Directors of the Company from among Outside Directors, Outside Audit & Supervisory Board Members, attorneys-at-law, certified public tax accountants, certified public accountants, academic experts, persons familiar with investment banking operations, external persons with experience as Directors or Executive Officers at other companies, etc.

At the time of the introduction of the Policy, the Company intends to appoint a total of three (3) members of the Special Committee, namely Mr. Takashi Michibayashi and Mr. Koichi Sano, who are members of the Special Committee under the Original Policy, in addition to Mr. Yasuji Kawabata, who is expected to be elected as an Outside Audit & Supervisory Board Member at this General Meeting of Shareholders. Furthermore, the career summary of each committee member is as provided in Attachment 5, “Career Summaries of Special Committee Members”; however, Mr. Takashi Michibayashi and Mr. Koichi Sano are Outside Directors who are independent from the Company. At the same time, the Company has designated both of them as Independent Officers with the Tokyo Stock Exchange where the Company is listed. In addition, Mr. Yasuji Kawabata is expected to be elected as an Outside Audit & Supervisory Board Member who is independent from the Company at this General Meeting of Shareholders, as described above, and the Company intends to designate him as an Independent Officer with the Tokyo Stock Exchange.

(b) Procedures for Initiating Countermeasures

When the Board of Directors of the Company initiates countermeasures, it will follow the following procedures, in order to ensure the reasonableness and fairness of its judgment (however, this may not apply if a General Meeting of Shareholders to Confirm the Will of Shareholders is convened).

Prior to initiating countermeasures, the Board of Directors of the Company will consult the Special Committee regarding the appropriateness of initiating countermeasures, and the Special Committee will



make a recommendation to the Board of Directors of the Company concerning the appropriateness of initiating countermeasures based on this consultation, after obtaining advice from outside experts, etc. as necessary. When making a judgment about whether or not to initiate countermeasures, the Board of Directors of the Company will respect the recommendation of the Special Committee to the maximum extent possible.

Furthermore, the Board of Directors of the Company will make a judgement concerning the appropriateness of initiating countermeasures after considering factors such as the specific details of the large-scale purchaser and large-scale purchase and the impact of the large-scale purchase on the corporate value of the Company and the shareholders' common interests, while obtaining advice from outside experts, etc., based on the above consultation of the Special Committee, in addition to the information submitted by the large-scale purchaser.

(c) Cancellation or Withdrawal of the Initiated Countermeasures

Even after the Board of Directors of the Company has initiated countermeasures based on the Policy, it may consider the cancellation or withdrawal of the initiated countermeasures in cases 1) where the large-scale purchase is cancelled or withdrawn by the large-scale purchaser, or 2) where there have been changes to the facts, etc. forming the basis for the judgment concerning whether or not to initiate countermeasures, and this has resulted in circumstances where maintaining the initiated countermeasures is not considered appropriate from the perspective of protecting and enhancing the corporate value of the Company and the shareholders' common interests, while consulting the Special Committee and obtaining advice from outside experts, etc. in regard to the appropriateness of maintaining the countermeasures, after providing information on the specific circumstances of the above-mentioned cases. Based on this consultation, the Special Committee will consider the appropriateness of maintaining the countermeasures while obtaining advice from outside experts, etc. as necessary, and will make a recommendation to the Board of Directors of the Company. When making a judgment whether or not to maintain the countermeasures, the Board of Directors of the Company will respect the recommendation of the Special Committee to the maximum extent possible.

If, after taking into consideration the above-mentioned recommendation of the Special Committee, the Board of Directors of the Company concludes that maintaining the countermeasures is not appropriate from the perspective of protecting and enhancing the corporate value of the Company and the shareholders' common interests, it will cancel or withdraw the initiated countermeasures by resolution and promptly disclose information to that effect.

(d) Discretionary Consultation with the Special Committee

The Board of Directors of the Company may consult the Special Committee at its discretion in regard to matters other than the required consultation matters, in cases where there are doubts about whether the information submitted by the large-scale purchaser is sufficient as the large-scale purchase information and other cases where the Board of Directors of the Company deems it necessary. If the Board of Directors of the Company consults the Special Committee at its discretion in this way, the Special Committee will consider the matters about which it has been consulted, while obtaining advice from outside experts, etc. as necessary, and will make a recommendation to the Board of Directors of the Company. The Board of Directors of the Company will respect this recommendation from the Special Committee to the maximum extent possible.

(ii) Confirmation of Will of Shareholders

(a) Confirmation of Will of Shareholders in Regard to the Introduction of the Policy

At a meeting of the Board of Directors of the Company held on May 8, 2020, the Company adopted a resolution to introduce the Policy; however, the Company adopted the resolution to introduce the Policy on condition that, after submitting a proposal regarding the introduction of the Policy at this General Meeting of

Shareholders, this proposal would be approved and passed by a majority of votes by shareholders in attendance, in order to confirm the will of shareholders in regard to the introduction of the Policy. Accordingly, the Policy will not be introduced if the above-mentioned proposal is not approved and passed, and the Original Policy will also end owing to the expiration of its effective period at the conclusion of this General Meeting of Shareholders.

(b) Confirmation of Will of Shareholders in Regard to Initiating of Countermeasures

As described in item (2) (i) above, in cases where the large-scale purchaser conducts the large-scale purchase in accordance with the Large-Scale Purchase Rules, countermeasures may be initiated based on the judgement of the Board of Directors of the Company only in cases where the large-scale purchase is clearly recognized as an abusive purchase (limited to cases where it has been concluded that the large-scale purchase falls under any of the five cases listed in Attachment 1; in addition, even in this case, the procedures for consulting the Special Committee, which is an independent body from the Board of Directors of the Company, must still be followed). In other cases, countermeasures must be initiated based on a resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders.

In addition, even in cases where the large-scale purchaser conducts the large-scale purchase without following the Large-Scale Purchase Rules, the Board of Directors of the Company may, prior to initiating countermeasures, convene a General Meeting of Shareholders to Confirm the Will of Shareholders and have shareholders make a judgment about whether or not to initiate countermeasures against the large-scale purchaser, in order to confirm the will of shareholders about whether or not to initiate countermeasures.

(iii) Effective Period of the Policy, Discontinuation, and Changes

The effective period of the Policy will be until the conclusion of the 141st Annual General Meeting of Shareholders of the Company to be held in June 2023.

Furthermore, even prior to the expiration of the effective period, the Policy will be immediately discontinued or changed in cases where 1) a proposal to discontinue or change the Policy is approved at a General Meeting of Shareholders of the Company, or 2) a resolution to discontinue the Policy is passed by the Board of Directors of the Company. In addition, even prior to the expiration of the effective period, the Policy will be immediately discontinued in cases where 3) a resolution to approve the continuation of the Policy is not passed following discussions about continuing the Policy at the meeting of the Board of Directors of the Company held immediately after the conclusion of the Annual General Meeting of Shareholders for each year after the conclusion of this General Meeting of Shareholders.

In addition, if the Policy is discontinued or changed, the Company will promptly disclose information related to the fact of this discontinuation or change and any other matters deemed appropriate by the Board of Directors of the Company, in accordance with applicable laws and regulations and the regulations of financial instruments exchanges.

### 3. Reasonableness of the Policy

#### (1) The Requirements Under the Guidelines Regarding Takeover Defense are Completely Fulfilled, etc.

The Policy completely satisfies the three principles set forth in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” announced on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice ((1) the principle of protecting and enhancing corporate value and the shareholders’ common interests, (2) the principle of prior disclosure and shareholders’ will, and (3) the principle of ensuring the necessity and reasonableness). In addition, the content of the Policy also takes into consideration the “Takeover Defense Measures in Light of Recent Environmental Changes” announced on June 30, 2008 by the Corporate Value Study Group, the content of “Principle 1.5 Anti-Takeover Measures” of “Japan’s Corporate Governance Code,” which was made applicable by the Tokyo Stock Exchange on June 1, 2015 and revised on June 1, 2018, and other debates surrounding takeover defense measures in recent years, etc. Furthermore, the Policy is consistent with the intent of all regulations, etc. pertaining to the introduction of takeover defense measures set forth by the Tokyo Stock Exchange.

#### (2) Fact that the Policy will be Introduced in Order to Protect and Enhance the Corporate Value of the Company and the Shareholders’ Common Interests

As described in item 1. above, the purpose of the Policy is to protect and enhance the corporate value of the Company and the shareholders’ common interests, and it will be introduced in order to request that a large-scale purchaser submit the necessary information regarding the large-scale purchase that the large-scale purchaser is attempting to conduct in advance and ensure the time required for evaluation, consideration, etc. of the contents thereof.

#### (3) Shareholders’ Intentions are Stressed (Resolution at a General Meeting of Shareholders and a Sunset Provision)

As described in item 2. (3) (ii) (a) above, at a meeting of the Board of Directors of the Company held on May 8, 2020, the Company adopted a resolution to introduce the Policy; however, the Company adopted the resolution to introduce the Policy on condition that after submitting a proposal regarding the introduction of the Policy at this General Meeting of Shareholders, this proposal would be approved and passed by a majority of votes by shareholders in attendance, in order to confirm the will of shareholders in regard to the introduction of the Policy. Furthermore, the Policy will be introduced at the conclusion of this General Meeting of Shareholders, subject to it being approved and passed based on a majority of the votes of shareholders in attendance at this General Meeting of Shareholders, and the Original Policy will remain in effect until that time.

In addition, as described in item 2. (3) (ii) (b) above, in cases where the large-scale purchaser conducts the large-scale purchase in accordance with the Large-Scale Purchase Rules, countermeasures may be initiated based on the judgement of the Board of Directors of the Company only in cases where the large-scale purchase is clearly recognized as an abusive purchase (limited to cases where it has been concluded that the large-scale purchase falls under any of the five cases listed in Attachment 1; in addition, even in this case, the procedures for consulting the Special Committee, which is an independent body from the Board of Directors of the Company, must still be followed). In other cases, countermeasures must be initiated based on a resolution at a General Meeting of Shareholders to Confirm the Will of Shareholders. In addition, even in cases where the large-scale purchaser conducts the large-scale purchase without following the Large-Scale Purchase Rules, the Board of Directors of the Company may, prior to initiating countermeasures, convene a General Meeting of Shareholders to Confirm the Will of Shareholders and have shareholders make a judgment about whether or not to initiate countermeasures against the large-scale purchaser, in order to confirm the will of shareholders about whether or not to initiate countermeasures.

Furthermore, as described in item 2. (3) (iii) above, the effective period of the Policy will be until the conclusion of the 141st Annual General Meeting of Shareholders of the Company to be held in June 2023. Furthermore, even prior to the expiration of the effective period, the Policy will be immediately discontinued or changed in cases where 1) a proposal to discontinue or change the Policy is approved at a General Meeting of Shareholders of the Company, or 2) a resolution to discontinue the Policy is passed by the Board of Directors of the Company. In addition, even prior to the expiration of the effective period, the Policy will be immediately discontinued in cases where 3) a resolution to approve the continuation of the Policy is not passed following discussions about continuing the Policy at the meeting of the Board of Directors of the Company held immediately after the conclusion of the Annual General Meeting of Shareholders for each year after the conclusion of this General Meeting of Shareholders.

(4) Establishment of Reasonable and Objective Requirements to Initiate Countermeasures

As described in item 2. (2) (i) above, the Policy is designed so that countermeasures will not be initiated unless reasonable and objective requirements are satisfied, thereby ensuring a mechanism to prevent arbitrary initiation by the Board of Directors of the Company.

(5) Establishment of Special Committee

As described in item 2. (3) (i) above, when introducing the Policy, the Company will establish a Special Committee as a body that is independent from the Board of Directors of the Company, in order to ensure the reasonableness and fairness of judgments by the Board of Directors of the Company concerning whether or not the relevant purchase falls under the definition of large-scale purchase type 3, whether or not to extend the Board of Directors Evaluation Period, whether or not to initiate countermeasures, and whether or not to maintain the initiated countermeasures, and also to ensure the reasonableness and fairness of the Policy in other aspects.

As a result, a mechanism to prevent the arbitrary implementation of the Policy and initiation of countermeasures by the Board of Directors of the Company is ensured.

(6) The Policy is not a Dead-Hand Takeover Defense Measure

As described in item 2. (3) (iii) above, the effective period of the Policy will be until the conclusion of the 141st Annual General Meeting of Shareholders of the Company to be held in June 2023, and the Policy may be discontinued at any time, even prior to the expiration of this effective period, by the Board of Directors of the Company, which consists of Directors elected at the General Meeting of Shareholders of the Company. Accordingly, the Policy is not a dead-hand type takeover defense measure (a takeover defense measure whose initiation cannot be prevented even if a majority of the members of the Board of Directors are replaced).

#### 4. Impact on Shareholders and Investors

##### (1) Impact on Shareholders and Investors when the Policy is Introduced

The gratis allotment of subscription rights to shares will not be conducted when the Policy is introduced. Accordingly, there will be no direct and specific impact on the statutory rights and economic interests pertaining to the Company's shares held by shareholders and investors when the Policy is introduced.

##### (2) Impact on Shareholders and Investors at the Time of the Gratis Allotment of Subscription Rights to Shares

If the Board of Directors of the Company decides to initiate countermeasures and adopts a resolution to conduct the gratis allotment of subscription rights to shares, the subscription rights to shares will be allotted gratis to shareholders listed or recorded in the final shareholder register on the separately determined record date, at a ratio of one (1) subscription right to shares per share held. Based on this structure of the countermeasures, although the economic value of each share of the Company held by shareholders and investors will be diluted when the gratis allotment of subscription rights to shares is conducted, there will be no dilution to the economic value of the Company's shares held as a whole and no dilution to the voting rights per share of the Company; therefore, the Company does not expect any direct and specific impact on the statutory rights and economic interests pertaining to the Company's shares held as a whole by shareholders and investors.

Furthermore, please note that even if the Board of Directors of the Company adopts a resolution to conduct the gratis allotment of subscription rights to shares, there will be no dilution to the economic value of each share of the Company held by shareholders and investors if the Board of Directors of the Company decides to cancel or withdraw the initiated countermeasures in accordance with the procedures, etc. mentioned in item 2. (3) (i) (c) above; therefore, investors who have conducted transactions based on the assumption that the economic value of each share of the Company will be diluted may suffer losses owing to fluctuations in the share price.

In addition, the Company intends to attach discriminatory conditions related to the exercise and acquisition of the subscription rights to shares; therefore, the statutory rights, etc. of the large-scale purchaser are expected to be diluted when the subscription rights to shares are exercised or acquired; however, even in this case, the Company does not expect any direct and specific impact on the statutory rights and economic interests pertaining to the Company's shares held as a whole by shareholders and investors other than the large-scale purchaser.

##### (3) Procedures Necessary for Shareholders to Receive the Gratis Allotment of the Subscription Rights to Shares

In regard to the procedures for the gratis allotment of subscription rights to shares, on the effective date of the gratis allotment of subscription rights to shares, the subscription rights to shares will automatically be granted to shareholders listed or recorded in the shareholder register on the record date; therefore, those shareholders are not required to follow any application procedures.

In addition, shareholders may be required to exercise the subscription rights to shares within the prescribed period in order to acquire new shares (at this time, shareholders will be required to pay a certain amount of money). In this case, the Company will disclose information related to the details of these procedures in a timely and appropriate manner, pursuant to the provisions of applicable laws and regulations and the regulations of financial instruments exchanges.

## 5. Other

The Policy was determined at a meeting of the Board of Directors of the Company held on May 8, 2020, with the unanimous approval of all Directors, including two (2) Outside Directors. In addition, all Audit & Supervisory Board Members of the Company attended this meeting of the Board of Directors, including three (3) Outside Audit & Supervisory Board Members, and all Audit & Supervisory Board Members expressed views in favor of the Policy.

The Board of Directors of the Company intends to continue to closely follow future trends in judicial decisions and the responses of financial instruments exchanges and other public institutions, etc., together with amendments to the Companies Act, the Financial Instruments and Exchange Act, regulations of each financial instruments exchange, etc., and the establishment, amendment, and abolition of other laws and regulations, etc., and to review the Policy as necessary or implement appropriate measures, including the introduction of separate takeover defense measures to replace the Policy, from the perspective of protecting and enhancing the corporate value of the Company and the shareholders' common interests.

**(Attachment 1)**

**Cases Clearly Recognized as an Abusive Purchase**

- (1) Where the large-scale purchaser is found to be a person who does not have a bona fide intention to participate in the management of the Company, but is acquiring or intending to acquire the Company's share certificates, etc. for the purpose of making parties related to the Company buy back the Company's share certificates, etc. at an inflated stock price (a so-called "green mailer");
- (2) Where the large-scale purchaser is found to be acquiring the Company's share certificates, etc. for the purpose of temporarily controlling the management of the Company to cause it to transfer the Company's or its group companies' assets, such as intellectual property rights, know-how, confidential business information, major business partners, or customers, which are essential to the Company's or its group companies' business operations, to the large-scale purchaser, its group companies, or other related parties;
- (3) Where the large-scale purchaser is found to be acquiring the Company's share certificates, etc. for the purpose of utilizing the Company's or its group companies' assets as collateral or funds for the repayment of the obligations of such large-scale purchaser, its group companies, or other related parties after taking control over the management of the Company;
- (4) Where the large-scale purchaser is found to be acquiring the Company's share certificates, etc. for the purpose of temporarily controlling the management of the Company to cause it to sell or otherwise dispose of real estate, securities, or other high value assets, which are irrelevant to the Company's or its group companies' business or the time being, and then cause it to distribute high dividends temporarily with gains from such disposition, or sell the Company's share certificates, etc. at a high price, seizing the opportunity presented by a sharp rise in the stock price caused by such temporary high dividend payments; or
- (5) Where the method of purchasing the Company's share certificates, etc. proposed by the large-scale purchaser is found to have a possibility of limiting shareholders' opportunities for assessment or freedom and effectively forcing shareholders to sell the Company's share certificates, etc., such as a so-called coercive two-step acquisition (meaning a purchase, including a tender offer, of share certificates, etc. in a manner wherein a purchaser does not solicit all of the Company's share certificates, etc. during the first-stage acquisition, and sets unfavorable conditions, or does not set clear conditions, for the second-stage acquisition).

End

(Attachment 2)

**Status of Major Shareholders of the Company**

As of March 31, 2020, the status of major shareholders of the Company is as follows.

Shareholder name	Contribution in the Company	
	Number of shares held	Shareholding ratio
	Thousands of shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	970	6.39
Japan Trustee Services Bank, Ltd. (Trust Account)	798	5.26
Nippon Yakin Associates Stock Holding Partnership	421	2.78
Japan Trustee Services Bank, Ltd. (Trust Account 5)	332	2.19
Mizuho Bank, Ltd.	311	2.05
DFA INTL SMALL CAP VALUE PORTFOLIO	259	1.71
JP MORGAN CHASE BANK 385151	228	1.51
Nippon Yakin NAS Stock Holding Partnership	201	1.32
MUFG Bank, Ltd.	180	1.19
Mitsubishi UFJ Trust and Banking Corporation	177	1.17
Total	3,881	25.57

Notes:

1. As of March 31, 2020, the Company holds 314,998 shares of treasury stock, which have been excluded from the data of major shareholders above. In addition, the shareholding ratio is calculated excluding treasury stock.
2. As of May 8, 2020, the following Statements of Large-Volume Holdings have been submitted to the Kanto Local Finance Bureau; however, the Company has not been able to confirm the actual number of shares held as of March 31, 2020.  
Joint submission of Statement of Large-Volume Holdings dated April 16, 2018 by MUFG Bank, Ltd. and others  
(Ownership ratio of share certificates, etc.: 5.42%)  
Joint submission of Statement of Large-Volume Holdings dated May 13, 2019 by Mizuho Bank, Ltd. and others  
(Ownership ratio of share certificates, etc.: 5.46%)



**(Attachment 3)**

**Overview of the Subscription Rights to Shares**

**1. Total Number of Subscription Rights to Shares to be Allotted**

The total number of subscription rights to shares to be allotted will be the same as the final total number of shares of common stock issued by the Company on a certain date separately determined by the Board of Directors of the Company (hereinafter, the “allotment date”) in the resolution of the Board of Directors relating to the gratis allotment of subscription rights to shares (hereinafter, the “subscription rights to shares gratis allotment resolution”) (however, the number of shares of common stock of the Company held by the Company at this time is excluded).

**2. Shareholders Eligible for Allotment**

The subscription rights to shares will be allotted gratis to shareholders listed or recorded in the final shareholder register on the allotment date at a ratio of one (1) subscription right to shares per share of common stock of the Company held (however, shares of common stock of the Company held by the Company at this time are excluded).

**3. Effective Date of the Gratis Allotment of Subscription Rights to Shares**

The effective date of the gratis allotment of subscription rights to shares will be a date separately determined by the Board of Directors of the Company in the subscription rights to shares gratis allotment resolution.

**4. Class and Number of Shares Underlying the Subscription Rights to Shares**

The class of shares underlying the subscription rights to shares will be common stock of the Company, and the number of shares underlying each subscription right to shares (hereinafter, the “applicable number of shares”) will be one (1) share. Provided, however, that if the Company conducts a share split or consolidation of shares, etc., necessary adjustments will be made to the applicable number of shares.

**5. Details and Amount of Property to be Contributed when Exercising the Subscription Rights to Shares**

The type of property to be contributed when exercising the subscription rights to shares will be cash, and the amount of property to be contributed per share of common stock of the Company when exercising the subscription rights to shares will be an amount of one (1) yen or more, separately determined by the Board of Directors of the Company in the subscription rights to shares gratis allotment resolution.

**6. Transfer Restrictions on the Subscription Rights to Shares**

The transfer of the subscription rights to shares will require approval from the Board of Directors of the Company.

**7. Exercise Conditions of the Subscription Rights to Shares**

The following persons will not be able to exercise the subscription rights to shares: 1) specified large-volume

holders<sup>1</sup>, 2) joint holders of specified large-volume holders, 3) specified large-volume purchasers<sup>2</sup>, 4) specially related parties of specified large-volume purchasers, 5) any persons who receive or succeed to the subscription rights to shares from a person falling under any of the categories 1) through 4) without the approval of the Board of Directors of the Company, and 6) affiliated parties<sup>3</sup> of any persons falling under categories 1) through 5) (hereinafter, these persons are collectively referred to as “non-qualified persons”). Furthermore, the details of the exercise conditions of the subscription rights to shares will be separately determined in the subscription rights to shares gratis allotment resolution.

#### 8. Acquisition of the Subscription Rights to Shares by the Company

On a day separately determined by the Board of Directors of the Company, the Company may acquire the subscription rights to shares held by persons other than non-qualified persons, and deliver the applicable number of shares of common stock of the Company per subscription right to shares in exchange. Furthermore, the details of the exercise conditions of the subscription rights to shares will be separately determined in the subscription rights to shares gratis allotment resolution.

#### 9. Acquisition Without Consideration if Initiation Countermeasures is Cancelled, etc.

The Company may acquire all subscription rights to shares without consideration if the Board of Directors of the Company adopts a resolution to cancel or withdraw the initiated countermeasures, and in other cases separately determined by the Board of Directors of the Company in the subscription rights to shares gratis allotment resolution.

#### 10. Exercise Period of the Subscription Rights to Shares, etc.

The Board of Directors of the Company will separately determine the exercise period of the subscription rights to shares and other necessary matters in the subscription rights to shares gratis allotment resolution.

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<sup>1</sup> Refers to a holder of the Company's share certificates, etc. with an ownership ratio of share certificates, etc. in relation to the Company's share certificates, etc. of 20% or more, or a person deemed to fall under this category by the Board of Directors of the Company. Provided, however, that persons whom the Board of Directors of the Company have recognized will not violate the corporate value of the Company and the shareholders' common interests by acquiring and holding the share certificates, etc. of the Company and other persons separately set forth by the Board of Directors of the Company in the subscription rights to shares gratis allotment resolution will not fall under this category.

<sup>2</sup> Refers to a person who issued public notice to the effect that he or she will conduct a purchase, etc. (referring to a purchase, etc. as provided for in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter, the same applies) of share certificates, etc. issued by the Company (refers to share certificates, etc. as provided for in Article 27-2, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter, the same applies) by tender offer, and whose total ownership ratio of share certificates, etc. together with any specially related parties of that person after such purchase, etc. will be 20% or more, or a person deemed to fall under this category by the Board of Directors of the Company. Provided, however, that persons whom the Board of Directors of the Company have recognized will not violate the corporate value of the Company and the shareholders' common interests by acquiring and holding the share certificates, etc. of the Company and other persons separately set forth by the Board of Directors of the Company in the subscription rights to shares gratis allotment resolution will not fall under this category.

<sup>3</sup> An “affiliated party” refers to a party that effectively controls that person, a party controlled by that person or under common control with that person (including persons deemed to fall under this category by the Board of Directors of the Company), and parties whom the Board of Directors of the Company has recognized as acting in concert with that person. Furthermore, “control” refers to “controls determinations on the financial and business policies” of another company, etc. (as provided for in Article 3, paragraph (3) of the Regulation for Enforcement of the Companies Act).

**(Attachment 4)**

**Overview of Special Committee Regulations**

1. The Special Committee will be established by resolution of the Board of Directors of the Company.
2. The Special Committee will consist of three (3) or more members (hereinafter, “Special Committee Members”), who will be selected by the Board of Directors of the Company from among Outside Directors, Outside Audit & Supervisory Board Members, attorneys-at-law, certified public tax accountants, certified public accountants, academic experts, persons familiar with investment banking operations, external persons with experience as Directors or Executive Officers at other companies, etc. Furthermore, the Company will enter into a contract of mandate (hereinafter, the “Special Committee Member Contract of Mandate”) that includes provisions related to the duty of confidentiality and the duty of due care of a prudent manager with the Special Committee Members.
3. The term of office of the Special Committee Members will be from the time the Board of Directors of the Company elects that person as a Special Committee Member and he or she accepts an appointment as a Special Committee Member, until the time determined in the Special Committee Member Contract of Mandate. Provided, however, that this may not apply in cases where there are special circumstances.
4. Meetings of the Special Committee will be convened by the Representative Director and President or each Special Committee Member. Provided, however, that if the Board of Directors of the Company adopts a resolution to consult the Special Committee, the Representative Director and President must convene a meeting of the Special Committee.
5. The Chair of the Special Committee, who will be selected via mutual election among the Special Committee Members, will manage the progress of the agenda of meetings of the Special Committee.
6. Recommendations of the Special Committee will be made by resolution, passed by a majority of the votes of the Special Committee Members at meetings when all Special Committee Members are in attendance (including attendance by conference call and video call), unless there are special circumstances. Provided, however, that in cases where a Special Committee Member is unable to act or there are other special circumstances, resolutions may be passed by a majority of the votes of the Special Committee Members in attendance at meetings when a majority of the Special Committee Members are in attendance.
7. The Special Committee will make recommendations about the matters listed in each of the following items (hereinafter, the “matters for consultation”), with an outline of its reasons attached, in principle, based on the outcome of resolutions passed at meetings of the Special Committee. The Board of Directors of the Company will respect the recommendation of the Special Committee to the maximum extent possible (however, in cases where a General Meeting of Shareholders is called to confirm the will of shareholders regarding the appropriateness of initiating countermeasures, it will comply with resolutions passed at the General Meeting of Shareholders).

(1) Applicability to the definition of large-scale purchase type 3

(2) Appropriateness of extending the Board of Directors Evaluation Period

- (3) Appropriateness of initiating countermeasures
  - (4) Appropriateness of maintaining the initiated countermeasures
  - (5) Other matters about which the Board of Directors of the Company consults the Special Committee.
8. The Board of Directors of the Company will provide to the Special Committee all documents and information used or considered by the Board of Directors of the Company when engaging in procedures based on the Large-Scale Purchase Rules and analyzing the matters for consultation.
9. The Special Committee may gather documents and information required for the analysis of the matters for consultation itself at the Company's expense, or it may request that the Board of Directors of the Company gather these documents and information. In addition, the Special Committee may request the attendance and explanation of necessary matters by Directors, Audit & Supervisory Board Members, employees, and other persons deemed necessary at meetings of the Special Committee.
10. The Special Committee Members will be required to execute their duties faithfully with the due care of a prudent manager, and will not engage in any activities that cause doubts about the objectivity and neutrality of their execution of duties.
11. The Special Committee may obtain advice from outside experts, etc. as necessary for the analysis of matters about which it has been consulted by the Board of Directors of the Company. Expenses required to obtain this advice will be borne by the Company, in principle.

(Attachment 5)

**Career Summaries of Special Committee Members**

○ Takashi Michibayashi: Outside Director of the Company

April 1975	Joined Nippon Steel Corporation (currently Nippon Steel Corporation)
June 1997	Overseas Business Planning Group Manager of Corporate Planning Division, Head Office of Nippon Steel Corporation
July 1999	Seconded to The Siam United Steel Co., Ltd. (General Manager of Office of the President)
April 2005	Advisor of Japan Metals & Chemicals Co., Ltd.
June 2006	Managing Director of Japan Metals & Chemicals Co., Ltd.
June 2008	Senior Managing Director of Japan Metals & Chemicals Co., Ltd.
June 2010	Representative Director and President of Japan Metals & Chemicals Co., Ltd.
June 2014	Senior Adviser of Japan Metals & Chemicals Co., Ltd.
June 2016	Outside Director of the Company (present position)

○ Koichi Sano: Outside Director of the Company

April 1971	Joined Mitsui Petrochemical Industries Ltd. (currently Mitsui Chemicals, Inc.)
June 1999	General Manager of Management Accounting Division of Mitsui Chemicals, Inc.
June 2001	General Manager of Finance & Accounting Division of Mitsui Chemicals, Inc.
June 2003	Executive Officer and General Manager of Finance & Accounting Division of Mitsui Chemicals, Inc.
June 2005	Managing Director of Mitsui Chemicals, Inc.
June 2009	Representative Director and Executive Vice President of Mitsui Chemicals, Inc.
June 2013	Special Adviser of Mitsui Chemicals, Inc.
June 2016	External Director of IT Holdings Corporation (currently TIS Inc.) (present position)
June 2016	Outside Audit & Supervisory Board Member of the Company
June 2017	Outside Director of the Company (present position)

○ Yasuji Kawabata: Outside Audit & Supervisory Board Member of the Company (to be elected)

April 1979	Joined Nippon Seisen Co., Ltd.
June 2007	General Manager of Sales Planning Department of Nippon Seisen Co., Ltd.
April 2010	Executive Officer, General Manager of Tokyo Branch of Nippon Seisen Co., Ltd.
April 2014	Executive Officer, General Manager of Osaka Branch of Nippon Seisen Co., Ltd.
May 2014	Managing Executive Officer, General Manager of Osaka Branch of Nippon Seisen Co., Ltd.
January 2015	Managing Executive Officer of Nippon Seisen Co., Ltd.
June 2016	Director, Managing Executive Officer of Nippon Seisen Co., Ltd.
April 2019	Director of Nippon Seisen Co., Ltd.
June 2019	Advisor of Nippon Seisen Co., Ltd. (present position)

(Mr. Yasuji Kawabata is expected to be elected as an Outside Audit & Supervisory Board Member of the Company at the Annual General Meeting of Shareholders to be held in June 2020)

Furthermore, the Company has designated Mr. Takashi Michibayashi and Mr. Koichi Sano as Independent Officers of the Company with the Tokyo Stock Exchange. In addition, the Company intends to designate Mr. Yasuji Kawabata as an Independent Officer of the Company with the Tokyo Stock Exchange.