[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of Japanese original text of Notice of Convocation of the 108th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. The Company provides this translation for reference and convenience purposes only, without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5901
June 7, 2021

To Our Shareholders:

Ichio Otsuka
President
Toyo Seikan Group Holdings, Ltd.
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo

Notice of Convocation of the 108th Ordinary General Meeting of Shareholders

We are pleased to announce that the 108th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. will take place on June 25, 2021, as described below.

This year's general shareholders meeting will be conducted with appropriate measures taken to prevent the spread of the novel coronavirus diseases. In order to avoid the risk of infection, we kindly ask you to exercise your voting rights in writing or via the internet prior to the meeting, and to refrain from visiting the venue on the date of the meeting, regardless of your health conditions.

Please review the attached reference documents for the general shareholders meeting, and exercise your voting rights by 5:15 p.m., Thursday, June 24, 2021, Japan time.

1. **Time and Date:** 10:00 a.m., Friday, June 25, 2021
2. **Place:** 2F Meeting Room, Osaki Forest Building
   2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, Japan
3. **Agenda**
   Items to be reported:
   1) Business report and consolidated financial statements for the 108th term (from April 1, 2020 to March 31, 2021) and results of audit of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Board
   2) Non-consolidated financial statements for the 108th term (from April 1, 2020 to March 31, 2021)

   Items to be resolved:
   (Proposals 1 to 4 are the Company's proposals.)
   Proposal 1: Appropriation of surplus
   Proposal 2: Amendment to the Articles of Incorporation
   Proposal 3: Election of Eleven (11) Directors
   Proposal 4: Revision of the amount of remuneration to directors and determination of the amount and details of the performance-linked share-based remuneration
   (Proposals 5 to 9 are shareholder proposals.)
   Proposal 5: Revision of Directors' Remuneration (Introduction of performance-linked transfer-restricted share-based remuneration system)
   Proposal 6: Revisions to a Portion of the Articles of Incorporation (Change to a Company with an Audit Committee Structure)
   Proposal 7: Revisions to a Portion of the Articles of Incorporation (Abolish Sodanyaku / Komon System)
   Proposal 8: Implementation of Share Buyback
   Proposal 9: Revisions to a Portion of the Articles of Incorporation (Disclosure of Management Strategy based on the Task Force on Climate-Related Financial Disclosures (TCFD))

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> As the contents of the proposals listed above are shown in the following documents, Reference Documents for the 108th General Meeting of Shareholders, the Board of Directors of the Company is against the five proposals that are being made by a shareholder (Proposals No. 5 to 9). Please refer to pages 19 to 31 of the documents for the details of the five proposals and the opinion of the board on each of them.

When you attend the meeting, please present the enclosed Voting Form at the reception of the venue on the date of the meeting.

If any amendment is made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the amended documents will be posted on the Internet website of the Company (https://www.tskg-hd.com/).

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Contents:

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Reference Documents for the 108th General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

We submit the following proposal for the appropriation of surplus.

Matters concerning the year-end dividend

Rewarding shareholders is one of our most important management issues. Following our basic dividend policy of ensuring stable and constant payment, the Toyo Seikan Group Fifth Mid-Term Management Plan for the past three years, from fiscal 2018 to 2020 (the year under review), set forth the amount of annual dividend at 14 yen per share or more during the period.

Based on the above-mentioned basic policy, we have renewed our profit distribution policy under a new mid-term management plan for the five years from fiscal 2021 to 2025, the Mid-Term Management Plan 2025, formulated in May 2021, and decided to distribute the year-end dividend for the year under review as follows:

1) Type of dividend property: Cash

2) Allotment of dividend property to shareholders and its total amount
   Year-end dividend for the Company's common shares: 36 yen per share
   Total amount of payout: 6,770,572,596 yen

   As the Company has already paid an interim dividend of 7 yen per share, the aggregate amount of annual dividend for the fiscal year under review will be 43 yen per share.

3) Effective date of the distribution of surplus: June 28, 2021

<Reference> New shareholder return policy of the Mid-Term Management Plan 2025

We will distribute profit to our shareholders with a target total return ratio of 80 percent during the period of the Mid-Term Management Plan 2025.

i) Dividend
   We aim for a payout ratio of 50 percent or higher on a consolidated basis. We set a minimum annual dividend of 46 yen per share and will gradually increase the amount.

ii) Share repurchase
   We will implement share repurchase in an agile manner.

Note: The extraordinary income and losses arising from the disposal of assets are not taken into account, in principle, when we calculate the total return ratio and the consolidated payout ratio.

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Proposal 2: Amendment to the Articles of Incorporation

1) Reasons for amendment

We submit a proposal of an amendment to the provisions of Article 15 (Authorized convener and chairperson) of the Articles of Incorporation in order to enable flexible and agile management of the general meeting of shareholders. As a result of the amendment, in the event that the president and representative director is unable to act as the convener and chairperson of the general meeting of shareholders, another director, in accordance with the order previously determined by the Board of Directors, will act as such even if the director is not a representative director.

2) Details of amendment

The details of amendment are as follows.

(The underlined part is to be changed.)

Current provisions	Amended provisions
(Authorized convener and chairperson) 15. Unless otherwise provided by laws and regulations, the president and representative director shall convene a general meeting of shareholders and act as the chairperson thereof. In the event that the president is unable to act, another <u>representative director</u>, in accordance with the order previously determined by the Board of Directors, shall act as convener and chairperson.	(Authorized convener and chairperson) 15. Unless otherwise provided by laws and regulations, the president and representative director shall convene a general meeting of shareholders and act as the chairperson thereof. In the event that the president is unable to act, another <u>director</u>, in accordance with the order previously determined by the Board of Directors, shall act as convener and chairperson.

Proposal 3: Election of Eleven (11) Directors

The term of office of the eleven existing directors of the board, including five outside directors, will expire at the close of the 108th Ordinary General Meeting of Shareholders. We thus ask our shareholders to approve the appointment of eleven new directors, including five outside directors, as listed below:

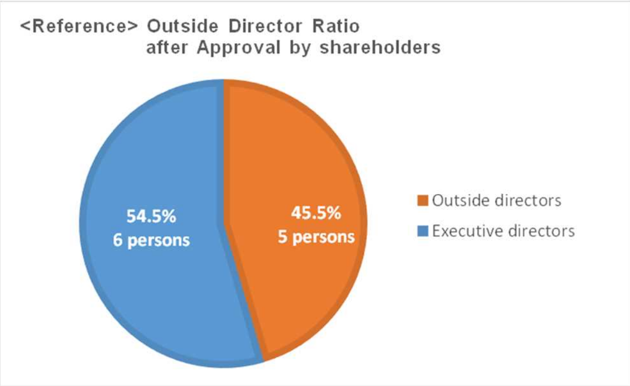
No.	Name	Current position and responsibilities at the Company		Board meeting attendance during the 108th term	Period in office (years)
1	Ichio Otsuka	President and Representative Director; Chairman of Group CSR Committee; Chairman of Group Risk and Compliance Committee; Chairman of Group Environment Committee	Reelection	13 out of 13 times (100.0%)	3
2	Hirohiko Sumida	Director and Executive Vice President; Management of Toyo Kohan Co., Ltd.	Reelection	13 out of 13 times (100.0%)	3
3	Masakazu Soejima	Director and Executive Officer; Head of Corporate Strategy; Accounting, Finance, Investor Relations, and Group Procurement Strategy	Reelection	13 out of 13 times (100.0%)	4
4	Kazuo Murohashi	Director and Executive Officer; CSR, Human Resources, HR Development, and Group Risk & Compliance	Reelection	13 out of 13 times (100.0%)	4
5	Kouki Ogasawara	Director and Executive Officer; Secretariat, General Affairs, Legal Affairs, IT, and Group Information Management	Reelection	13 out of 13 times (100.0%)	3
6	Takuji Nakamura	Director and Executive Officer; Head of Group Technical Development; Head of Innovation Incubation Office	Reelection	10 out of 10 times (100.0%)	1
7	Tsutao Katayama	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	6
8	Kei Asatsuma	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	5
9	Hiroshi Suzuki	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	3
10	Mami Taniguchi	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	2
11	Toshikazu Koike	Director	Reelection Outside Independent	10 out of 10 times (100.0%)	1

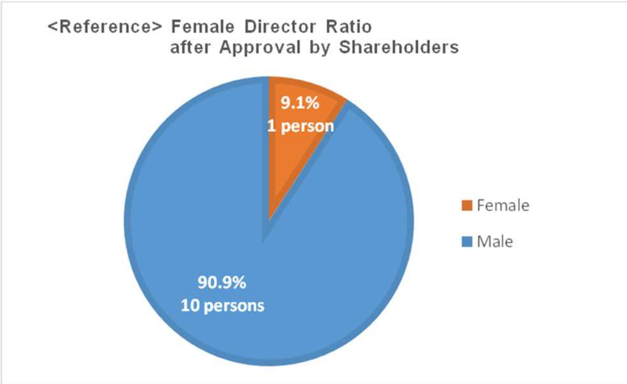
Note: 1. Since Takuji Nakamura and Toshikazu Koike assumed the post of Director during the 107th Ordinary General Meeting of Shareholders held on June 25, 2020, the total number of board meetings they could attend was ten.

2. "Independent" marked in the above table means that the relevant candidates are independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and those of the Company.

3. The Company has registered Tsutao Katayama, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE's independent criteria.

4. Kei Asatsuma is qualified as Independent Director but has not been registered as such with TSE in accordance with the policy of the law firm to which he belongs.





Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions
1	**Ichio Otsuka** (Nov. 24, 1959) Reelection Board meeting attendance: 13 out of 13times (100.0%) Company share ownership: 26,200 shares Period in office: 3 years	Apr. 1983 Joined the Company Jun. 2005 Plant Manager, Hiroshima Plant Jun. 2006 Executive Vice President of Asia Packaging Industries (Vietnam) Co., Ltd. Jun. 2007 General Manager, Production Technology Department, Production & Operations Division Jun. 2009 General Manager, Quality Assurance Department, Production & Operations Division Jun. 2011 General Manager, International Operations Department, International Operations Division Apr. 2012 President of Next Can Innovation Co., Ltd. Apr. 2013 Operating Officer of Toyo Seikan Co., Ltd.; In charge of Management of Next Can Innovation Co., Ltd. Apr. 2014 Operating Officer; In charge of Business Development and CSR General Manager, Corporate Planning Department and International Business Development Department Jun. 2014 In charge of Business Development and CSR General Manager, Corporate Planning Department Apr. 2015 Executive Officer; In charge of Corporate Strategy and Investor Relations General Manager, Corporate Planning Department Apr. 2016 Senior Executive Officer and Director of Toyo Seikan Co., Ltd. (Assistant to President) Jun. 2016 President and Representative Director of Toyo Seikan Co., Ltd. Apr. 2018 Special Advisor Jun. 2018 President and Representative Director (up to present) Apr. 2019 Chairman of Group Risk and Compliance Committee (up to present) Chairman of Group Environment Committee (up to present) Jun. 2020 Chairman of Group CSR Committee (up to present)
		Significant concurrent position: - Director of Crown Seal Public Co., Ltd.
	Reason for nomination as Director: We have determined that Mr. Ichio Otsuka is qualified to lead the management of the Group for his track record as President of the Company in addition to the years of experience and extensive knowledge he has accumulated in the divisions of production & operations, international operations and corporate planning.	

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">2</td><td rowspan="2">**Hirohiko Sumida**
(Aug. 21, 1956)

Reelection

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
10,000 shares

Period in office:
3 years</td><td>Feb. 1991 Joined Mitsubishi Corporation
Jan. 2003 Manager of IT Strategy Unit, Living Essentials Group, Mitsubishi Corp.
Apr. 2008 CIO of Living Essentials Group, Mitsubishi Corp.
Feb. 2011 Joined Toyo Kohan Co., Ltd.
Apr. 2011 Executive Officer, Chief and General Manager of President’s Office, Toyo Kohan Co., Ltd.
Apr. 2012 Chief of Strategic Planning Division and General Manager of Business Development Department, Toyo Kohan Co., Ltd.
Jun. 2012 Director of Toyo Kohan Co., Ltd.
Apr. 2013 Chief of Strategic Planning Division, Toyo Kohan Co., Ltd.
Jun. 2014 President and Representative Director of Toyo Kohan Co., Ltd.
Operating Officer of the Company
Jun. 2018 Director and Executive Vice President (up to present)
In charge of Management of Toyo Kohan Co., Ltd. (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Director of Toyo Kohan Co., Ltd.</td></tr>
<tr><td colspan="2">**Reason for nomination as Director:**
We have determined that Mr. Hirohiko Sumida is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated as the President of a group company.</td></tr>
<tr><td rowspan="3">3</td><td rowspan="2">**Masakazu Soejima**
(Nov. 23, 1965)

Reelection

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
2,300 shares

Period in office:
4 years</td><td>Apr. 1988 Joined the Company
Jun. 2010 General Manager, Accounting & Finance Department, Corporate Administration Division
Apr. 2012 Director, Can Machinery Holdings, Inc. (up to present)
Apr. 2013 General Manager, Accounting & Finance Department
May 2015 General Manager, Corporate Planning Department
Apr. 2016 Operating Officer
Jun. 2017 Director (up to present)
In charge of Corporate Strategy and Investor Relations
Apr. 2019 Executive Officer (up to present)
Head of Corporate Strategy; In charge of Investor Relations and Group Procurement
Apr. 2020 Head of Corporate Strategy; In charge of Accounting, Finance, Investor Relations and Group Procurement Strategy (up to present)</td></tr>
<tr><td>Significant concurrent position:
–</td></tr>
<tr><td colspan="2">**Reason for nomination as Director:**
We have determined that Mr. Masakazu Soejima is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the accounting and corporate planning divisions over many years.</td></tr>
</table>

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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">4</td><td rowspan="2">Kazuo Murohashi
(Sep. 24, 1963)

Reelection

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
6,300 shares

Period in office:
4 years</td><td>Apr. 1986 Joined the Company
Jun. 2009 Plant Manager, Shimizu Plant, Production & Operations Division
Oct. 2010 Plant Manager, Shizuoka Plant, Production & Operations Division
Apr. 2012 General Manager, HR Department, Corporate Administration Division
Apr. 2013 General Manager, General Affairs and HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd.
Jul. 2015 General Manager, HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd.
Apr. 2016 General Manager, HR Department
Apr. 2017 Operating Officer
Jun. 2017 Director (up to present)
In charge of General Affairs and Human Resources
Jun. 2018 In charge of Secretariat and Human Resources
Jun. 2019 In charge of Secretariat, Human Resources and Group Risk & Compliance
Oct. 2019 Head of Risk Management Administration Office
Apr. 2020 Executive Officer (up to present)
In charge of CSR, Human Resources, HR Development and Group Risk & Compliance (up to present)</td></tr>
<tr><td>Significant concurrent position:
–</td></tr>
<tr><td colspan="2">Reason for nomination as Director:
We have determined that Mr. Kazuo Murohashi is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the human resources and personnel administration divisions over many years.</td></tr>
<tr><td rowspan="3">5</td><td rowspan="2">Kouki Ogasawara
(Nov. 6, 1965)

Reelection

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
4,800 shares

Period in office:
3 years</td><td>Apr. 1988 Joined the Company
Apr. 2013 General Manager, General Affairs Department
Apr. 2017 Operating Officer
Jun. 2018 Director (up to present)
In charge of General Affairs and Legal Affairs
Apr. 2020 Executive Officer (up to present)
In charge of Secretariat, General Affairs, Legal Affairs, IT and Group Information Management (up to present)</td></tr>
<tr><td>Significant concurrent position:
–</td></tr>
<tr><td colspan="2">Reason for nomination as Director:
We have determined that Mr. Kouki Ogasawara is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the general affairs division over many years.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">6</td><td rowspan="2">Takuji Nakamura
(Dec. 27, 1963)

Reelection

Board meeting attendance:
10 out of 10 times
(100.0%)

Company share ownership:
1,300 shares

Period in office:
1 year</td><td>Apr. 1988 Joined Toyo Kohan Co., Ltd.
Aug. 2004 General Manager of Films Producing Department, Toyo Kohan Co., Ltd.
Apr. 2009 General Manager of Laminating Department, Toyo Kohan Co., Ltd.
Apr. 2010 Plant Manager of Laminating & Film Producing Plant, Toyo Kohan Co., Ltd.
Apr. 2012 Chief of Films Division / In charge of Production Operations / General Manager of Films Department, Toyo Kohan Co., Ltd.
Jan. 2013 General Manager of Technology Planning Department, Toyo Kohan Co., Ltd.
Apr. 2016 Operating Officer / In charge of Technical Development, Toyo Kohan Co., Ltd.
Apr. 2017 Deputy Chief of Technical Development, Toyo Kohan Co., Ltd.
Apr. 2018 Chief of R&D Center, Toyo Kohan Co., Ltd.
Apr. 2019 Operating Officer of the Company
Head of Innovation Incubation Office (up to present)
Deputy Head of Group Technical Development
Nov. 2019 Head of Group Technical Development (up to present)
Apr. 2020 Executive Officer (up to present)
Jun. 2020 Director (up to present)</td></tr>
<tr><td>Significant concurrent position:
–</td></tr>
<tr><td colspan="2">Reason for nomination as Director:
We have determined that Mr. Takuji Nakamura is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in technical development-related divisions over many years.</td></tr>
<tr><td rowspan="3">7</td><td rowspan="2">Tsutao Katayama
(Apr. 24, 1949)

Reelection
Outside
Independent

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
1,800 shares

Period in office:
6 years</td><td>Apr. 1983 Full-time Instructor, Faculty of Engineering, Doshisha University
Apr. 1986 Assistant Professor, Faculty of Engineering
Apr. 1991 Professor, Faculty of Engineering
Apr. 2004 Vice President of Doshisha University
Apr. 2008 Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University
Jun. 2015 Director of the Company (up to present)
Apr. 2020 Professor Emeritus, Doshisha University (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Professor Emeritus, Doshisha University</td></tr>
<tr><td colspan="2">Reason for nomination and major role expected as Outside Director:
We have determined that Mr. Tsutao Katayama is qualified to act as Outside Director of the Company for the expert knowledge and extensive experience he has acquired as a university professor in engineering and life and medical science for many years. With his knowledge and experience and from an objective perspective independent from the Company’s management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for the Group’s R&D and technical development activities. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company’s Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">8</td><td rowspan="2">Kei Asatsuma
(Sep. 5, 1970)

Reelection
Outside
Independent

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
None

Period in office:
5 years</td><td>Apr. 1997 Admitted to bar (Daiichi Tokyo Bar Association) (up to present)
Joined Nagashima & Ohno (currently, Nagashima Ohno & Tsunematsu) (up to present)
Jan. 2005 Partner of Nagashima Ohno & Tsunematsu (up to present)
Jun. 2016 Director of the Company (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Lawyer (Partner of Nagashima Ohno & Tsunematsu)</td></tr>
<tr><td colspan="2">Reason for nomination and major role expected as Outside Director:
We have determined that Mr. Kei Asatsuma is qualified to act as Outside Director of the Company for the expert knowledge and extensive experience he has acquired as a lawyer. With his knowledge and experience and from an objective perspective independent from the Company’s management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to legal risks. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company’s Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.

Although he has not been directly involved in corporate management, except serving as an outside director, we have concluded that he is capable of properly performing duties of Outside Director for the above-mentioned reason.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">9</td><td rowspan="2">**Hiroshi Suzuki**
(Sep. 17, 1952)

Reelection
Outside
Independent

Board meeting attendance:
13 out of 13 times (100.0%)

Company share ownership:
1,300 shares

Period in office:
3 years</td><td>Apr. 1975 Joined the Tokyo Regional Taxation Bureau
Jul. 2000 Professor, National Tax College
Jul. 2002 Judicial Research Official, Tokyo District Court
Jul. 2004 Examiner, Fourth Large Enterprise Examination Department, Tokyo Regional Taxation Bureau
Jul. 2005 District Director, Saku Tax Office
Jul. 2006 Chief Litigation Officer (International Group), Office of Litigation, First Taxation Department, Tokyo Regional Taxation Bureau
Jul. 2008 Director, Rulings and Legal Affairs Division, First Taxation Department, Tokyo Regional Taxation Bureau
Jul. 2009 Director (Appeals Judge), National Tax Tribunal, Tokyo Regional Taxation Bureau
Jul. 2011 Director, Tax Counsel Office, Management and Co-ordination Department, Tokyo Regional Taxation Bureau
Jul. 2012 District Director, Chiba Higashi Tax Office
Aug. 2013 Registered as Certified Tax Accountant (up to present)
Established Certified Tax Accountant Office (up to present)
Jun. 2017 Audit and Supervisory Board Member of the Company
Jun. 2018 Director of the Company (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Certified Tax Accountant</td></tr>
<tr><td colspan="2">**Reason for nomination and major role expected as Outside Director:**
We have determined that Mr. Hiroshi Suzuki is qualified to act as Outside Director of the Company for the expert knowledge and extensive experience he has acquired while serving in the Tokyo Regional Taxation Bureau, National Tax Agency, over many years. With his knowledge and experience and from an objective perspective independent from the Company’s management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to taxation and accounting. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company’s Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.

Although he has not been directly involved in corporate management, except serving as an outside director and an outside auditor, we have concluded that he is capable of properly performing duties of Outside Director for the above-mentioned reason.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">10</td><td rowspan="2">Mami Taniguchi
(Jun. 8, 1966)

Reelection
Outside
Independent

Board meeting attendance:
13 out of 13 times
(100.0%)

Company share ownership:
None

Period in office:
2 year</td><td>Apr. 1996 Assistant Professor, Department of Economics, Hiroshima University of Economics
Apr. 1999 Associate Professor, Department of Economics, Hiroshima University of Economics
Apr. 2000 Associate Professor, Department of Management Studies, Graduate School of Social Sciences, Hiroshima University
Apr. 2003 Associate Professor, School of Commerce and Graduate School of Commerce, Waseda University
Apr. 2007 Associate Professor, Graduate School of Commerce, Waseda University
Apr. 2008 Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University (up to present)
Jun. 2019 Director of the Company (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University</td></tr>
<tr><td colspan="2">Reason for nomination and major role expected as Outside Director:
We have determined that Ms. Mami Taniguchi is qualified to act as Outside Director of the Company for the knowledge and extensive experience she has acquired as a university professor in international business administration and diversity. With her knowledge and experience and from an objective perspective independent from the Company’s management, she is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for general management issues of the Group. When elected, she will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company’s Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.

Although she has not been directly involved in corporate management, except serving as an outside director, we have concluded that she is capable of properly performing duties as Outside Director for the above-mentioned reason.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th>Career summary, status, responsibilities and significant concurrent positions</th></tr>
<tr><td rowspan="3">11</td><td rowspan="2">**Toshikazu Koike**
(Oct. 14, 1955)

Reelection
Outside
Independent

Board meeting attendance:
10 out of 10 times
(100.0%)

Company share ownership:
600 shares

Period in office:
1 year</td><td>Apr. 1979 Joined Brother Industries, Ltd.
Oct. 1992 Director, Brother International Corporation (U.S.A.)
Jan. 2000 President, Brother International Corporation (U.S.A.)
Jun. 2004 Director, Brother Industries, Ltd.
Jan. 2005 Chairman, Brother International Corporation (U.S.A.)
Apr. 2005 Director and Executive Officer, Brother Industries, Ltd.
Apr. 2006 Senior Executive Officer, Brother Industries, Ltd.
Jun. 2006 Representative Director and Senior Executive Officer, Brother Industries, Ltd.
Jun. 2007 President and Representative Director, Brother Industries, Ltd.
Jun. 2018 Chairman and Representative Director, Brother Industries, Ltd. (up to present)
Jun. 2020 Director of the Company (up to present)</td></tr>
<tr><td>Significant concurrent position:
- Chairman and Representative Director, Brother Industries, Ltd.</td></tr>
<tr><td colspan="2">**Reason for nomination and major role expected as Outside Director:**
We have determined that Mr. Toshikazu Koike is qualified to act as Outside Director of the Company for the broad range of knowledge and extensive experience he has acquired over many years as an executive manager for many years at an international corporate group, where he has been instrumental in developing its core businesses. With his knowledge and experience and from an objective perspective independent from the Company's management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for various matters, including group-wide strategies and global business strategies. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company's Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</td></tr>
</table>

Notes:
1. There are no special interests between the Company and each of the above-named candidates for Directors.
2. Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike are candidates for Outside Directors.
3. Outline of Liability Limitation Agreement with Outside Directors:

   In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act, individually with Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike. The maximum amount of liability based on the agreement shall be the higher of either 10 million yen or the amount set by the Companies Act. If the election of the aforementioned five candidates is approved at the 108th Ordinary General Meeting of Shareholders, the Company will extend these agreements.
4. The Company has entered into a liability insurance contract with an insurance company for directors, auditors, operating officers and managers of the Company and its group companies in accordance with Article 430-3, Paragraph 1 of the Companies Act. The contract covers compensation for damages and court costs incurred in the event that claims for damages are made by shareholders, companies, employees or other third parties due to the insured's business activities during the insurance period. If the reelection of the candidates listed above is approved, they will continue to be the insured of the relevant insurance contract, which is expected to be renewed with the same terms and conditions during their term of office.
5. "Independent" marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and those of the Company.
6. The Company has registered Tsutao Katayama, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE's independent criteria.
7. Kei Asatsuma is qualified as Independent Director but has not been registered as such with TSE in accordance with the policy of the law firm to which he belongs.

[Translation for Reference and Convenience Purposes Only]

<For Reference> Independence Criteria for Outside Directors and Auditors of the Company

The Company hereby establishes the "Independence Criteria for Outside Directors and Auditors" to clearly set the criteria for independence to be fulfilled by Outside Directors(1) and Outside Audit and Supervisory Board Members(2) (collectively, "Outside Directors and Auditors").

Independence Criteria

The Outside Directors and Auditors shall not fall under any of the following:

a) A person who is, or was within the past ten years, a Director (excluding an Outside Director), Audit and Supervisory Board Member (excluding an Outside Audit and Supervisory Board Member) or employee of the Company and its consolidated subsidiaries (collectively, the "Group");

b) A person who executes or executed business(4) within the past three years at a major business partner(3) of the Group or at a company or entity of which the Group is a major business partner;

c) A person who is, or was within the past three years, a major shareholder(5) of the Company (in the case where such major shareholder is a corporation, a person who executes or executed business of such corporation) or a person who executes or executed business of a company or entity of which the Group is a major shareholder;

d) A lawyer, certified public accountant, certified tax accountant or other consultant who receives or received in any of the past three fiscal years from the Group cash and/or other property worth more than 10 million yen annually in addition to director compensation;

e) A person who is, or was within the past three years, an employee, partner or associate of a law firm, auditing firm, tax accountant firm or other consulting company of which the Group is a major client;

f) A person who receives or received in any of the past three fiscal years donations exceeding 10 million yen annually from the Group, or a person who executes business of a corporation or organization which receives or received in any of the past three fiscal years such donations; or

g) A spouse or a relative within the second degree of kinship of any of the following individuals:

    1) A person who is, or was within the past three years, a Director, Audit and Supervisory Board Member or important employee(6) of the Group; or

    2) A person who falls under the above b), c), d), e) or f) (if such person is an employee, this applies only to an important employee).

Notes:

1. Outside Director refers to an outside director as set forth under Article 2, Paragraph 15 of the Companies Act.
2. Outside Audit and Supervisory Board Member refers to an outside auditor as set forth under Article 2, Paragraph 16 of the Companies Act.
3. "Major business partner" means:
    (1) in any of the past three fiscal years, i)a business counterparty with whom the Group performed transactions (sales or purchase) of an amount exceeding 2% of the annual consolidated net sales of the Group or ii)a business counterparty whose group performed with the Group transactions (sales or purchase) of an amount exceeding the higher of 100 million yen or 2% of the annual consolidated net sales of such group; or
    (2) a financial institution group from which the Group borrows funds, if the outstanding amount of borrowings from such financial institution group exceeds 2% of the Group's consolidated total assets as of the end of the previous fiscal year.
4. "Person who executes business" refers to a person who executes business as defined under Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.
5. "Major shareholder" refers to a shareholder who directly or indirectly owns 10% or more of the total voting rights.
6. "Important employee" refers to an employee at or above a general manager level.

[Translation for Reference and Convenience Purposes Only]

Proposal 4: Revision of the amount of remuneration to directors and determination of the amount and details of the performance-linked share-based remuneration

1. Reasons for the Proposal and Reasons the Remuneration is Appropriate

It was approved at the 93rd annual shareholders meeting held on June 29, 2006, that the amount of remuneration for the directors is a maximum of JPY 430 million per year (excluding employee salaries for directors who also serve as employees-).

The remuneration for directors of the Company consists of fixed remuneration (basic remuneration) and performance-linked remuneration (bonuses). In order to introduce a new performance-linked share-based remuneration plan (in this Proposal, the "**Plan**") for directors of the Company (excluding outside directors), the Company in this proposal requests approval to reduce the current maximum amount of remuneration for directors mentioned above and, in addition to such remuneration, to stipulate the amount and details of the remuneration for directors pertaining to the Plan as set out in Section 2 below.

Specifically, (i) the current maximum amount of remuneration for directors, which is JPY 430 million per year (excluding employee salaries), is to be changed to a maximum of JPY 330 million per year (including a maximum of JPY 55 million per year for outside directors) (but not including employee salaries for directors who also serve as employees-) because of the introduction of the Plan and (ii) the amount and details of the remuneration for directors pertaining to the Plan are to be set out as shown in Section 2 below in addition to the remuneration (i) above.

This Proposal is for the introduction of the Plan as described above, and the purpose of the Plan is to increase the awareness of directors to contribute to the improvement of the medium- to long-term performance and the increase the corporate value of the Company by making the linkage between the remuneration of directors and the Company's performance and stock value clearer and sharing the benefits and risks of stock price fluctuations with the Company's shareholders.

The purpose of the introduction of the Plan is as described above, and the Plan is reasonable because it will contribute to the achievement of such purpose, the amount of reduction of the current maximum amount of remuneration for directors (JPY 100 million per year) matches the amount obtained by dividing the amount to be contributed by the Company in the Plan by the number of fiscal years (JPY 100 million), and the maximum amount of the contribution to be made by the Company, the maximum points to be granted to the eligible directors, and the maximum of the total number of shares of the Company to be delivered to the eligible directors in the Plan are at a reasonable level given the past performance, the composition of positions, and the share price level of the Company. In addition, the Company has established a policy for determining the details of remuneration, etc. for each individual director (an outline of which is shown on pages 47 to 48 of the Business Report) at the Board of Directors meeting held on March 31, 2021. If this Proposal is approved as proposed, the Company plans to partially amend that policy as shown in the Exhibit. This Proposal is necessary and reasonable for the granting of remuneration to directors in line with that revised policy, and this Proposal is appropriate from that perspective as well.

With the introduction of the Plan, the remuneration of the Company's directors will consist of three types of remuneration: fixed remuneration (basic remuneration), short-term performance-linked remuneration (bonuses), and medium- to long-term performance-linked remuneration (the Plan), resulting in a balanced remuneration system that reflects the Company's medium- to long-term performance in addition to short-term corporate performance. The guideline of the current composition of remuneration by type (in the case of standard performance) for executive directors is approximately 85% fixed remuneration and 15% short-term performance-linked remuneration, but after the introduction of the Plan, the guideline will be approximately 60% fixed remuneration, 20% short-term performance-linked remuneration, and 20% medium- to long-term performance-linked remuneration as described in the draft of the revised policy for determining the details of remuneration, etc. for each individual director, which is shown in the Exhibit.

There are currently 11 directors (including five outside directors), and the current number of the directors who will be subject to the Plan (the current number of the directors excluding the outside directors) is six (in this Proposal, the directors other than the outside directors, the "**Eligible Directors**"), but if the Proposal 3 (Appointment of 11 Directors) is approved as proposed, there will be 11 directors (five of which will be outside directors) and the number of the Eligible Directors, who will be subject to the Plan, will be six.

In addition, if this Proposal is approved as proposed, the Company plans to also introduce a performance-linked share-based remuneration plan for executive officers who have entered into a contract of mandate with the Company similar to the Plan.

2. Amount and Details of Remuneration under the Plan

(1) Outline of the Plan

The Plan is a share-based remuneration plan under which a trust to be created by the Company contributing money (in this Proposal, the "**Trust**") will acquire the Company's shares and a number of the Company's shares in proportion to the number of points granted by the Company to each Eligible Director will be delivered to each Eligible Director through the Trust.

For details, see (2) below and thereafter.

(i)	Eligibility for the Plan	Eligible Directors
(ii)	Applicable Period (see (2) below)	From the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2026 (however, that period may be extended based on a decision of the Board of Directors for a period not exceeding five fiscal years on a case-by-case basis)
(iii)	Maximum amount of money to be contributed by the Company as money for the acquisition of the Company's shares necessary for delivery to the Eligible Directors in (i) during the Applicable Period in (ii) (see (2) below)	Total of JPY 500 million (however, if the Applicable Period is extended, the amount obtained by multiplying the number of fiscal years in the extended period by JPY 100 million in such extended period)
(iv)	Method of acquisition of the Company's shares (see (2) below)	Disposition of treasury shares or acquisition from an exchange market (including off-hour trading)
(v)	Maximum total number of points to be granted to the Eligible Directors in (i) (see (3) below)	100,000 points per fiscal year
(vi)	Maximum total number of shares of the Company to be delivered to the Eligible Directors in (i) (see (3) below)	The number of shares equivalent to 100,000 points multiplied by the number of fiscal years in the Applicable Period (calculated as one share of the Company's shares per point, and the maximum total number of the Company's shares to be delivered to the Eligible Directors for the five fiscal years that are the initial Applicable Period is 500,000 shares) However, the number of one share of the Company's shares per point will be adjusted in the event of a share split, consolidation of shares, or allotment of shares without contribution.
(vii)	Criteria for granting points (see (3) below)	Points are awarded according to each director's position, etc., and performance-linked indicators (the Company's consolidated return on equity, EBITDA, and sustainability indicators*, which are non-financial indicators)
(viii)	Time of delivery of shares of the Company to be delivered to the Eligible Directors in (i) (see (3) below)	In principle, at the time of retirement from office

* The sustainability indicators will be determined by comprehensively taking into account the progress of the Eco Action Plan 2030, which is the Company's environmental activity goal and the status of the Company's other ESG activities.

(2) Maximum Amount of Money to be Contributed by the Company

The initial trust period of the Trust is approximately five years, and the Company will contribute money up to a total of JPY 500 million as remuneration to the Eligible Directors in office during a period of five fiscal years from the fiscal year ending on March 31, 2022 until the fiscal year ending on March 31, 2026 (the "**Applicable Period**") as funds for the acquisition of the Company's shares necessary for the delivery of the Company's shares to the Eligible Directors under the Plan and will create the Trust with the Eligible Directors who will acquire the beneficial interests described in (3)(iii) below as the beneficiaries. The Trust will acquire the Company's shares using the money entrusted by the Company by way of disposition of treasury shares of the Company or acquisition from an exchange market (including off-hour trading).

Note: The money to be actually entrusted with the Trust by the Company will be the sum of the above-mentioned funds for the acquisition of the Company's shares and the estimated amount of trust fees, trust administrator fees, and other necessary expenses. If a share-based remuneration plan that is similar to the Plan is introduced for the executive officers who have entered into a contract of mandate with the Company, the funds for the acquisition of the Company's shares necessary for delivery of shares to the executive officers under such plan as described above will also be held in trust.

In addition, upon a decision of the Board of Directors of the Company, the Applicable Period might be extended for a period not exceeding five fiscal years and, in line with that extension, the trust period of the Trust might be extended (including an effective extension of the trust period by transferring the trust assets of the Trust to a trust with the same purpose as the Trust established by the Company, the same applies below). In such case, the Company will make an additional contribution to the Trust up to the amount obtained by multiplying the number of fiscal years of the relevant extended period by JPY 100 million as additional funds for the acquisition of the Company's shares necessary for the delivery of the Company's shares to the Eligible Directors under the Plan during the relevant extended period, and the Company will continue to grant points and deliver the Company's shares as described in (3) below.

In addition, even if the Applicable Period is not extended and the Plan does not continue to be in effect as described above, if there are Eligible Directors who have already been granted points but have not yet resigned at the time of the expiration of the trust period, the trust period of the Trust might be extended until those Eligible Directors resign and the delivery of the Company's shares is complete.

(3) Calculation Method and Maximum Number of Company's Shares to be Delivered to Eligible Directors

(i) Method of Granting Points to Eligible Directors, etc.

The Company will, based on the share delivery rules established by the Company's Board of Directors, grant points to each Eligible Director on each point granting date specified in the share delivery rules during the trust period in an amount obtained by multiplying a number determined according to the factors such as the Eligible Director's position, etc., by a performance-linked coefficient, which varies within a range of 50% to 150% depending on the performance-linked index*.

* The performance-linked indicators are three types, and they are the Company's consolidated return on equity, EBITDA, and sustainability indicators, which are non-financial indicators, with a weighting of 50%, 40%, and 10% respectively. However, the total number of points to be granted by the Company to each Eligible Director is limited to 100,000 points per fiscal year.

(ii) Delivery of the Company's Shares in Proportion to the Number of Points Granted

Each Eligible Director will receive delivery of the Company's shares in accordance with the procedures described in (iii) below in proportion to the number of points granted in (i) above. However, in the case where an Eligible Director resigns for a reason other than the expiration of his or her term of office (unless the Board of Directors of the Company believes the resignation is unavoidable due to a business-related injury or illness) or other certain cases, all or some of the points granted up to that point will be forfeited and the Company's shares equivalent to the forfeited points will not be delivered.

The number of the Company's shares to be delivered to the Eligible Director is one share per point. Hence, the maximum total number of shares of the Company to be delivered to the Eligible Directors will be the number of shares equivalent to 100,000 points multiplied by the number of fiscal years in the Applicable Period (the maximum total number of the Company's shares to be delivered to the Eligible Directors for the initial Applicable Period, the number of fiscal years in which is five, is 500,000 shares). However, in the event of a share split, consolidation of shares, or allotment of shares of the Company without contribution, the number of shares of the Company per point will be adjusted in accordance with that share split ratio, share consolidation ratio, etc.

(iii) Delivery of the Company's Shares to Eligible Directors

Each Eligible Director will, in principle, acquire a beneficial interest in the Trust by following the prescribed procedures at the time of his or her retirement, and as a beneficiary of the Trust, will receive from the Trust delivery of the Company's shares as described in (ii) above.

However, a certain percentage of the Company's shares might be sold and exchanged for cash by the Trust for the purpose of the Company withholding funds for the payment of withholding income tax and other taxes, and then delivered in cash instead of the Company's shares. In addition, if the Company's shares in the Trust are converted into cash, such as when the Company's shares in the Trust are tendered in a tender offer and settled, the Company's shares might be delivered in cash instead of the Company's shares.

(4) Exercise of Voting Rights

Voting rights pertaining to the Company's shares in the Trust will not be exercised uniformly based on the instructions of the trust administrator, which is independent of the Company and its officers. This method is intended to ensure neutrality in the Company's management with respect to the exercise of voting rights pertaining to the Company's shares in the Trust.

(5) Treatment of Dividends

Dividends related to the Company's shares in the Trust will be received by the Trust and used to pay for the acquisition of the Company's shares and the trust fees to be paid to the trustee for the Trust, etc.

(6) Other Matters

Other matters are to be determined within the scope of (1) through (5) above, taking into consideration the purpose of the Plan.

[Translation for Reference and Convenience Purposes Only]

Exhibit

Policy for Determining the Details of Remuneration, etc., for Each Individual Director (Draft)

1. Basic Policy

The remuneration plan for directors of the Company is based on the following matters as a basic policy.

(1) Contributing to the realization of the Management Philosophy (Management Principles, Beliefs, and Vision) of the Group

(2) Having a level of remuneration that is appropriate to enable the Company to secure talented directors

(3) Making it possible to foster a desire to contribute to the improvement of the medium- to long-term business performance and to increase the corporate value of the Company

(4) Making it possible to ensure transparency and objectivity and a link with the business performance of the Group

(5) Being able to share a profit-based awareness with the Company's shareholders and foster a management awareness that emphasizes shareholders

(6) Contributing to the promotion of appropriate risk-taking in the execution of business

2. Policy on the Determination of the Amount of Basic Remuneration (Monetary Remuneration) (including a policy on the determination of the timing and conditions for granting remuneration, etc.)

The basic remuneration for directors is fixed monthly remuneration paid in cash each month and is determined in accordance with the position and responsibilities of each director.

3. Policy on the Determination of the Details of Performance-Linked Remuneration, etc., and the Method of Calculating the Amount or Number of Performance-Linked Remuneration, etc. (including a policy on the determination of the timing and conditions for granting remuneration, etc.)

The performance-linked remuneration, etc., consists of performance-linked bonuses (paid in cash) as a short-term incentive and a performance-linked share delivery trust (share-based remuneration) as a medium- to long-term incentive.

In order to raise awareness of the need to improve the Company's business performance each fiscal year, the Company has selected consolidated sales and consolidated operating profit margin as appropriate indicators (KPIs) to measure the degree of achievement of business performance targets for each fiscal year. Performance-linked remuneration will be paid in cash to executive directors each June in an amount calculated based on the Company's performance each fiscal year and the executive director's position, etc.

With regard to the performance indicators and their target values, consolidated sales will be the forecast value of the business results announced in the summary of financial statements for the immediately preceding fiscal year, and the target value for the consolidated operating profit margin will be "the average of the past five years plus 0.5%." *

* Add 0.5% to the simple average of the operating profit margin for each of the past five years, but set within a range of 2% (lower limit) to 5% (upper limit).

The performance-linked share delivery trust (share-based remuneration) sets three types of indicators (KPIs) linked to the medium- to long-term management plan, namely ROE, EBITDA, and sustainability indicators, to ensure motivation to increase corporate value over the medium- to long-term. Each fiscal year, a number of points calculated based on the position, etc., and the degree of achievement of each indicator will be granted, and the shares of the Company will be delivered to each executive director in proportion to that number of points upon his or her retirement.

The performance indicators and their target values of ROE and EBITDA will be determined based on the target values of the medium- to long-term management plan and those of the sustainability indicators will be determined comprehensively taking into account the progress of the Eco Action Plan 2030, which are the Company's environmental activity goals, and the status of the Company's other ESG activities, etc., by the Board of Directors after the evaluation by the Governance Committee.

4. Policy on Determination of the Ratio of Amount of Each Type of Remuneration, etc. for Each Individual Director

The remuneration of each executive director will be determined according to the weight of his or her role and responsibilities to provide an appropriate incentive for improving business performance, taking into consideration the business environment surrounding the Company and the levels of other companies based on surveys conducted by outside professional organizations, on the premise that the remuneration level is appropriate and that it is possible to secure a talented management team that can contribute to the continuous development of the Company's business based on the Group's management philosophy.

The appropriateness of the benchmark levels of other companies are judged based on the results of surveys of executive remuneration with manufacturing companies listed on the First Section of the Tokyo Stock Exchange with sales of JPY 500 billion to JPY 1 trillion yen as equivalent companies.

The guideline of the percentage of each type of remuneration, etc. (in the case of standard performance) is approximately as follows: basic remuneration: 60%, short-term performance-linked remuneration, etc.: 20%, and medium- to long-term performance-linked remuneration, etc.: 20%.

Directors who are not executive directors will receive only basic remuneration in light of their responsibilities.

5. Matters Regarding the Determination of Details of Remuneration, etc. for Each Individual Director

To ensure transparency and objectivity, the Company will consult in advance with the Governance Committee, which is a voluntary advisory body consisting of the President and Representative director and independent outside directors, and will respect the answer of the Governance Committee, and the Board of Directors will determine the types of remuneration and matters, such as the ratio, level, calculation method of remuneration, etc. for directors, within the limit approved at an annual shareholders meeting.

The President and Representative Director will be authorized by a resolution of the Board of Directors to determine the specific details of the amount of remuneration for each individual director based on the types of remuneration, etc. for directors and matters such as the ratio, level, and calculation method of that remuneration, determined by the Board of Directors and the President and Representative Director, who has been delegated that authority, will determine the amount of the basic remuneration for each director, the amount of the performance-linked bonus for each executive director, and the number of points to be delivered to each executive director for performance-linked share-based remuneration.

[Translation for Reference and Convenience Purposes Only]

[Shareholder Proposals]

Proposals No. 5 through No. 9 are being made by a shareholder. The content of each proposal and the reasons for the proposal have been transcribed, without any change in content, in accordance with the description in the original proposal submitted by the shareholder.

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Proposal 5: Revision of Directors' Remuneration (Introduction of performance-linked transfer-restricted share-based remuneration system)

(1) Summary of the Agenda Item

Directors other than outside directors (the **"Relevant Directors"**) who are paid within the limits of the Limitation of Directors Annual Remuneration policy (resolved at the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006), will in addition to their current remuneration be paid monetary remuneration as follows.

・The monetary remuneration will be used as a contribution in kind in exchange for the allotment of restricted stock (treasury stock).

・The transfer restriction period for the restricted shares shall be a period determined by the Board of Directors between 3 and 20 years from the relevant date of allotment, and the details shall be set forth in the restricted transfer share allotment agreement to be concluded between the Company and the Relevant Directors.

・The specific timing of payment, number of treasury shares to be disposed of, allocation, etc. shall be determined by the Board of Directors.

(2) Reasons for the Proposal

The Company's business has risks, such as price competition, price fluctuation in raw materials, etc. We believe that the Company's Board of Directors and management should be rewarded through objective, transparent, ROE-linked performance-based stock compensation. In addition, the Company has substantial cross-shareholdings, and we believe it is essential for the management team to have incentives to enhance corporate value. The current CEO only owns 15,000 shares and thus is not incentivized at all. We want to improve this situation.

The usefulness of stock-based compensation is described in "Executive Compensation for Aggressive Management" published by the Ministry of Economy, Trade and Industry (METI) in April 2014 and revised from time to time. There are advantages such as encouraging management to look at things from the shareholder's perspective and providing incentives to improve mid to long-term performance.

In addition, Principle 4.2 and Supplemental Principle 4.2.1 of the Corporate Governance Code also state that the ratio of performance-linked compensation and other factors should be determined so that it functions as a sound incentive for sustainable growth.

Accordingly, Oasis proposes the introduction of performance-linked stock compensation.

< Opinion of the Board of Directors on the shareholder proposal >

The Board of Directors opposes this Proposal.

As part of the review of the remuneration plan for officers, the Company has submitted a proposal for the introduction of a performance-linked share-based remuneration plan as Proposal 4 with the aim of increasing the awareness of directors to contribute to the improvement of the performance and the increase of the corporate value of the Company over the medium to long term by making the linkage between the remuneration for directors and the Company's performance and stock value clearer and sharing the benefits and risks of stock price fluctuations with the Company's shareholders (such performance-linked share-based remuneration plan, the "Company Proposed Remuneration Plan").

In the Company Proposed Remuneration Plan, return on equity (ROE), EBITDA, and sustainability indicators, which are non-financial indicators, will be adopted as performance indicators (with those indicators comprising 50%, 40%, and 10%, respectively), and the number of shares (points) to be granted to each director will be determined based on the achievement of those indicators. That is intended to provide each director with an incentive to improve the Company's performance, including the ROE. Further, if such remuneration plan is introduced, it will be possible to change the approximate composition ratio of fixed remuneration, short-term performance-linked remuneration, and medium- to long-term performance-linked remuneration in the remuneration for directors of the Company (guideline in the case of standard performance) from the current ratio of 85%, 15%, and 0% to a ratio of 60%, 20%, and 20%. That will increase the incentive for directors to improve the Company's performance from a medium- to long-term perspective in terms of the remuneration mix. In addition, the level of the amount of remuneration as a whole has also been taken into account by reducing the current maximum amount of the remuneration for directors and then matching the amount of that reduction (JPY 100 million per year) with the amount obtained by dividing the amount to be contributed by the Company under the Company Proposed Remuneration Plan by the number of fiscal years (JPY 100 million) (for details, see Proposal 4).

On the other hand, this Proposal, which is a shareholder proposal, proposes the introduction of a performance-linked transfer-restricted share-based remuneration system for the purpose of providing the Company's management with an incentive to improve the medium- to long-term performance of the Company, and we believe that the intention of this Proposal has some commonality with the Company Proposed Remuneration Plan. However, this Proposal does not include a description of the maximum number of shares to be assumed by the directors (Article 361 (1) (v) (a) of the Companies Act) so lacks a description of the matters necessary for granting transfer-restricted shares to directors as remuneration under the Companies Act. Therefore, even if this Proposal is approved, it will not be legally effective, so the Company will not be able to introduce a transfer-restricted share-based remuneration system based on this Proposal. In addition, from the description of the reasons for this Proposal, it is assumed that the system will be linked to ROE, but this Proposal lacks specificity and does not clearly state what the ROE will be linked to (whether it will be linked to the number of shares to be released from transfer restrictions or the number of shares to be granted).

The Company therefore opposes this Proposal and believes that it is desirable to introduce the Company Proposed Remuneration Plan, which is a performance-linked share-based remuneration that has appropriately designed from a medium- to long-term perspective.

Proposal 6: Revisions to a Portion of the Articles of Incorporation (Change to a Company with an Audit Committee Structure)

(1) Summary of the Agenda Item

The current Articles of Incorporation shall be revised as follows, in order to adopt an audit committee structure. The clauses related to this agenda item shall be modified to reflect the formatting changes required (including but not limited to renumbering of the articles) to account for the other agenda items in the shareholders' meeting (including agenda items related to Company proposals) that are approved.

Current Articles of Incorporation	Proposed Changes
(Corporate Structure) Article 4. In addition to the general meeting of shareholders and directors, the Company shall have the following corporate structure. 1. board of directors 2. corporate auditors 3. board of corporate auditors 4. accounting auditor	(Corporate Structure) Article 4. In addition to the general meeting of shareholders and directors, the Company shall have the following corporate structure. 1. board of directors 2. audit and supervisory committee (deleted) 3. accounting auditor
(Number of Directors) Article 19. The number of directors shall be 15 or less.	(Number of Directors) Article 19. The number of directors who are not members of the audit and supervisory committee shall be 15 or less, and the number of directors who are members of the audit and supervisory committee shall be 5 or less.
(Election of Directors) Article 20. Directors shall be elected by a resolution adopted by a majority of the voting rights of the shareholders present at a general shareholders' meeting, where shareholders representing at least one third of the voting rights are present. A resolution for the election of directors shall not be adopted by cumulative voting.	(Election of Directors) Article 20. Directors shall be elected by resolution at a general shareholders' meeting, distinguishing between directors who are members of the audit and supervisory committee and directors who are not. A resolution for the election of directors shall be adopted by a majority of the voting rights of the shareholders present at a general meeting of shareholders, where shareholders representing at least one third of the voting rights are present. A resolution for the election of directors shall not be adopted by cumulative voting.
(Term of Office) Article 21. The term of office of a director shall expire at the close of the annual general shareholders meeting in the last fiscal year ending within one year after his or her election.	(Term of Office) Article 21. The term of office of a director (excluding those directors who are members of the audit and supervisory committee) shall expire at the close of the annual general shareholders' meeting in the last fiscal year ending within one year after his or her election. The term of office of a director who is a member of the audit and supervisory committee shall expire at the close of the annual general shareholders' meeting in the last fiscal year ending within two years after his or her election.
(Representative Director, Executive Directors, Honorary Chairman, Senior Advisors and Advisors) Article 22. The board of directors shall select a representative director by resolution. The board of directors shall select one president by resolution. The board of directors may also appoint one chairman and several executive vice	(Representative Director, Executive Directors, Honorary Chairman, Senior Advisors and Advisors) Article 22. The board of directors shall select a representative director from among the directors by resolution (excluding directors who are members of the audit and supervisory committee). The board of directors shall select

presidents. The board of directors may, by resolution, appoint one honorary chairman and several senior advisors (sodanyaku) and advisors (komon).	one president from among the directors by resolution (excluding directors who are members of the audit and supervisory committee). The board of directors may also appoint one chairman of the board of directors and several executive vice presidents from among the directors (excluding directors who are members of the audit and supervisory committee). The board of directors may appoint one honorary chairman and several senior advisors (sodanyaku) and advisors (komon) by resolution.
(Meetings of the Board of Directors – Persons Authorized to Convene; Chairman) Article 23. The president shall convene a meeting of the board of directors and act as chairman thereof. In the event that the president is unable to act, another director shall take his or her place in accordance with an order previously determined by the board of directors.	(Meetings of the Board of Directors – Persons Authorized to Convene; Chairman) Article 23. Unless otherwise provided for by applicable law or regulation, meetings of the board of directors shall be convened by the president, who act as chairman thereof. In the event that the president is unable to act, another director shall take his or her place in accordance with an order previously determined by the board of directors.
(Notice of Convocation of Meetings of the Board of Directors) Article 24. Notice of a meeting of the board of directors shall be given to each director and each corporate auditor at least three days prior to the date of the meeting. However, the notice period may be shortened if there is an urgent need to do so. A meeting of the board of directors may be held without following the procedures for convening a meeting if all of the directors and corporate auditors agree to do so.	(Notice of Convocation of Meetings of the Board of Directors) Article 24. Notice of a meeting of the board of directors shall be given to each director at least three days prior to the date of the meeting. However, the notice period may be shortened if there is an urgent need to do so. A meeting of the board of directors may be held without following the procedures for convening a meeting if all of the directors agree to do so.
(Abbreviated Resolutions of the Board of Directors) Article 25. In the event that a director proposes a matter for resolution at a meeting of the board of directors, if all the directors who are entitled to vote on such matter express their consent in writing or by electromagnetic record and the statute auditors do not object, a resolution of the board of directors approving such matter shall be deemed to have passed.	(Abbreviated Resolutions of the Board of Directors) Article 25. In the event that a director proposes a matter for resolution at a meeting of the board of directors, if all the directors who are entitled to vote on such matter express their consent in writing or by electromagnetic record, a resolution of the board of directors approving such matter shall be deemed to have passed.
(New)	(Delegation of Important Business Matters) Article 26. Pursuant to Article 399-13, paragraph 6 of the Companies Act, the Company may, by a resolution of the board of directors, delegate all or part of the decisions on the execution of important business matters, other than the matters set forth in paragraph 5 of such Article, to the directors.
(Remuneration, Etc.) Article 26. Remuneration, bonuses and other property benefits received from the Company as compensation for the execution of duties by directors (hereinafter referred to as "Remuneration, Etc.") shall be determined by resolution at a general shareholders' meeting.	(Remuneration, Etc.)_ Article 27. Remuneration, bonuses and other property benefits received from the Company as compensation for the execution of duties by directors (hereinafter referred to as "Remuneration, Etc.") shall be determined by resolution at a general shareholders' meeting,

	<u>distinguishing between directors who are members of the audit and supervisory committee and directors who are not.</u>
<u>(Limitation of Liability Agreement with Outside Directors)</u> <u>Article 27. The Company may enter into an agreement with outside directors to limit their liability for damages due to negligence in performing their duties in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. However, the maximum amount of liability under such contracts shall be the higher of a predetermined amount which shall be 10 million Japanese Yen or more, or the amount required by law.</u>	Article 28 (Abbreviated)
<u>Chapter 5. Corporate Auditors and Board of Corporate Auditors</u>	(Deleted)
(Number of Corporate Auditors) Article 28. The Company shall have no more than five corporate auditors.	(Deleted)
<u>(Election)</u> <u>Article 29. A resolution for the election of corporate auditors shall be adopted by a majority of the voting rights of the shareholders present at</u> a general shareholders' meeting, where shareholders representing at least one third of the voting rights are present.	
(Term of Office) Article 30. The term of office of a corporate auditor shall expire at the conclusion of the annual general shareholders' meeting in the last fiscal year ending within four years after his or her election. The term of office of a corporate auditor elected to fill the vacancy of a corporate auditor who has retired prior to the expiration of his or her term of office shall expire at the expiration of the term of office of the retired corporate auditor.	(Deleted)
(Full-Time Corporate Auditors) Article 31. The board of corporate auditors shall select a full-time corporate auditor by resolution.	<u>(Deleted)</u>
Article 32. Notice of a meeting of the board of corporate auditors shall be given to each corporate auditor at least three days prior to the date of such meeting. However, the notice period may be shortened if there is an urgent need to do so. A meeting of the board of corporate auditors may be held without following the procedures for convening a meeting if all of the corporate auditors agree to do so.	<u>(Deleted)</u>
(Remuneration, Etc.) Article 33. Remuneration, etc. of corporate auditors shall be determined by a resolution at a general shareholders' meeting.	<u>(Deleted)</u>
(Limitation of Liability Agreement with Outside Corporate Auditors)	<u>(Deleted)</u>

Article 34. Pursuant to Article 427, paragraph 1 of the Companies Act, the Company may enter into an agreement with outside corporate auditors to limit their liability for damages arising from negligence in performing their duties. However, the maximum amount of liability under such agreement shall be the higher of a predetermined amount which shall be 10 million Japanese yen or more, or the amount required by law.	
(New)	Chapter 5. Audit and Supervisory Committee
(New)	(Notice of Convocation of a Meeting of the Audit and Supervisory Committee) Article 29. Notice of a meeting of the audit and supervisory committee shall be given to each director at least three days prior to the date of such meeting. However, the notice period may be shortened if there is an urgent need to do so. A meeting of the audit and supervisory committee may be held without following the procedures for convening a meeting if all of the members of the audit and supervisory committee agree to do so.
(New)	(Rules of the Audit and Supervisory Committee) Article 30. Matters concerning the audit and supervisory committee shall be governed by the rules for audit and supervisory committee members established by the audit and supervisory committee, in addition to the provisions of applicable laws and regulations or the Articles of Incorporation.
Article 35 – Article 38 (Abbreviated)	Article 31 – Article 34 (as currently written)
(New)	Supplementary Provisions (Transitional Measures Concerning Exemption from Liability of Corporate Auditors) The Company will continue to comply with Article 34 of the Articles of Incorporation prior to its amendment by resolution at such General Shareholders' Meeting with respect to agreements to limit the liability of outside corporate auditors (including past corporate auditors) for damages under Article 423, paragraph 1 of the Companies Act entered into prior to the conclusion of the 108th General Shareholders' Meeting held in June 2021.

(2) Reasons for the Proposal

Switching to an audit committee structure will enable more effective supervision[1] by separating the supervision of the management team from the execution of business, which will lead to the Company's long-term growth potential and increase in corporate value. Where a company has an audit committee, it is possible to design a flexible system with an independent audit function and flexible decision-making, thereby further enhancing corporate governance and corporate value. As of September 2020, 19.9% of the companies in the JPX Nikkei 400 have audit committees, and the number is increasing every year.[2]

Based on our stewardship responsibilities as a shareholder, we propose that the Company adopt an audit committee structure.

< Opinion of the Board of Directors on the shareholder proposal >

The Board of Directors opposes this Proposal.

The Companies Act of Japan permits a variety of institutional designs, and large public companies are required to be a company with an audit and supervisory board, a company with a nominating committee, etc., or a company with an audit and supervisory committee. None of these three institutional designs is superior to the others, and the question of which institutional design a company should adopt is a matter to be considered by each company.

In light of the importance of compliance with laws and regulations, the Company has chosen to be a company with an audit and supervisory board, which enables it to conduct audits with a strong single-person decision-making authority. The Board of Directors, more than one-third of which is composed of independent outside directors, and the executive officer system ensure management efficiency and flexibility, and clearly distinguish the management decision-making and supervisory functions from the business execution functions. In addition, matters of particular importance to the supervision of the execution of duties by directors, such as the nomination of candidates for representative directors, directors, and company auditors, and the remuneration of directors and executive officers, are referred to the Governance Committee, which is a voluntary advisory body consisting of one representative director and five independent outside directors, to further enhance objectivity, timeliness, and transparency.

The Company will continue to examine the design of the Company's organization in order to further enhance corporate governance, but it is believed that a company with an audit and supervisory board is appropriate for the Company's current structure and that there is no need to shift to a company with an audit and supervisory committee.

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[1] Principle 4.6 of Japan's Corporate Governance Code.

[2] Tokyo Stock Exchange, "Status of the establishment of nominating committee and compensation committees, as well as the appointment of independent outside directors, at companies listed on the Tokyo Stock Exchange" (September 7, 2020) (refer to https://www.jpx.co.jp/news/1020/nlsgeu000004xll4-att/nlsgeu000004xlo7.pdf).

Proposal 7: Revisions to a Portion of the Articles of Incorporation (Abolish *Sodanyaku* / *Komon* System)

(1) Summary of the Agenda Item

The current Articles of Incorporation shall be amended as follows and shall be modified to reflect the formatting changes required (including but not limited to renumbering of the articles) to account for the other agenda items in the shareholders' meeting (including agenda items related to Company proposals) that are approved.

Current Articles of Incorporation	Revised Articles of Incorporation
Article 22 The Board of Directors shall select Representative Directors by board resolution. The Board of Directors shall select one (1) President by board resolution. The Board of Directors may also appoint one Chairman of the Board of Directors and several Executive Vice Presidents. <u>The Board of Directors may, by board resolution, appoint one honorary chairman as well as several senior advisors (*sodanyaku*) and advisors (*komon*).</u>	Article 22 The Board of Directors shall select Representative Directors by board resolution. The Board of Directors shall select one (1) Present by board resolution. The Board of Directors may also appoint one Chairman of the Board of Directors and several Executive Vice Presidents. <u>The Company shall not establish advisory positions, such as an honorary chairman, senior advisor (*sodanyaku*) or advisor (*komon*), whose duties are to advise the Representative Executive Officer on the general or specific businesses of the Company.</u>

(2) Reasons for the Proposal

The METI Guidelines provide that when a former president remains at a company as a *komon/sodanyaku*, he or she may exercise unreasonably influential power on the current management.[3] Even if he or she does not actively exercise such power, the current management may hesitate to make bold decisions or implement reforms that conflict with the former president's past decisions.

The Company currently retains two *komon/sodanyaku* (part-time and with remuneration). Both of them are former presidents of the Company. If the management team hesitates to make bold decisions and implement reforms it may render growth through innovation difficult to accomplish.

Accordingly, abolishment of the *komon/sodanyaku* system is an essential reform for the Company's operation, which will enable the Company's management to make bold decisions, implement necessary corporate governance reforms and drive its business toward a profitable future.

< Opinion of the Board of Directors on the shareholder proposal >

The Board of Directors opposes this Proposal.

It is stated in the reason for proposing this Proposal that "the Company currently retains two sodanyaku and komon (part-time and with remuneration)," but the Company does not currently have any sodanyaku or komon.

Although the Company has an honorary chairperson, the honorary chairperson of the Company contributes to the improvement of the Company's social reputation through external activities in industry groups, etc., while utilizing his experience, insight and personal connections. The honorary chairperson is not involved in and does not have any undue influence on the Company's management decisions.

The Board of Directors believes that the system of sodanyaku and komon, etc., will continue to be useful as it will contribute to the enhancement of the corporate value of the Company through the appropriate operation of the system when it is necessary to utilize the rich experience, insight, and personal connections of each person. In addition, more than one-third of the Company's Board of Directors is composed of independent outside directors, ensuring an environment in which sodanyaku and komon do not have any influence on the Company's decision making.

The Board of Directors believes that there are misconceptions about the premises and this Proposal is not

[3] *See* Ministry of Economy, Trade and Industry, *Practical Guidelines for Corporate Governance Systems*, p. 42, https://www.meti.go.jp/english/press/2018/pdf/0928_005a.pdf.

appropriate.

Proposal 8: Implementation of Share Buyback

(1) Summary of the Agenda Item

The Company shall acquire 18,619,100 of the Company's common shares (**"Common Shares"**) (representing 9.9% of the total shares outstanding) by payment of an acquisition cost of up to 24 billion Japanese Yen (however, if the permitted total acquisition cost under the Companies Act (Clause 461 of the Companies Act, **"Distributable Amount"**) is less than the aforementioned acquisition cost, then up to such amount) within one year from the end of the AGM in accordance with Article 156, Paragraph 1 of the Companies Act.

(2) Reasons for the Proposal

The Company conducted share buybacks of approximately 30 billion Japanese Yen between fiscal year 2018 and fiscal year 2020 as part of its medium term management plan.[4] The Company is scheduled to announce a new medium-term management plan (the **"Next Medium Term Plan"**) starting in fiscal year 2021, and we believe that a more aggressive share repurchase policy should be formulated in the Next Medium Term Plan. The Company's current P/B ratio (price-to-book value ratio) is 0.39x, which is significantly lower than the dissolution value of 1.0x and is at a low level when compared to the past five years. Implementation of a significant buyback in the first year of the Next Medium Term Plan is highly important in terms of demonstrating the Company's confidence in accomplishing the Next Medium Term Plan. We think that the Company should implement a buyback amount up to JPY100bn within three years in the Next Medium Term Plan and should conduct the JPY24bn buyback as the first step.

< Opinion of the Board of Directors on the shareholder proposal >

The Board of Directors opposes this Proposal.

The Company recognizes the importance of returning profits to its shareholders and that acquiring the Company's own shares is a useful means of returning profits to shareholders. With that recognition, based on the Company's medium-term management plan, the Company repurchased a total of approximately JPY 30 billion in the Company's own shares during the period from FY 2018 to FY 2020. On May 14, 2021, the Company announced its new medium-term management plan, the "Medium-Term Management Plan 2025". That Plan sets out a policy that, during the period from FY 2021 to FY 2025, the target total return payout ratio will be 80%,, the target consolidated dividend payout ratio will be at least 50%, the annual dividend amount will be JPY 46 per share at minimum and increased gradually, and the Company will implement share repurchase in an agile manner (in principle, extraordinary profits or losses arising from the disposal of assets will not be taken into account when calculating the total return payout ratio and the consolidated dividend payout ratio).

On the other hand, the acquisition of the Company's own shares for JPY 24 billion in FY 2021, which is asserted by the proposing shareholders, would expect to cause the total return ratio to exceed 100% (approximately 141% based on the net income attributable to owners of parent of JPY 17 billion in the consolidated earnings forecast for FY 2021 announced by the Company). Under circumstances where the future of the global economy is uncertain due to the spread of COVID-19, the Company believes that if it acquires its own shares on such a large scale, it will not be able to secure sufficient funds to expand new growth areas and domains and to make investments for business continuity while maintaining a certain level of liquidity funds in hand. As set out in the new medium-term management plan, from the perspective of maintaining and improving the Company's medium- to long-term corporate value, the Company will, based on the packaging business, expand its value chain in the areas of engineering, filling and distribution and seek growth of optical-use and battery materials in the steel plate-related and functional materials-related operations, as well as to create new mechanisms for solving social issues in new business fields. Specifically, the Company intends to make the following investments to achieve future growth and strengthen its business foundation.

- Making investments to reduce environmental impact and increase environmental value
- Developing a system for the entire value chain, beyond the traditional framework of packaging manufacturing
- Enhancing foundation for existing core business areas
- Seeking activities to create and grow new businesses, including cooperation with business partners and start-

[4] The Company's website "Mid-Term Plan - Basic Policy on Profit Distribution" ((https://www.tskg-hd.com/ir/policy/plan/) /).

ups, focusing on the areas of "food and health," "comfortable living," and "environment, resources and energy"
- Advancing IoT and DX initiatives, developing new technologies and human resources, etc.

The Company therefore believes that acquiring the Company's own shares on the scale advocated by the proposing shareholders in this Agenda Item is not appropriate at this time from the perspective of improving the medium- to long-term corporate value.

Article 7 of the Articles of Incorporation of the Company provides that the Company may acquire its own shares through market transactions, etc. by a resolution of the Board of Directors. The Board of Directors believes that it should make decisions on acquiring the Company's own shares, including setting the number of shares to be acquired and the timing of the acquisition, based on sufficient discussion in the Board of Directors under the policy set out in the new medium-term management plan mentioned above.

Proposal 9: Revisions to a Portion of the Articles of Incorporation (Disclosure of Management Strategy based on the Task Force on Climate-Related Financial Disclosures (TCFD))

(1) Summary of the Agenda Item

The following provision shall be added as a new Article in the existing Articles of Incorporation and shall be modified to reflect the formatting changes required (including but not limited to renumbering of the articles) to account for the other agenda items in the shareholders' meeting (including agenda items related to Company proposals) that are approved:

Article 39 The Company shall disclose in its annual report a management strategy and a plan describing the status of its implementation in accordance with the Task Force on Climate-related Financial Disclosure (TCFD).

(2) Reasons for the Proposal

The Company has established an environmental management system and formulated the Eco Action Plan 2030 in fiscal year 2019 with a view toward a low-carbon society, a resource-recycling society, and a society in harmony with nature. In addition, the Company discloses environmental risks based on the Eco Action Plan 2030 in its annual securities report, and also discloses its environmental initiatives in a separate CSR report.[5] The importance of ESG investment, including environmental measures, has clearly increased in recent years, as evidenced by the fact that a shareholder proposal from the Climate Change Network to MHFG last year was approved by more than 30% of shareholders.[6] In light of the fact that a certain amount of environmental impact is inevitable given the nature of the Company's business, the Company urgently needs to increase its corporate value and attractiveness to the public by increasing the transparency of information disclosure on its environmental initiatives, in addition to its current efforts, by clearly stating such initiatives in its Articles of Incorporation.

For these reasons, Oasis proposes the above amendment to the Articles of Incorporation to clearly state in the Articles of Incorporation the disclosure of the status of the Company's efforts relating to the implementation of initiatives that take the environment into consideration.

< Opinion of the Board of Directors on the shareholder proposal >

The Board of Directors opposes this Proposal.

Since its establishment, the Company's group has been striving to put into practice its mission of "contributing to the happiness of humankind through our business activities" and its management philosophy of "constantly creating new values and aspiring to achieve a sustainable society." With regard to the environment in particular, the Company has established the Group's Environmental Vision towards 2050 from the three perspectives of a zero-carbon society, a zero-waste society, and a society coexisting with nature. To achieve that vision, the Company also formulated the Eco Action Plan 2030 in FY 2019 as a specific medium-term goals and has been steadily implementing measures to reduce the environmental impact of its supply chain as well as reducing the environmental impact of its business activities. In May 2021, in order to further promote those efforts, the Company set significantly reducing CO2 emissions to be carbon-neutral as a long-term goal in its environmental vision and revised the goals in the Eco Action Plan 2030.

In addition, the Company clearly states in the Group's Code of Conduct & Guidelines of Behavior and the Group's Environmental Policy that it will actively engage in communication on environmental issues with stakeholders and strive for building mutual understanding. In fact, the Company has disclosed the above environmental initiatives on its website referring to the GRI Sustainability Reporting Standards, an international standard, as well as in its annual CSR report referring to ISO 26000 (Guidance on Social Responsibility), which is also an international standard.

Although it is stated that the reason for this Proposal is to increase the transparency of the disclosure of information on environment-related initiatives, the Company does not recognize the necessity to have any

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5 The Company's website "Toyo Seikan Group CSR Report 2020" (https://www.tskg-hd.com/csr/pdf/2020csr_web.pdf).

6 MHFG "Submission of Extraordinary Report" (30 June, 2020) (in Japanese) (https://www.mizuho-fg.co.jp/investors/stock/meeting/pdf/extra_18.pdf.)

specific provisions regarding this matter in the Articles of Incorporation, as the Company has been making efforts to disclose information in a highly transparent way as explained above. In addition, the IFRS Foundation is in the process of developing a unified disclosure framework for sustainability, including climate change, and according to 3-1(iii) of the supplementary principles of the proposed draft of the revised Corporate Governance Code, disclosures based on an “equivalent framework,” not limited to the TCFD, should be consistent with the principles applicable to the prime market. Although it is necessary to consider which form of information disclosure is appropriate for environment-related initiatives in light of future trends, if it is provided in the Articles of Incorporation that the disclosure framework to be relied upon is limited to the TCFD as proposed in this Proposal, that might hinder the Company’s future considerations and would not be appropriate.

Given the above, the Board of Directors believes that it would not be appropriate to establish a provision in the Articles of Incorporation such as the one proposed in this Proposal.

* Reference Information: Initiatives for the Environment and Climate Change

Medium- to Long-Term Environmental Goals	◆ Long-term goals towards 2050 - Long-term goal towards 2050: To become carbon neutral - We will reduce the use of new resources to the maximum extent and replace them with recycled or renewable materials. - We will contribute, through our products and services, to the creation of a society where humans and all other creatures on the planet can coexist permanently, with due consideration to product lifecycles in the processes of procurement, development, manufacturing, sales and service activities. ◆ Medium-Term Goals for FY 2030 “Eco Action Plan 2030” (1) Zero-Carbon Society (i) Reduce CO_2 emissions from business activities (Scope 1 & 2) by 35% (compared to FY 2019) (ii) Reduce CO_2 emissions from the supply chain (Scope 3) by 20% (compared to FY 2019) (2) Zero-Waste Society (i) Reduce the use of exhaustible resources by 30% (compared to FY 2013) (ii) Reduce the use of fossil resources for plastic products by 40% (compared to FY 2013) - 15% reduction by decreasing product weight and switching materials (compared to FY 2013) - Increasing the ratio of recycled and plant-based plastics by 30% (compared to FY 2013) (iii) All packaging to be recyclable or reusable (3) Society Coexisting with Nature (i) Reduce environmental risk and environmental pollutants - 15% cut in the release and transfer amount of chemical substances under the Pollutant Release and Transfer Register Law (PRTR Law) by FY 2022 (compared to FY 2013) (ii) Promote biodiversity conservation - 30% cut in water consumption by business activities (compared to FY 2013) (iii) Promote communication with external parties - Action to address marine plastic pollution (prevention of litter) and the disclosure of relevant information
Major Environmental Topics	◆ The first Japanese packaging manufacturer to join the Ellen MacArthur Foundation, which promotes the idea of a circular economy ◆ Capital participation in R-Plus Japan, Ltd., a new company engaged in the recycling of used plastics

	◆ Participation in Challenge Zero (Challenge Net Zero Carbon Innovation) organized by Keidanren ◆ Exhibit at TOKYO PACK 2021. The key message was “We will wrap the Earth next” The content of the exhibition was conceptually focused and divided into three environmental visions: the “Zero-Carbon Society,” the “Zero-Waste Society,” and the “Society Coexisting with Nature.” ◆ Utilizing the Group’s extensive knowledge of materials, packaging, and calculating CO_2 emissions, the Company plans to start “CO_2 visualization and reduction support,” which is to provide customers with information on CO_2 emissions from raw material procurement to disposal of containers manufactured by the Company, in the second half of FY 2021.

[Translation for Reference and Convenience Purposes Only]

The 108th Term Business Report

(From April 1, 2020, to March 31, 2021)

I. Current Status of the Group

1. Progress and Results of Business Operations

The Japanese economy remained in a challenging situation during the fiscal year ended March 2021 although there were some signs of recovery due to the effects of various measures against the COVID-19 outbreak.

Under such conditions, the Toyo Seikan Group has reported its business results for the fiscal year under review as described below.

(in millions of yen, except for percentage changes)

	March 2020	March 2021	YOY	YOY (%)
Net sales	790,814	748,724	-42,089	-5.3%
Operating income	27,271	26,667	-603	-2.2%
Operating income margin	3.4%	3.6%	-	-
Ordinary income	28,412	27,326	-1,085	-3.8%
Extraordinary income	2,482	-	-2,482	-
Extraordinary losses	23,967	2,980	-20,987	-
Profit attributable to owners of parent	-520	15,946	16,467	-

On a consolidated basis, net sales declined 5.3% from the year earlier to 748,724 million yen. Sales of packaging products, particularly of beverage containers, were significantly affected by weak spending around business districts and in the leisure and food service industries amid the COVID-19 pandemic, while there was a certain growth in demand for our products resulting from an increase in “at-home” consumption as people were urged not to go out to stop spreading the coronavirus. Operating income and ordinary income fell from the year earlier despite a decrease in raw material and energy prices, recording 26,667 million yen (down 2.2%) and 27,326 million yen (down 3.8%), respectively. Consequently, the Company posted a profit attributable to owners of parent of 15,946 million yen, compared to the loss of 520 million yen for the previous year.

The overall operating results by segment were as follows:

(in millions of yen, except for percentage changes)

Business segment	Net sales				Operating income			
	Mar 2020	Mar 2021	YOY	YOY (%)	Mar 2020	Mar 2021	YOY	YOY (%)
Packaging	658,567	623,004	-35,562	-5.4%	20,507	18,411	-2,096	-10.2%
Steel plate related	62,924	54,599	-8,325	-13.2%	285	-371	-656	-
Functional materials related	36,811	40,373	3,562	9.7%	1,521	3,051	1,529	100.5%
Real estate related	8,019	7,801	-218	-2.7%	5,041	5,237	196	3.9%
Other businesses	24,490	22,944	-1,545	-6.3%	1,739	1,438	-301	-17.3%
Adjustment	-	-	-	-	-1,824	-1,099	724	-
Total	790,814	748,724	-42,089	-5.3%	27,271	26,667	-603	-2.2%

[Packaging business]

The Group’s packaging business generated 623,004 million yen in net sales, down 5.4% year-on-year, and 18,411 million yen in operating income, down 10.2% year-on-year.

1) Manufacturing and sales of metal packaging

Sales of metal packaging products fell substantially from the previous year mainly due to the impact of the coronavirus pandemic.

In Japan, sales of alcoholic beverage cans for beer and *chuhai* cocktails grew following an increased demand for "at-home" consumption, while those of caps for soft drinks and caps for beer exported to China decreased as a result of stay-at-home orders and requests.

As for overseas markets, sales of cans for energy drinks decreased due to the impact of the stay-at-home measures in Thailand, while those of cans for beer remained weak as a result of the Thai government’s ban on the sale of alcoholic beverages.

2) Manufacturing and sales of plastic packaging

Overall sales of plastic packaging products were significantly lower than in the previous year mainly due to the impact of the spread of the coronavirus.

Sales grew in several categories: pouches for curry and pasta sauces increased due to a growing demand for "at-home" consumption, and bottles for sanitizers gained with a rising concern over hygiene. However, PET bottles for tea drinks and cups for coffee served at coffee shops saw a considerable drop as the public were urged to avoid leaving home and work from home.

3) Manufacturing and sales of paper products

Following the move from plastic packaging to alternatives, which began with the problem of marine plastic pollution, we received several new purchase orders for paper containers, including those for “bento” (lunch boxes) sold at convenience stores. However, sales of beverage paper cups for vending machines decreased and those of corrugated cardboard packaging for soft drinks remained sluggish as people were requested not to participate in entertainment and leisure activities and encouraged to work from home to stop spreading the coronavirus.

4) Manufacturing and sales of glass packaging

Total sales of glass packaging products fell significantly from the previous year. Sales of housewares such as tableware decreased largely due to a drop in the number of visitors to restaurants and hotels amid the coronavirus outbreak, while those of beverage glass bottles remained sluggish as more people worked from home.

5) Contract filling and sales of aerosol products and general liquid-filled products

Despite a decrease in sales of deodorants and antiperspirants and hairspray products due to the impact of the stay-at-home measures against the spread of the coronavirus, overall sales of this category exceeded the previous year's level with an increased sales of general liquid-filled products, such as sanitizers and hand soap, amid a growing concern over hygiene.

6) Manufacturing and sales of packaging-related machinery and equipment

Although sales of can and can-end making machinery increased in overseas markets, lower sales of beverage filling equipment in Japan and the adverse impact of foreign exchange rates contributed to an overall decline in sales of this category.

[Steel plate related business]

Net sales dropped 13.2% year-on-year to 54,599 million yen with an operating loss of 371 million yen, compared to the operating income of 285 million yen for the previous year.

Sales of materials for electrical and electronic components plunged over the year as demand declined for battery materials, including automotive rechargeable batteries.

Sales of materials for automotive and industrial machinery parts significantly fell from the previous year with lower demand for materials for gaskets, driving system components and fuel pipes.

Materials for construction and household electric appliances were substantially weaker than in the year earlier as sales of bathroom interior materials and refrigerator door materials decreased.

[Functional materials related business]

Net sales grew 9.7% year-on-year to 40,373 million yen, with operating income surging 100.5% to 3,051 million yen.

Sales of aluminum substrates for magnetic disks rose substantially from the previous year mainly due to an increase in server hard disk applications.

Optical functional films showed a weaker sales following a deterioration in market conditions for flat panel displays.

Sales of enamelware glazes increased, while those of pigments and several other products decreased over the previous year.

[Real estate related business]

While net sales from leasing of office buildings and commercial facilities fell 2.7% year-on-year to 7,801 million yen, operating income from this segment rose 3.9% to 5,237 million yen.

[Other businesses]

This segment (including manufacturing and sales of automotive press dies, machinery and appliances, hard alloys and agricultural-use materials; sales of petroleum products; and non-life insurance agency business) recorded 22,944 million yen in net sales, down 6.3% year-on-year, and 1,438 million yen in operating income, down 17.3% year-on-year.

The Group's operating results by region are as follows:

In Japan, net sales declined 5.6% year-on-year to 634,275 million yen, while operating income dropped 13.2% to 17,611 million yen over the previous year.

In Asia (including Thailand, China and Malaysia), net sales fell 11.3% year-on-year to 51,923 million yen, while operating income grew 18.1% to 7,277 million yen.

As for other regions, including the U.S., net sales increased 3.7% year-on-year to 62,526 million yen, while operating income surged 335.4% to 1,071 million yen from the year earlier.

As of the end of March 2021, the number of consolidated subsidiaries of the Company was 71 (down 3 from the year earlier), while that of affiliates accounted for under the equity method was 4 (unchanged). The change in consolidated subsidiaries during the year under review is as follows:

- Companies (three companies) removed from consolidated subsidiaries:
  - KY TECHNOLOGY CO., LTD.(1)
  - Toyo Unicon Co., Ltd. (2)
  - Toyo Glass Mold (Thailand) Co., Ltd. (3)

Note:
1. KY TECHNOLOGY CO., LTD. was liquidated in November 2020.
2. Toyo Unicon Co., Ltd. was liquidated in December 2020.
3. Toyo Glass Mold (Thailand) Co., Ltd. was liquidated in December 2020.

2. Capital Investment

1) Capital investment made during the fiscal year under review amounted to 66,643 million yen. Total investment by segment and major projects during the year are as follows:

[Packaging business] 47,031 million yen

▶Toyo Seikan Co., Ltd.
- ･Production facilities for beverage cans (Ishioka Plant)
- ･Production facilities for beverage PET bottles (Hiroshima Plant)
- ･Expansion of factory buildings, etc. (Toyohashi Plant)

▶Nippon Closures Co., Ltd.
- ･Expansion of warehouse buildings, etc. (Komaki Plant)

▶Toyo Seikan (Thailand) Co., Ltd.
- ･Filling equipment for beverage PET bottles, etc. (Head Office Plant)

[Steel plate related business] 9,606 million yen

▶Toyo Kohan Co., Ltd.
- ･Production facilities for nickel-plated steel sheet (Kudamatsu Plant)

[Functional materials related business] 6,734 million yen
▶Toyo Kohan Co., Ltd.
・Production facilities for optical functional films (Kudamatsu Plant)

[Real estate related business] 867 million yen

[Other businesses] 1,064 million yen

2) Major facilities whose construction completed during the fiscal year under review:

[Packaging business]
▶Nippon Closures Co., Ltd.
・Expansion of warehouse buildings, etc. (Komaki Plant)
▶Toyo Glass Machinery Co., Ltd.
・New plant construction, etc. (Head Office Plant)
▶Toyo Seikan (Thailand) Co., Ltd.
・Filling equipment for beverage PET bottles, etc. (Head Office Plant)

[Steel plate related business]
▶Toyo Kohan Co., Ltd.
・Production facilities for nickel-plated steel sheet (Kudamatsu Plant)

[Functional materials related business]
▶Toyo Kohan Co., Ltd.
・Production facilities for optical functional films (Kudamatsu Plant)

3) Ongoing construction and expansion of major facilities as of the end of the fiscal year under review:

[Packaging business]
▶Toyo Seikan Co., Ltd.
・Production facilities for beverage cans (Ishioka Plant)
・Production facilities for beverage PET bottles (Hiroshima Plant)
・Expansion of factory buildings, etc. (Toyohashi Plant)

3. Financing

Not applicable.

4. Transfer of Business, Absorption-Type or Incorporation-Type Company Split

Not applicable.

5. Business Taken Over from Other Companies

Not applicable.

6. Succession of Rights and Obligations with Respect to Business of Other Companies through Absorption-Type Merger or Split

Not applicable.

7. Acquisition and Disposal of Shares and Other Equity Interests or Stock Acquisition Rights in Other Companies

On April 1, 2019, the Company completed an absorption-type company split in which the bicycle related operations of KY TECHNOLOGY CO., LTD., a consolidated subsidiary of the Company, were split off from the subsidiary and succeeded by another consolidated subsidiary KOHAN SHOJI CO., LTD. The Company then went through the procedure for winding up KY TECHNOLOGY CO., LTD. In November 2020, KY TECHNOLOGY CO., LTD. was liquidated and consequently was excluded from the scope of consolidation.

8. Issues to Address

For over 100 years since its founding, the Toyo Seikan Group has contributed to the society by providing packaging and other products and services that are essential to people's daily lives.

The environment surrounding the Group is now changing beyond expectations, as various social issues to address are emerging. The COVID-19 pandemic has also significantly changed people's lifestyles.

Under these circumstances, in May 2021, we formulated a long-term management vision looking to the fiscal year 2050, the Long-Term Management Vision 2050 "The Future, Wrapped for All," in order to think about the society and the global environment from a long-term perspective to maximize the value we offer to all our stakeholders. Toward the realization of this vision, we have set the Mid- to Long-Term Management Goals 2030, which are quantitative and qualitative management targets to be achieved by 2030. As an action plan to achieve the Mid- to Long-Term Management Goals 2030, we have also formulated the Mid-Term Management Plan 2025 for the five years from fiscal 2021.

The outline is as follows.

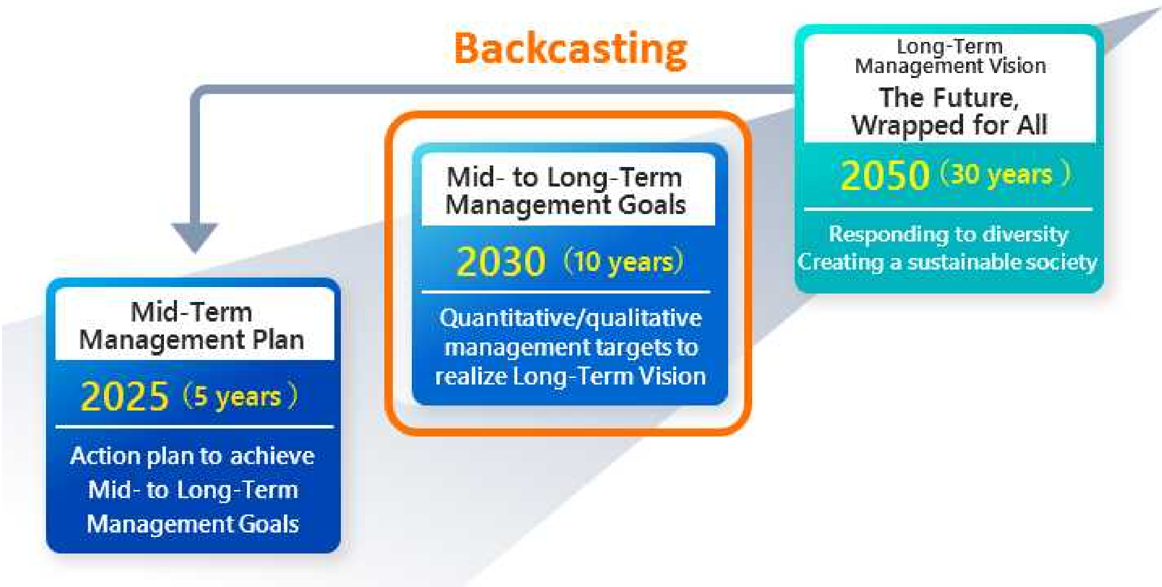
1) Long-Term Management Vision 2050 "The Future, Wrapped for All"

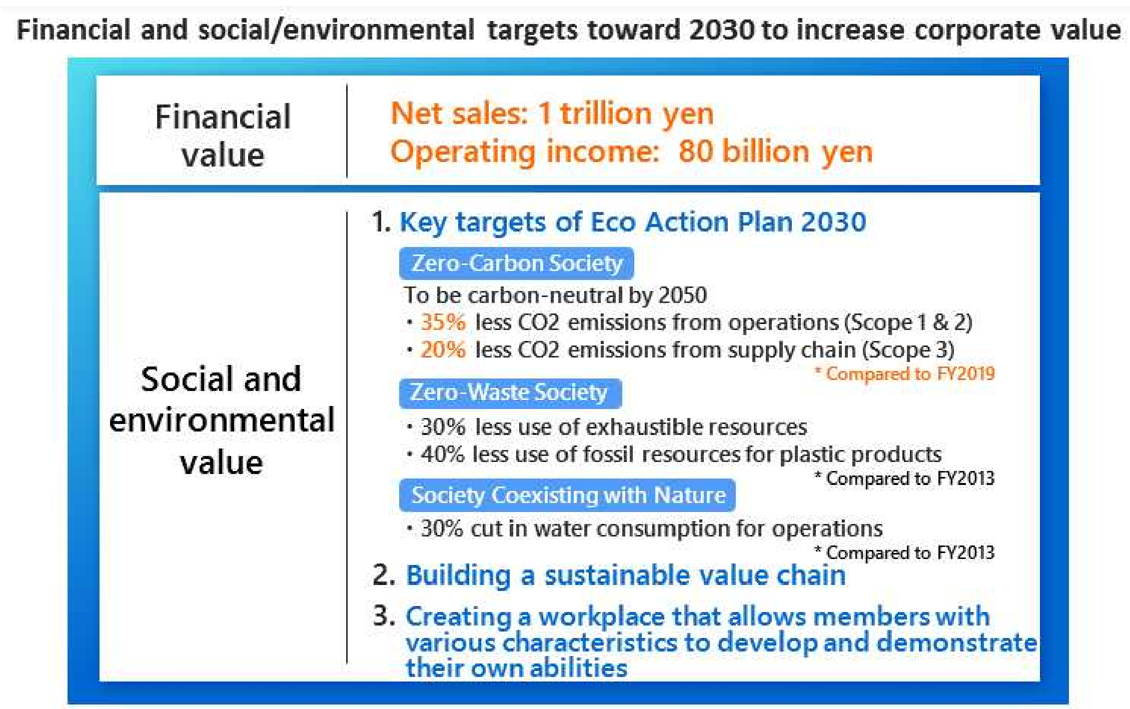
The new long-term vision has set a goal as to what we aim and want to be: a “daily living platform” for people all over the world to live safe, secure and fulfilling lives. It aims for a society that accepts differences and diversity to allow individual people to value their own lives and a society that continues to allow people to live happily into the future without harming the environment.

To this end, we will combine all abilities of the Group in the fields of "food and health," "comfortable living" and "environment, resources and energy" and utilize the technologies and know-how we have developed in material development, package processing and engineering to promote open innovation, internet of things and digital transformation. We will also work together with partners, including customers and suppliers, who have the same aim, creating new value that changes the society beyond the boundaries of packaging manufacturing.

2) Medium- to Long-Term Goals 2030

The following is an overview of the Mid- to Long-Term Management Goals 2030, which have been set as quantitative and qualitative management targets to be achieved by 2030 in order to realize the new Long-Term Management Vision.





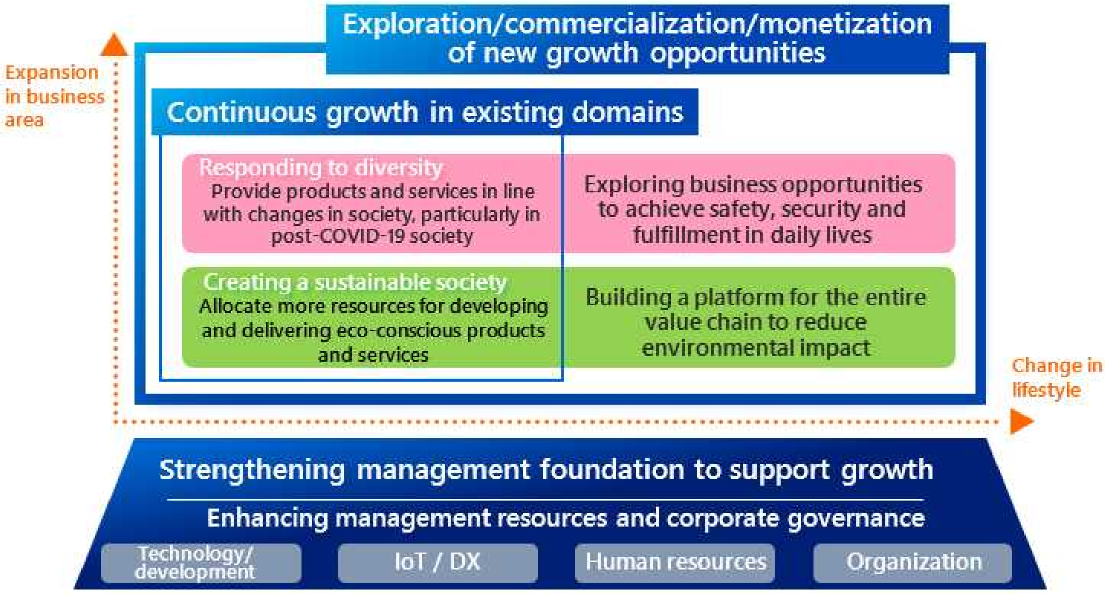
(3) Mid-Term Management Plan 2025

We present an overview of the Mid-Term Management Plan 2025 (the "Mid-Term Management Plan") for the five years from fiscal 2021, an action plan to achieve the Mid- to Long-Term Management Goals 2030, as follows.

[Basic Policy]

Under the Mid-Term Management Plan, we will pursue a continuous growth toward the "daily living platform" by working on three key issues to create a society we envision in the Long-Term Management Vision 2050.

[Three key issues and measures]



i) Continuous growth in existing business domains

We will aim to achieve continuous growth in our existing domains by drastically changing our business portfolio, without being bound by our traditional business structure, based on the two pillars of our long-term vision, "responding to diversity" and "creating a sustainable society," and from the perspective of continuous development.

ii) Exploring, commercializing and monetizing new growth opportunities

In response to diversifying needs and emerging issues in the society, such as changes in lifestyles and efforts to reduce environmental impact, we will offer a new social infrastructure by creating new businesses in the areas of "food and health," "comfortable living" and "environment, resources and energy," based on the technologies we have accumulated in material development, package processing and engineering.

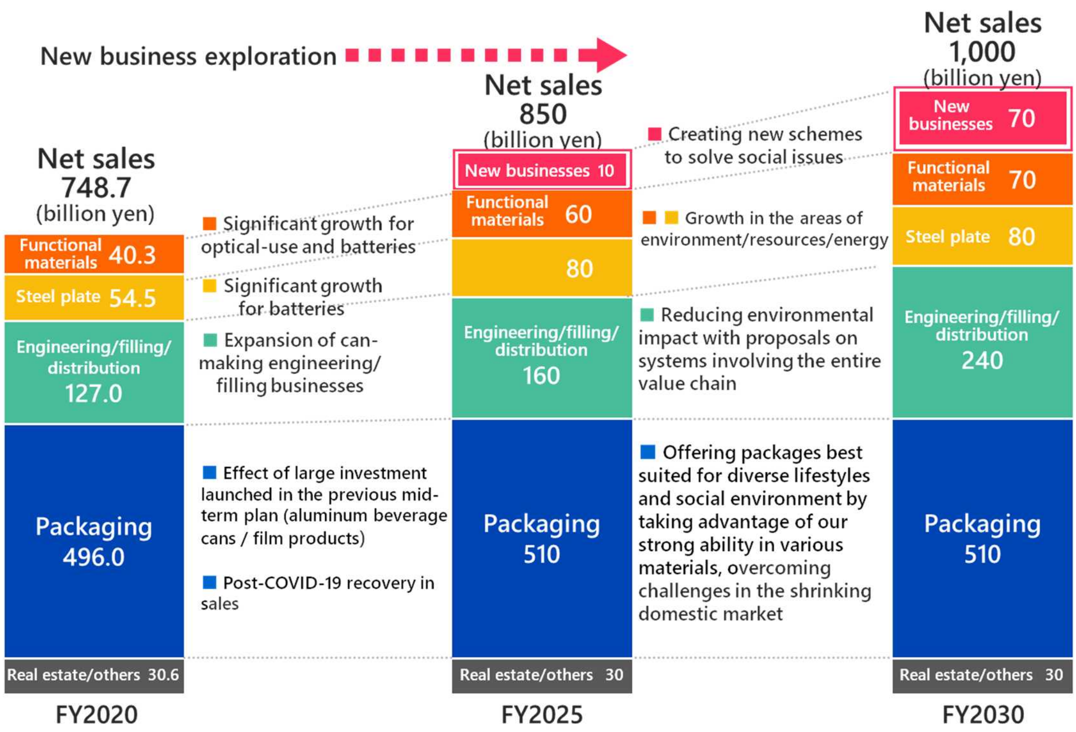
iii) Enhancing management foundation to support growth

We will enhance our management resources and strengthen our corporate governance to achieve a continuous growth.

- Technology and development
  Promote research and development activities to create new businesses through cooperation with partners and exploration of new technologies.
- Internet of things (IoT) and digital transformation (DX)
  Make use of digital technology to transform the value chain and expand business domains.
- Human resources
  Develop a human resources platform that leads to new value creation.
- Organization
  Strengthen Corporate Governance to earn the trust of society.

[Road map toward continuous growth]

Based on our packaging business, we will expand our value chain in the areas of engineering, filling and distribution while seeking growth of optical-use and battery materials in our steel plate related and functional material related operations. In new business fields, we will also create new schemes to solve social issues. With these strategies in place, we aim for net sales of one trillion yen for fiscal 2030.



4) Investment and Financial Policies

We will use the cash generated from business operations and asset reduction initiatives to fund investment in future growth and platform enhancement.

i) Investment

Approximately 330 billion yen of investment (including M&A) toward the "daily living platform"

- Investment to reduce environmental impact and increase environmental value
- Developing a system for the entire value chain, beyond the traditional framework of packaging manufacturing
- Enhancing foundation for existing core business areas
- Seeking activities to create and grow new businesses, including cooperation with business partners and start-ups, focusing on the areas of "food and health," "comfortable living" and "environment, resources and energy."
- Advancing IoT and DX initiatives, developing new technologies and human resources, etc.

ii) Capital for investment

- Approximately 380 billion yen in operating cash flow that we expect to generate during the period of the Mid-Term Management Plan
- Approximately 40 billion yen in proceeds from the sale of so-called strategic shareholdings. The proceeds will be invested in growth areas.

5) Financial targets

For fiscal 2025, the final year of the Mid-Term Management Plan, we aim to achieve 850 billion yen in net sales and 50 billion yen in operating income with an EBITDA of 110 billion yen and an ROE of 5 percent.

(in billions of yen, except for percentages)

	FY 2019 (March 2020)	FY 2020 (March 2021)	FY 2021 (E)	FY 2025 (Target)
Net sales	790.8	748.7	770[1]	850 [1]
Operating income	27.2	26.6	25.5	50
EBITDA	74.2	73.7	77.5	110
ROE	-0.1%	2.6%	2.7%	5.0%

Note 1. Net sales for fiscal 2021 and thereafter are in accordance with the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), which lowers net sales by approximately 20 billion yen, compared to revenue recognition for the previous years.

2. While the Company plans to sell strategic shareholdings, including cross-shareholdings, worth approximately 40 billion yen during the period of the Mid-Term Management Plan, the impact of the share disposal is not taken into account in the financial targets above.

6) Policy of rewarding shareholders

We will distribute profit to our shareholders with a target total return ratio of 80 percent during the period of the Mid-Term Management Plan.

i) Dividend
- Aim for a payout ratio of 50 percent or higher on a consolidated basis.
- Set a minimum annual dividend of 46 yen per share and gradually increase the amount.

ii) Share repurchase
- Implement share repurchase in an agile manner.

Note: The extraordinary income and losses arising from the disposal of assets are not taken into account, in principle, when we calculate the total return ratio and the consolidated payout ratio.

Although the business environment surrounding the Group is likely to become more challenging in the years ahead, we will continue to pursue a continuous growth by ensuring the implementation of the measures in the new mid-term management plan.

We would greatly appreciate continued support from our shareholders.

9. Asset Condition and Profit and Loss for the Recent Years

(in millions of yen except for per-share amounts)

	March 2018 (FY2017)	March 2019 (FY2018)	March 2020 (FY2019)	March 2021 (FY2020) (Year under review)
Net sales	785,278	793,119	790,814	748,724
Operating income	31,870	25,443	27,271	26,667
Ordinary income	29,244	27,784	28,412	27,326
Profit (Loss) attributable to owners of parent	-24,740	20,262	-520	15,946
Profit (Loss) per share	-121.96 yen	103.05 yen	-2.71 yen	84.79 yen
Total assets	1,113,994	1,068,781	1,025,095	1,036,081
Net assets	720,207	649,812	624,513	651,639
Net asset per share	3,193.97 yen	3,239.81 yen	3,184.56 yen	3,327.70 yen

Note: Since the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, issued on February 16, 2018) for its consolidated financial statements from fiscal 2018, the figures for fiscal 2017 are retrospectively adjusted according to the currently adopted standards.

10. Material Status of the Parent Company and Subsidiaries

1) Parent company

Not applicable.

2) Significant subsidiaries

Company name	Capital (million yen)	Share of voting rights (%)	Major operations
Toyo Seikan Co., Ltd.	1,000	100.0	Manufacturing and sales of metal and plastic packaging products
Toyo Kohan Co., Ltd.	5,040	100.0	Manufacturing and sales of tinplate, steel sheets, surface-treated steel sheets and functional materials
Tokan Kogyo Co., Ltd.	1,531	100.0	Manufacturing and sales of paper and plastic containers
Nippon Closures Co., Ltd.	500	100.0	Manufacturing and sales of metal and plastic caps
Mebius Packaging Co., Ltd.	1,000	100.0	Manufacturing and sales of plastic packaging products
Toyo Glass Co., Ltd.	960	100.0	Manufacturing and sales of glass bottles
Toyo Aerosol Industry Co., Ltd.	315	100.0	Contract filling and sales of aerosol products and liquid-filled products
TOMATEC Co., Ltd.	310	100.0	Manufacturing and sales of glaze, pigment, gel coat and trace-element fertilizer
Nippon Tokan Package Co., Ltd.	700	55.0 [55.0]	Manufacturing and sales of corrugated paper products and paper container products, etc.
Bangkok Can Manufacturing Co., Ltd.	1,800 (million Thai baht)	99.9 [99.9]	Manufacturing and sales of beverage cans
Crown Seal Public Co., Ltd.	528 (million Thai baht)	47.6 [47.6]	Manufacturing and sales of metal and plastic caps
Stolle Machinery Company, LLC	—	100.0 [100.0]	Manufacturing and sales of can and can-end production machinery and related services

Notes: 1. The share of indirect voting rights is shown in parentheses in the column of the "Share of voting rights."
2. The status of specific wholly owned subsidiary as of the end of the fiscal year under review is as follows.

Name of the subsidiary	Toyo Seikan Co., Ltd.
Address of the subsidiary	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Carrying value of the shares in the subsidiary on the Company's balance sheet	195,247 million yen
Total assets of the Company	600,630 million yen

11. Major Operations (as of March 31, 2021)

Business segment	Major operations
Packaging business	Manufacturing and sales of metal packaging, plastic packaging, paper products and glass packaging; contract manufacturing and sales of aerosol and general liquid-filled products; and manufacturing and sales of machinery and equipment related to packaging containers
Steel plate related business	Manufacturing and sales of steel plate and related processed products
Functional materials related business	Manufacturing and sales of aluminum substrates for magnetic disks, optical functional films, glaze, pigment, gel coat and trace-element fertilizer
Real estate related business	Leasing of office buildings and commercial properties
Other businesses	Manufacturing and sales of automotive press dies, machinery and appliances, hard alloys, and agricultural-use materials; sales of petroleum products; and non-life insurance agency business

12. Major Offices and Plants (as of March 31, 2021)

Company name	Major facilities	
Toyo Seikan Group Holdings, Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Toyo Seikan Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chitose (Chitose-shi), Sendai (Miyagino-ku, Sendai-shi), Ishioka (Ishioka-shi), Kuki (Kuki-shi), Saitama (Yoshimi-cho, Hiki-gun), Yokohama (Tsurumi-ku, Yokohama-shi), Shizuoka (Makinohara-shi), Toyohashi (Toyohashi-shi), Shiga (Higashi-Omi-shi), Ibaraki (Ibaraki-shi), Osaka (Izumisano-shi), Hiroshima (Mihara-shi), Kiyama (Kiyama-cho, Miyaki-gun)
Toyo Kohan Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plant	Kudamatsu (Kudamatsu-shi)
Tokan Kogyo Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Atsugi (Ayase-shi), Shizuoka (Kakegawa-shi), Komaki (Komaki-shi), Fukuoka (Miyawaka-shi)
Nippon Closures Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ishioka (Ishioka -shi), Hiratsuka (Hiratsuka-shi), Komaki (Komaki-shi), Okayama (Shouo-cho, Katsuta-gun)
Mebius Packaging Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ibaraki (Goka-machi, Sashima-gun), Kawasaki (Kawasaki-ku, Kawasaki-shi), Settsu (Settsu-shi), Izumisano (Izumisano-shi)
Toyo Glass Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chiba (Kashiwa-shi), Shiga (Konan-shi)
Toyo Aerosol Industry Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Tsukuba (Ryugasaki-shi), Kawagoe (Kawagoe-shi), Mie (Iga-shi)

TOMATEC Co., Ltd.	Head Office	2-1-27 Oyodo Kita, Kita-ku, Osaka-shi, Osaka
	Plants	Osaka (Kita-ku, Osaka-shi), Komaki (Komaki-shi), Kyushu (Nakama-shi)
Nippon Tokan Package Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Sendai (Taiwa-cho, Kurokawa-gun), Fukushima (Iwaki-shi), Ibaraki (Goka-machi, Sashima-gun), Koga (Koga-shi), Tochigi (Sakura-shi), Saitama (Soka-shi), Sagamihara (Minami-ku, Sagamihara-shi), Atsugi (Ayase-shi), Shizuoka (Kakegawa-shi), Aichi (Anjo-shi), Shiga (Kusatsu-shi), Osaka (Settsu-shi), Fukuoka (Shingu-machi, Kasuya-gun)
Bangkok Can Manufacturing Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani/Ayutthaya)
Crown Seal Public Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani)
Stolle Machinery Company, LLC	Head Office	United States (Delaware)
	Plant	United States (Colorado/Ohio)

13. Employees (as of March 31, 2021)

1) Employees of the Group

Business segment	Number of employees	Year-on-year change in number
Packaging business	15,435 [2,704]	+255 [-67]
Steel plate related business	1,539 [116]	+19 [-25]
Functional materials related business	1,265 [132]	+22 [+14]
Real estate related business	8 [3]	+1 [+1]
Other businesses	869 [120]	-41 [-7]
Corporate (common)	436 [20]	-11 [+5]
Total	19,552 [3,095]	+245 [-79]

Notes: 1. "Number of employees" consists of the number of employees who are working within the Group as of the date above, excluding those who are seconded to companies outside the Group and including those who are seconded from companies outside the Group to any of the group companies. In addition to the number of employees, the number of temporary workers is shown in [ ] as an annual average.
2. The temporary workers include contract employees, associate employees and part-time workers, and exclude temps dispatched from staffing agencies.
3. The employees in the category of "Corporate (common)" refer to the employees who belong to administrative departments that cannot be classified under any specific business segment.

2) Employees of the Company

Number of employees		Year-on-year change in number	Average age (years)	Average years of service
Male	324 [15]	-12 [+4]	43.1	17.4
Female	112 [5]	+1 [+1]	38.9	13.2
Total	436 [20]	-11 [+5]	42.0	16.3

Notes: 1. "Number of employees" consists of the number of employees who are working within the Group as of the date above, excluding those who are seconded to companies outside of the Group and including those who are seconded from companies outside of the Group to any of Group companies. In addition to the number of employees, the number of temporary workers is shown in [ ] as an annual average.
2. The temporary workers include contract employees, associate employees and part-time workers, and exclude temps dispatched from staffing agencies.
3. All employees of the Company are classified under the "Corporate (common)" category in the table of the previous section 13(1).

14. Major Lenders (as of March 31, 2021)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	68,856
Sumitomo Mitsui Trust Bank, Limited	24,505
Mizuho Bank, Ltd.	10,774

15. Other Material Matters Concerning Current Status of the Group

Not applicable.

[Translation for Reference and Convenience Purposes Only]

II. Current Status of the Company

1. Equity of the Company (as of March 31, 2021)

1) Number of shares authorized: 450,000,000 shares
2) Number of shares issued: 202,862,162 shares
3) Number of shareholders: 8,339
4) Major shareholders (Top ten):

Name	Number of shares held (in thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	26,950	14.3
Toyo College of Food Technology	16,192	8.6
Toyo Institute of Food Technology	12,390	6.6
Custody Bank of Japan, Ltd. (Trust account)	11,249	6.0
OASIS JAPAN STRATEGIC FUND LTD. – CLIENT ACCOUNT (Agent: Citibank, N.A., Tokyo Branch)	7,631	4.1
Fukoku Mutual Life Insurance Company	5,600	3.0
Sumitomo Mitsui Banking Corporation	5,000	2.7
The Gunma Bank, Ltd.	4,219	2.2
Sumitomo Mitsui Trust Bank, Limited	4,200	2.2
STATE STREET BANK AND TRUST COMPANY 505001 (Agent: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	3,914	2.1

Notes: 1. In addition to the above-stated shares, the Company holds 14,790,701 shares of treasury stock.
2. The 14,790,701 treasury shares are excluded from the total outstanding shares in calculation of the ownership ratio.
3. Japan Trustee Services Bank, Ltd. changed its name to Custody Bank of Japan, Ltd. as of July 27, 2020, following its merger with Trust & Custody Service Bank, Ltd. and JTC Holdings, Ltd.

2. Stock Acquisition Rights

Not applicable.

3. Directors and Auditors of the Company

3.1 Directors and Audit and Supervisory Board Members (as of March 31, 2021)

Title	Name	Responsibility and significant concurrent positions
President and Representative Director	Ichio Otsuka	- Chairman of Group CSR Promotion Committee - Chairman of Group Risk and Compliance Committee - Chairman of Group Environment Committee - Director of Crown Seal Public Co., Ltd.
Executive Vice President and Director	Hirohiko Sumida	- Management of Toyo Kohan Co., Ltd. - Director of Toyo Kohan Co., Ltd.
Director	Masakazu Soejima	- Executive Officer - Head of Corporate Strategy - Accounting, Finance, IR and Group Procurement Strategy
Director	Kazuo Murohashi	- Executive Officer - CSR, Human Resources, HR Development and Group Risk & Compliance
Director	Kouki Ogasawara	- Executive Officer - Secretariat, General Affairs, Legal Affairs, IT and Group Information Management
Director	Takuji Nakamura	- Executive Officer - Head of Group Technical Development - Head of Innovation Incubation Office - Director of TOMATEC Co., Ltd.
Director	Tsutao Katayama	- Professor Emeritus, Doshisha University
Director	Kei Asatsuma	- Lawyer (Partner of Nagashima Ohno & Tsunematsu)
Director	Hiroshi Suzuki	- Certified Tax Accountant
Director	Mami Taniguchi	- Professor, Faculty of Commerce / Graduate School of Commerce, Waseda University
Director	Toshikazu Koike	- Chairman and Representative Director, Brother Industries, Ltd.
Standing Audit and Supervisory Board Member	Toshitaka Uesugi	- Auditor of Tokan Kogyo Co., Ltd. - Auditor of Nippon Closures Co., Ltd. - Auditor of Mebius Packaging Co., Ltd. - Auditor of TOMATEC Co., Ltd. - Auditor of Nippon Tokan Package Co., Ltd. - Auditor of Toyo Institute of Food Technology
Standing Audit and Supervisory Board Member	Masashi Gobun	- Auditor of Toyo Seikan Co., Ltd. - Auditor of Toyo Kohan Co., Ltd. - Auditor of Toyo Glass Co., Ltd. - Auditor of Toyo Aerosol Industry Co., Ltd.
Audit and Supervisory Board Member	Fuminari Hako	- Certified Public Accountant/ Certified Tax Accountant (Representative Partner of Reson Partners Tax Accountant Corporation) - Outside Director (Audit Committee member) of Showa Chemical Industry Co., Ltd.
Audit and Supervisory Board Member	Shoichi Ikuta	- Chairman, Financial Management Forums, Inc.
Audit and Supervisory Board Member	Ikuko Akamatsu	- Certified Public Accountant - Certified Fraud Examiner - Director of the Japanese Institute of Certified Public Accountants - Outside auditor of Shinsei Bank, Limited - Outside director of CAWACHI LIMITED

Notes: 1. Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike are Outside Directors.
2. Fuminari Hako, Shoichi Ikuta and Ikuko Akamatsu are Outside Audit and Supervisory Board Members.
3. The Company has registered Tsutao Katayama, Hiroshi Suzuki, Mami Taniguchi, Toshikazu Koike, Fuminari Hako, Shoichi Ikuta and Ikuko Akamatsu as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE's independent criteria.
4. Kei Asatsuma, Outside Director, is qualified as independent on the basis of both the independent criteria of TSE and those of the Company, but has not been registered as Independent Director with TSE in accordance with the policy of the law firm to which he belongs.
5. Masashi Gobun, Standing Audit and Supervisory Board Member, has considerable insight into finance and accounting based on his experience as Operating Officer of the Company in charge of accounting and finance and General Manager of Accounting Department of the Company.
6. Fuminari Hako, Audit and Supervisory Board Member, is a CPA and certified tax accountant and has considerable insight into finance and accounting.
7. Ikuko Akamatsu, Audit and Supervisory Board Member, is a CPA and certified fraud examiner and has considerable insight into finance and accounting.
8. Resignations from significant concurrent positions during the fiscal year under review are as follows:

Title	Name	Significant concurrent positions	Date of resignation
Director	Takuji Nakamura	Director of TOMATEC Co., Ltd.	March 31, 2021

3.2 Compensation for Directors and Audit and Supervisory Board Members

1) Policy for the decision of directors' compensation

The Company's Board of Directors adopted in its meeting held on March 31, 2021 the policy for deciding the details of compensation for individual directors. Prior to the resolution, the Board has consulted with the Governance Committee of the Company, a voluntary advisory body consisting of the representative director and the independent outside directors, and received a report from the committee.

The Board has confirmed that the determination method and the determined details of compensation for individual directors for the fiscal year under review are consistent with the directors' compensation policy and that the report from the Governance Committee has been reflected in the determination process, as required in the policy.

The details of the policy are as follows:

a) Basic policy

The compensation scheme for the directors of the Company shall be based on the following basic policy.

The scheme shall:

i) Be for the sake of the realization of the Group's management philosophy (the management policy, creed and vision);
ii) Provide an appropriate level of director compensation that enables the Company to secure highly capable directors;
iii) Be able to foster a sense of contribution to a medium- to long-term improvement in business performance and corporate value;
iv) Be transparent and objective and tied to the Group's business performance;
v) Allow the directors to share perspectives on profitability with shareholders and foster awareness of shareholder-oriented management; and
vi) Contribute to encouraging appropriate risk-taking in business operations.

b) Determination of the amounts of basic compensation (in cash) for individual directors and bonuses (in cash) for individual outside directors as well as the timing and conditions of payment of the compensation

The basic compensation for directors shall be paid in cash as a fixed monthly compensation and the amount for each director shall be determined according to their positons and responsibilities. Bonuses for outside directors shall be paid in cash in June of each year as a fixed, uniform compensation.

c) Determination of the details of performance-linked compensation and the method of calculating the compensation amount as well as the timing and conditions of payment of the compensation

Performance-linked compensation is paid to executive directors in June of each year, aiming to raise awareness of financial performance improvement for each fiscal year. The compensation amount is calculated based on the degree of achievement of each year's financial target measured with net sales and operating income margin, both on a consolidated basis, which we select as key performance indicators (KPIs).

The target for consolidated net sales is equivalent to the relevant year's net sales target set in the Toyo Seikan Group's mid-term management plan, while that for consolidated operating income margin* is set at the level of "the recent five-year average plus 0.5 percent."

Note*: The operating income margin target is set within the range from minus 2% to plus 5% of "the simple average of annual operating margins for the past five years plus 0.5%."

d) Determination of the ratio of the amount of cash compensation and performance-linked compensation to the total compensation amount for individual directors

The determination of the mix of compensation types for executive directors shall be based on the premise that the director compensation is set at appropriate levels that allow the Company to secure highly capable directors who can contribute to continuous development of the Group's business, in accordance with its management philosophy. The mix shall be determined according to the directors' respective duties and responsibilities so as to provide an appropriate incentive to improve financial performance, taking account of the business environment surrounding the Company and industry levels of compensation that are shown in surveys conducted by external research firms.

As an industry benchmark for judging the appropriateness of our levels of director compensation, we refer to levels at manufacturing companies listed on the first section of the Tokyo Stock Exchange with annual sales of 500 billion yen to 1 trillion yen, based on the results of surveys on director compensation.

We set the basic mix of compensation that consists of 85% basic and 15% performance-linked compensation in the case where the KPIs are achieved 100%. Going forward, we will gradually increase the percentage of performance-linked compensation, aiming for a target mix of 60% basic and 40% performance-linked.

e) Determination of the details of compensation for individual directors

In order to ensure transparency and objectivity, the types of director compensation and their mix, levels and calculation methods shall be discussed in advance by the Governance Committee, a voluntary advisory body consisting of the representative directors and independent outside directors, and shall be decided by the Board of Directors based on the committee's report within the range of compensation amount approved by the shareholders meeting.

With respect to the amount for individual directors, the President of the Company shall determine the amounts of basic compensation for each director, performance-linked compensation for each executive director, and compensation for each outside director under the delegation of the Board of Directors based on the decision of the Board of Directors on the types of director compensation and their mix, levels and calculation methods.

2) Total amount of compensation for Directors and Audit and Supervisory Board Members

	Basic compensation		Bonus				Total Amount (million yen)
	Fixed		Performance-linked		Fixed		
	Number of persons	Amount (million yen)	Number of persons	Amount (million yen)	Number of persons	Amount (million yen)	
Directors (of the above, outside directors)	14 (6)	297 (37)	6 -	19 -	5 (5)	5 (5)	322 (42)
Audit and Supervisory Board Members (of the above, outside auditors)	7 (4)	74 (22)	- -	- -	5 (3)	10 (3)	84 (25)
Total (of the above, outside directors and auditors)	21 (10)	371 (60)	6 -	19 -	10 (8)	15 (8)	406 (68)

Notes:
1. The 93rd Ordinary General Meeting of Shareholders held on June 29, 2006 resolved that the total amount of compensation paid to Directors shall be no more than 430 million yen per year (excluding the employee salary portion if a Director concurrently serves as an employee). The number of Directors at the close of the 108th Ordinary General Meeting of Shareholders will be ten (including two outside directors).
2. The 104th Ordinary General Meeting of Shareholders held on June 27, 2017, resolved that the total amount of compensation paid to Audit and Supervisory Board Members shall be no more than 110 million yen per year. The number of Audit and Supervisory Board Members at the close of the 108th Ordinary General Meeting of Shareholders will be five (including three Outside Audit and Supervisory Board Members).
3. Under the “Basic compensation” for Directors in the above table, the “Number of persons” includes three Directors who retired due to the expiration of term of office upon the close of the 107th Ordinary General Meeting of Shareholders held on June 25, 2020, and the “Amount” includes the compensation paid to the Directors.
4. Under the “Basic compensation” for Audit and Supervisory Board Members in the above table, the “Number of persons” includes two members who retired due to the expiration of term of office upon the close of the 107th Ordinary General Meeting of Shareholders held on June 25, 2020, and the “Amount” includes the compensation paid to such members.
5. In addition to the above, the Company paid retirement allowance to an Audit and Supervisory Board Member who retired during the fiscal year under review, as below, for the period of service from the assumption of office to June 29, 2006. The payment was based on the resolution of the 93rd Ordinary General Meeting of Shareholders held on June 29, 2006 (“the payment of the balance of retirement allowance following the abolishment of the retirement allowance scheme for retiring directors and auditors”), to which the relevant Audit and Supervisory Board Member was subject.
   Number of retired Audit and Supervisory Board Member: 1
   Amount paid: 3 million yen
6. As for the details of the performance indicators to determine the performance-linked compensation (KPIs), the reasons for selecting these indicators, and the calculation method of the performance-linked compensation, please refer to the item c) of the previous section 1) Policy for the decision of directors’ compensation.

   The performance-linked compensation paid in the year under review was based on the KPIs for the previous year (fiscal 2019), for which the actual consolidated net sales and operating income margin* were 790,814 million yen and 2.56 percent, respectively, against their targets of 810 billion yen and 4.07 percent, respectively.

   * The actual operating income margin as a KPI for directors’ compensation determination takes into account the impact of impairment losses, and thus becomes lower than the operating income margin based on the published statement of income.
7. With respect to the compensation amount for individual directors, Ichio Otsuka, President of the

Company, has determined the amounts of basic compensation for each director, performance-linked compensation for each executive director, and bonus for each outside director under the delegation of the Board of Directors based on its decision on the types of director compensation and their mix, levels and calculation methods. The delegation to the president is on the grounds that the president is deemed appropriate to evaluate duties of individual directors while taking overall business performance of the Company into consideration.

3.3 Outside directors and auditors

1) Significant positions concurrently held by Outside Directors (in the case where the relevant director executes business or serves as an outside director or auditor at a corporation other than the Company)

Name	Significant concurrent positions outside the Company
Kei Asatsuma	Lawyer (Partner of Nagashima Ohno & Tsunematsu)
Toshikazu Koike	Chairman and Representative Director, Brother Industries, Ltd.

Notes: 1. There are no special interests between the Company and Nagashima Ohno & Tsunematsu.
2. There are no special interests between the Company and Brother Industries, Ltd.

2) Significant positions concurrently held by Outside Audit and Supervisory Board Members (in the case where the relevant auditor executes business or serves as an outside director or auditor at a corporation other than the Company)

Name	Significant concurrent positions outside the Company
Fuminari Hako	Certified Public Accountant/ Certified Tax Accountant (Representative Partner of Reson Partners Tax Accountant Corporation) Outside director (Audit committee member) of Showa Chemical Industry Co., Ltd.
Ikuko Akamatsu	Director of the Japanese Institute of Certified Public Accountants Outside auditor of Shinsei Bank, Limited Outside director of CAWACHI LIMITED

Notes: 1. There are no special interests between the Company and Reson Partners Tax Accountant Corporation.
2. There are no special interests between the Company and Showa Chemical Industry Co., Ltd.
3. There are no special interests between the Company and the Japanese Institute of Certified Public Accountants
4. There are no special interests between the Company and Shinsei Bank, Limited.
5. There are no special interests between the Company and CAWACHI LIMITED.

3) Major activities in the fiscal year under review

Each Outside Director sufficiently fulfilled management supervisory functions by providing advice and making proposals in a proper and timely manner to ensure the validity and appropriateness of decision-making by the Board of Directors.

Each Outside Audit and Supervisory Board Member sufficiently fulfilled auditing functions by expressing questions and opinions necessary for deliberations at the Board of Directors meetings as well as exchanging opinions and discussing audit matters at the Audit and Supervisory Board meetings.

Name	Position	Record of attendance		Status regarding the expression of opinion and the performance of duties to fulfill expected roles as outside directors
		Board of Directors Meeting	Audit and Supervisory Board Meeting	
Tsutao Katayama	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired as a university professor in engineering and life and medical science for many years, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for the Group's R&D and technical

				development activities from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the Group's information management in R&D and technical development. He has also actively made efforts to gather information, including requesting the Company to provide additional information.
Kei Asatsuma	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired as a lawyer, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to legal risks from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for legal risks in the Group's transactions. He has also actively worked on improving the effectiveness of the board by asking for information on the Company's internal review processes.
Hiroshi Suzuki	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired while serving in the Tokyo Regional Taxation Bureau, National Tax Agency, over many years, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to taxation and accounting from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the tax treatment of the Group's business schemes. He has also actively worked on improving the effectiveness of the board by urging discussion on the review of business portfolio.
Mami Taniguchi	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience she has acquired as a university professor in international business administration and diversity, she has been expected to provide supervision and advisory support for general management issues from an objective perspective independent from the Company's management. She has expressed opinions on a wide range of management issues in a systematic and practical way, thereby contributing to continuous growth of the Group and further increase in its corporate value. She has properly performed her duties to secure the

				validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the Group's overseas operations, business risks, and business plan formation for continuous growth. She has also actively made efforts to gather information, including requesting the Company to provide additional information.
Toshikazu Koike	Outside Director	10 out of 10 times	—	With the broad range of knowledge and extensive experience he has acquired as an executive manager for many years at an international corporate group, where he has been instrumental in developing its core businesses, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for various matters, including group-wide strategies and global business strategies. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular in stakeholder engagement and project management. He has also actively worked on improving the effectiveness of the board by urging discussion on the Group's mid- to long-term corporate strategy.
Fuminari Hako	Outside Audit and Supervisory Board Member	13 out of 13 times	13 out of 13 times	He has properly expressed opinions from a professional viewpoint as a CPA and certified tax accountant.
Shoichi Ikuta	Outside Audit and Supervisory Board Member	13 out of 13 times	13 out of 13 times	He has properly expressed opinions based on his abundant experience and broad knowledge acquired while working with government agencies and private corporations.
Ikuko Akamatsu	Outside Audit and Supervisory Board Member	10 out of 10 times	10 out of 10 times	She has properly expressed opinions from a professional viewpoint as a CPA.

Notes: 1. Since Toshikazu Koike assumed the post of Director during the 107th Ordinary General Meeting of Shareholders on June 25, 2020, the total number of Board of Directors meetings he could attend was ten.

2. Since Ikuko Akamatsu assumed the post of Audit and Supervisory Board Member during the 107th Ordinary General Meeting of Shareholders on June 25, 2020, the total numbers of Board of Directors meetings and Audit and Supervisory Board meetings she could attend were ten each.

3. Outside Directors also participate in the Governance Committee, a voluntary advisory body consisting of the representative director and the five independent outside directors, to discuss such issues as the nomination of director and auditor candidates and the remuneration of directors and officers.

4. In addition to the above-mentioned meetings, the Outside Audit and Supervisory Board Members, along with other members of the Audit and Supervisory Board, have actively been engaged in activities such as exchanging views and opinions with the representative directors and audit and supervisory board members of key group companies and the accounting auditor of the Company.

4) Outline of the limited liability agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed with each outside Director and outside Audit and Supervisory Board Member an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act. Based on the agreement, the maximum amount of liability for each of them shall be the higher of either 10 million yen or the amount set by the Companies Act.

4. Accounting Auditor

4.1 Name of Accounting Auditor: Sohken Nichiei Audit Corporation

4.2 Audit fees

		Payment Amount (million yen)
1)	Amount of audit fees to be paid to the Accounting Auditor for the fiscal year under review	54
2)	Amount of monetary and other economic benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	210

Notes: 1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish between audit fees derived from audits under the Companies Act and that derived from audits under the Financial Instruments and Exchange Act, and practically cannot do so. Therefore, the payment amount of 1) of the above table shows the combined amount of such audit fees.

2. The Audit and Supervisory Board carefully examined the Accounting Auditor’s explanation of the accounting audit plan for the fiscal year under review, the results of the previous year’s audit work, the implementation status of its audit activities, and the calculation basis for its audit fee estimates. Based on the explanation, the Board has determined that the amount of audit fees to be paid to the Accounting Auditor is appropriate and has approved it.

Among the Company’s major subsidiaries, Bangkok Can Manufacturing Co., Ltd., Crown Seal Public Co., Ltd. and Stolle Machinery Company, LLC have been subject to statutory audits (limited only to audits under the Companies Act or the Financial Instruments and Exchange Act, or any foreign law equivalent to the foregoing Japanese laws) by certified public accountants or audit corporations other than the Company’s Accounting Auditor, including those who hold foreign licenses equivalent to licenses required for the foregoing entities in Japan.

4.3 Company’s policy for the decision on dismissal or non-reappointment of the Accounting Auditor

If the Audit and Supervisory Board determines that the Accounting Auditor has become significantly inappropriate for the Company’s accounting auditor, including the case where the Accounting Auditor has violated any of its professional obligations, neglected its duties or committed any misconduct, the Board shall dismiss the Accounting Auditor with its unanimous consent in accordance with the provisions of Article 340, paragraph 1 of the Companies Act.

In addition, if the Accounting Auditor cannot properly perform its duties due to the occurrence of circumstances that impair qualification and/or independence of the Accounting Auditor, or if the Board determines that the replacement of the Accounting Auditor should be reasonable to enhance the appropriateness of audits, the Board shall determine a proposal for the dismissal or refusal of reelection of the Accounting Auditor, which will be submitted to the General Meeting of Shareholders.

5. System to Ensure Appropriateness of Business and Its Operating Status

5.1 System to Ensure Appropriateness of Business

The Company's Board of Directors resolved the following to establish systems and frameworks that ensure the appropriateness of business operations.

1) System to ensure that business execution by directors and employees at the Company and its group companies complies with laws and regulations and the Articles of Incorporation

a) The Company shall formulate the Toyo Seikan Group Code of Conduct and Guidelines of Behavior, which provide standards for directors, operating officers and employees of the Company and its group companies (collectively, "Officers and Employees") to comply with laws and regulations, the Articles of Incorporation and corporate ethics.

b) The Company shall establish the Group Risk and Compliance Committee, which governs the entire group's commitment to compliance. Under the supervision of the Committee, the Company shall provide training opportunities for Officers and Employees to fully understand compliance-related issues.

c) The Company and its group companies shall develop a system of reporting and consultation about compliance issues for the prevention, early detection and correction of compliance violations. They establish internal and external compliance hotlines to provide a means for their employees to directly report law violations and alleged non-compliance, and set rules for operating the hotline system.

2) System to retain and manage information regarding the business execution by directors of the Company and its group companies

a) In accordance with laws and regulations and internal regulations, the Company and its group companies shall record and retain information related to the execution of duties by their directors, including minutes of shareholders meetings, board of directors meetings and management meetings, deliberation records and approval documents, for a period of time set forth by the relevant regulations in an appropriate and easy-to-search manner, in a hard copy or electronic form, to allow their directors and auditors to access such information at all time.

b) The Company shall oversees information management of the Company and its group companies under the supervision of the Group Risk and Compliance Committee, and formulate information management rules to ensure appropriate information control across the group.

3) Rules and framework for controlling the risk of loss at the Company and its group companies

a) The Company shall formulate the "Group Risk and Crisis Management Regulations" and establish a group-wide risk and crisis management framework under the Group Risk and Compliance Committee. Through this framework, the Company shall check the risk management status at each group company and take necessary measures to improve and correct situations.

b) In the event of unforeseen circumstances, the Company shall establish a crisis management headquarters that supervises group companies' emergency control action, or relevant group companies shall individually establish a crisis management headquarters, as appropriate, to prevent and minimize the escalation of damage to the entire group.

4) System to ensure efficient performance of duties by respective Directors of the Company and each Group company

a) The Company shall stipulate matters to be resolved and reported at the Board of Directors meetings. In addition, the Board of Directors meetings of the Company shall be held once per month, in principle, and at other times, as needs dictate, to make appropriate and quick decisions with regard to Group-wide management policies and strategies, as well as important issues in relation to the execution of business operations.

b) The Company shall stipulate matters to be discussed and reported at the management meetings. In addition, the management meetings of the Company shall be held three times per month, in principle, and at other times, as appropriate, to discuss important issues relating to the execution of business operations of the Company and each Group company to help the Board of Directors of the Company improve the efficiency and effectiveness of deliberations. Each Group company shall also establish management meetings, etc., in principle, to help its Board of Directors improve the efficiency and effectiveness of deliberations.

c) At the Company and each Group company, business operations based on the decisions regarding a course of action made by the Board of Directors shall be executed by each department in charge according to rules governing the division of duties, final decisions (*kessai*) and authority, which shall be stipulated by the Company or each Group company through prior consultation with the Company and shall be checked or rectified by Directors, as necessary.

5) Other systems to ensure the appropriateness of operations at the Company and each Group company

a) As the holding company that controls the overall businesses of all the Group companies, the Company shall confirm and validate the scope of business, operating performance, etc., by holding regular meetings with each Group company.

b) The Company shall formulate the "Group Companies Management Regulations" and streamline systems to receive reports on business operations, etc., from each Group company and provide it with business administration and support in the pursuit of seeking the appropriate management of each Group company.

c) The Internal Audit Division of the Company shall audit the internal control systems at the Company and each Group company and report the audit results to the President and Representative Director.

d) The Company and each Group company shall streamline and operate appropriate internal management systems to ensure proper financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable Japanese laws and regulations.

6) System of employees assigned to assist the duties of Audit and Supervisory Board Members, as well as matters for ensuring independence of said employees from Directors and the effectiveness of the directions given by Audit and Supervisory Board Members to said employees

a) Based on discussion with Audit and Supervisory Board Members on the required number of such assistants, Directors shall appoint assistants who are dedicated employees assigned to assist the duties of Audit and Supervisory Board Members.

b) The aforementioned assistants shall receive directions and orders only from the Audit and Supervisory Board Members in executing their duties and shall never receive any orders from Directors. Evaluations of the assistants will be made by the relevant Audit and Supervisory Board Member, while the Directors, with the consent of the Audit and Supervisory Board, shall make decisions on the appointment, dismissal and reassignment of such assistants.

7) System to report to Audit and Supervisory Board Members by Directors and employees, etc., of the Company and each Group company, as well as other systems for reporting to Audit and Supervisory Board Members

a) The Officers and Employees shall make timely and appropriate reports to the Audit and Supervisory Board Members regarding important matters that might have an impact on business operations or performance through management meetings, etc.
Despite the above, Audit and Supervisory Board Members may, whenever necessary, request reports from the Officers and Employees and attend important meetings on various business operations at the Company and each Group company.

b) The Internal Audit Division of the Company shall regularly hold reporting sessions for Audit and Supervisory Board Members to report the current circumstances of the internal audits, compliance, risk management, etc., at the Company and any relevant Group companies.

c) The Company and each Group company shall streamline their respective systems that allow the Officers and Employees to appropriately report compliance-related issues to any Audit and Supervisory Board Member.

d) The Company and each Group company shall ensure that anyone who has reported to Audit and Supervisory Board Members does not suffer from detrimental treatment for the reason of having made said report, and streamline the system to this end.

8) Other systems to ensure the effectiveness of audits by Audit and Supervisory Board Members

a) The Audit and Supervisory Board Members shall strive to continually fulfill and improve their professional duties by mutually exchanging information and ideas with the President and Representative Director, the Internal Audit Division and Accounting Auditor.

b) When problems or issues arise in the operation or management of the Company's internal control system, the Audit and Supervisory Board Members may discuss with the Board of Directors and request measures to address those problems.

c) The Company and each Group company shall immediately treat expenses in their respective accounting procedures that have accrued in relation to the performance of duties by Audit and Supervisory Board Members, by taking into account the opinion of the relevant Audit and Supervisory Board Member, except as otherwise recognized that such expenses are not necessary for the performance of said Audit and Supervisory Board Member's duties.

9) Basic principles and structures for eliminating antisocial forces

a) The Company and each Group company shall have a resolute stance of no association with any antisocial forces that pose a threat to the order and safety of society, and if such association exists, immediate action shall be taken to eliminate any connection and all demands refused.

b) The Company and each Group company shall establish their respective corporate codes of conduct and other guidelines to deal with antisocial forces, which shall be made widely known to the Officers and Employees, and other stakeholders.

The Company and each Group company shall cooperate with authorities to obtain information through the General Affairs Department as the response team that takes action against any such antisocial forces, and shall maintain close connections with law enforcement agencies and attorneys in order to act swiftly to prohibit further activity by such groups.

5.2 Operating Status of System to Ensure Appropriateness of Business

Summarized below is the operating status of the system to ensure the appropriateness of business in the fiscal year under review.

1) Overall internal control system

The Company and its group companies operate an internal control system, and the status of improvement and operation of the system and the status of compliance are checked through regular internal audit work performed by the Internal Audit Office, the Company's internal audit division. Based on the results of audit, corrective measures are implemented if necessary. The audit results are reported by the Internal Audit Office to the directors and auditors of the Company via the Board of Directors, the Executive Management Meeting and the Audit and Supervisory Board.

2) Risk management

The Company and its group companies reinforce their risk management systems based on the "Group Risk and Crisis Management Regulations", which have been formulated to prevent the risks that could have an impact on business continuity, achieve a stable foundation for their business management, and, in the event of a crisis, quickly restore and resume operation. The Company has established the Group Risk and Compliance Committee to supervise risk control, crisis management and compliance across the Group. The Committee checks information related to material risks and takes necessary action to improve situations and prevent risk occurrence. In addition, the Company and its group companies individually develop crisis management rules and crisis response manuals and review their risk management status under their respective management systems.

With respect to the COVID-19 situation, we are taking comprehensive measures for the entire group, including foreign subsidiaries, by establishing a group-wide COVID-19 crisis management committee consisting of directors and officers of the Company and its group companies, which meets as appropriate, and by sharing information about the current situation of infection and governmental measures through the Group's internal database on a daily basis. To ensure the continuity of the Group's operations related to food, beverages and household products, which are essential for maintaining social functions, while protecting the health of employees, the committee has been leading the efforts to contain the spread of infection through promoting working from home at the head office and other business offices and steadily implementing preventive measures at production facilities.

3) Compliance

The Group carries out compliance activities, such as Group Risk and Compliance Committee meetings and various training programs, with a flexible, cross-organizational approach to ensure compliance awareness and prevent violations.

The Company and its group companies endeavor to ensure that employees are properly informed of the compliance hotlines and that these hotlines are easy to use. On April 1, 2021, the Company established the Rules for Management of Group Compliance Whistleblowing and Consultation System to increase the effectiveness of the Group's whistleblowing system, ensuring the protection of hotline users. The information received through the hotlines is investigated and addressed by the relevant division under the instruction of the officer in charge of compliance, and then reported to the Group Risk and Compliance Committee. The Company has been registered as a qualified business under the Consumer Affairs Agency's certification resume for corporate whistleblowing systems, a self-declaration of conformity system, since April 17, 2020.

4) Governance Committee

The Company has established the Governance Committee, which consists of the representative director and the five independent outside directors, to further enhance corporate governance. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

5) Management of group companies

Based on the "Group Companies Management Regulations", an important decision for a group company is discussed by such group company's management meeting before being discussed at a management meeting of the Company.

The Company regularly holds meetings with major group companies, including the Group Management Promotion Committee, to share and discuss business issues across the Group.

6) Performance of duties by Audit and Supervisory Board Members

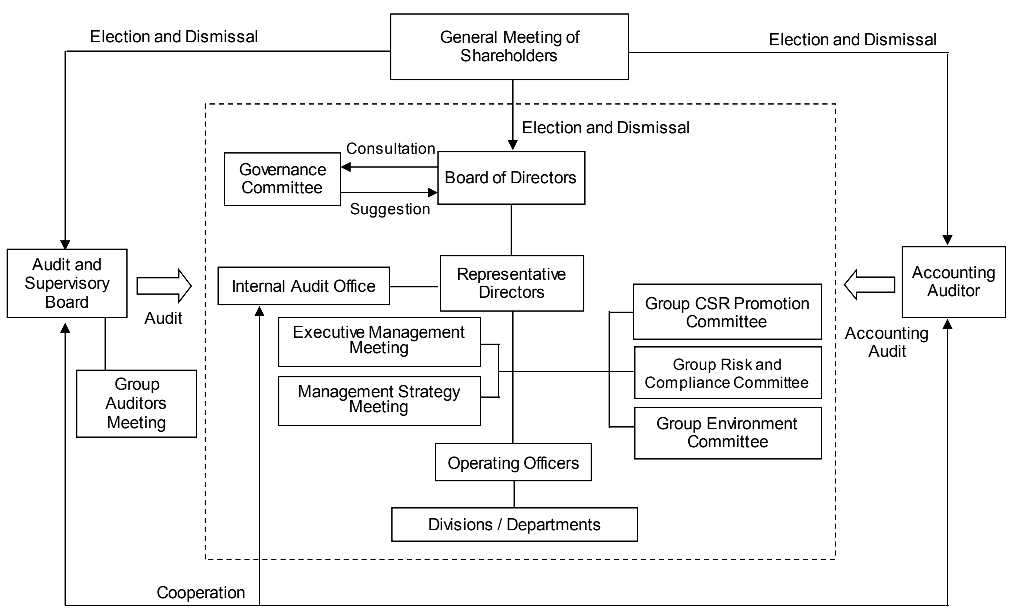
Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, have checked and supervised the business execution status through holding Audit and Supervisory Board Meetings (13 times during the year under review) and receiving report on important management issues at the Board of Directors Meeting and the management meeting that is attended by Standing Audit and Supervisory Board Members.

Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, appropriately share management issues with the representative directors and audit and supervisory board members of key group companies and with the Company's accounting auditor through regular meetings and other opportunities to exchange opinions.

<Reference>

The corporate governance structure of the Company is as follows:

The Company's Corporate Governance Structure



Board of Directors

The Board of Directors, established as a management decision-making and supervising body, is composed of eleven members (including five outside Directors) and meets once a month in principle. The term of office of the Directors is set at one year in order to clarify their management responsibility and to flexibly establish a management system that can swiftly respond to changes in business environment. The Article of Incorporation of the Company stipulates that the number of seats on the Board of Directors shall not exceed fifteen.

Audit and Supervisory Board

The Audit and Supervisory Board is responsible for auditing important management issues. It is composed of five members (including three outside Audit and Supervisory Board Members) and meets once a month in principle.

Management Strategy Meeting / Executive Management Meeting

The Company has introduced an operating officer system for the purpose of distinguishing and clarifying responsibilities for decision-making/supervisory functions and business execution. To develop the basic management policy and take necessary measures swiftly and appropriately for strong management, it regularly conducts the Management Strategy Meeting and the Executive Management Meeting; the former is held on a monthly basis and comprised of full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers, Executive Officers, and the Head of Corporate R&D, while the latter is scheduled twice a month in principle and attended by full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers, the Head of Corporate R&D, and Presidents of major group companies.

Standing Audit and Supervisory Board Members attend both the Management Strategy Meeting and the Executive Management Meeting to present their opinions as appropriate.

Internal Audit Office

For thorough compliance with laws and regulations in its business activities and higher efficiency in management, the Company has established the Internal Audit Office to strengthen its internal auditing system.

Governance Committee

The Company has established the Governance Committee, a voluntary consultative body consisting of two representative directors and five independent outside directors, to further enhance corporate governance. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

Group Auditors Meeting

The Company has established the Group Auditors Meeting, aiming to facilitate information sharing among the audit and supervisory board members of the Company and its group companies and enhance their relationships. The meeting is held six times a year, in principle, to secure the efficiency and effectiveness of their duties.

Group CSR Promotion Committee

The Group CSR Promotion Committee develops and manages the framework to promote CSR activities and implement CSR initiatives in order to drive CSR management across the group.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee supervises risk management, crisis management and compliance across the group. Its responsibilities include confirming information on significant risks and preventing, mitigating and correcting risk situations.

Group Environment Committee

The Group Environment Committee develops and manages the framework to promote environmental activities and implement environmental initiatives in order to drive the group-wide environmental management.

6. Basic Policy for Control of the Company (the "Basic Policy")

6.1 Outline of the Basic Policy

The Company believes that those who control decisions on its financial and business policies need to understand the source of the Company's corporate value and be able to constantly and stably generate and improve the corporate value and, in turn, the common interests of its shareholders.

The Company would not necessarily reject a large-scale acquisition of its shares if such acquisition could contribute to its corporate value and shareholders' common interests. The Company also believes that the final decision as to whether or not accepting a proposal of acquisition that leads to a change in control of the Company should be made based on the overall shareholders' intention.

However, there have been quite a few large-scale share acquisitions performed with a purpose that could result in obvious damage to the target company's value and its shareholders' common interests as well as other negative outcomes. If a buyer who acquires massive amount of shares in the Company never understands the source of its corporate value nor has the capability to maintain and increase the source over the medium- to long-term, the Company's value and its shareholders' common interests would be impaired.

The Company believes that such buyer is not appropriate to gain control over decisions about the Company's financial and business policies and that, therefore, necessary and reasonable countermeasures against such large-scale acquisition should be taken to protect its corporate value and the common interests of its shareholders.

6.2 Details of activities to implement the Basic Policy

A. Specific activities that contribute to the implementation of the Basic Policy

<u>Mid-Term Management Plan and related matters</u>

In May 2021, we formulated a long-term management vision looking to the fiscal year 2050, the Long-Term Management Vision 2050 "The Future, Wrapped for All," in order to think about the society and the global environment from a long-term perspective to maximize the value we offer to all our stakeholders. Toward the realization of this vision, we have set the Mid- to Long-Term Management Goals 2030, which are quantitative and qualitative management targets to be achieved by 2030. As an action plan to achieve the mid- to long-term goals, we have also formulated the Mid-Term Management Plan 2025 for the five years from fiscal 2021.

<u>Enhancing corporate governance</u>

We believe that the enhancement of corporate governance under the Group's management philosophy, including its management policy, creed, and vision, is one of the most important management issues in improving our corporate value and continuing new development and evolution while contributing to the society through our business activities. Based on this point of view, we have formulated the "Basic Corporate Governance Policy" to continuously address this issue.

1) Holding company structure

Under a holding company structure, the Group has been operating flexibly and effectively by setting clear management strategies and goals for the entire group and optimizing the allocation of management resources across the group. This allows the Group to separate the functions for the development of management strategies from the business execution functions as well as to establish a more definite management responsibility structure.

2) Structures of outside directors and auditors

The Company has set the "independence criteria for outside directors and auditors" in order to clarify independence standards based on which its outside directors and auditors are designated as Independent Directors and Independent Audit and Supervisory Board Members of the Company.

The Board of Directors is composed of eleven members, five of whom are Independent Outside Directors. The Independent Outside Directors therefore represent more than one-third of the Board members. The Director's term of office is set as one year in order to clarify the Directors' management responsibility and flexibly establish a management system that can swiftly respond to changes in business environment.

The Outside Directors, together with Outside Audit and Supervisory Board Members, hold the outside directors' meeting on a monthly basis in principle, where they make straightforward discussions to enhance transparency and objectivity in management. They are also actively engaged in other duties, including on-site inspections of domestic and overseas group companies.

In addition to active discussions at the Board meetings, the outside Directors and Audit and Supervisory Board Members provide monitoring on management with an objective view of an outsider, which ensures that the surveillance function for the Company's management structure works effectively.

3) Executive structure

The Company has introduced an operating officer system to ensure management efficiency and flexibility as well as to distinguish and clarify responsibilities for decision-making/supervision and business execution. It conducts on a monthly basis the Management Strategy Meeting, which consists of full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers Executive Officers, and the Head of Corporate R&D. The Company also holds twice a month in principle the Executive Management Meeting, which is attended by full-time Directors, Heads in charge of key organizational functions, Senior Executive Officers, the Head of Corporate R&D, and Presidents of major group companies. Standing Audit and Supervisory Board Members attend both the Management Strategy Meeting and the Executive Management Meeting and present their opinions as appropriate. The Company provides its directors and officers with training opportunities as needed to support them in acquiring and continuously updating necessary knowledge for appropriate performance of their duties.

The Company has also established the Governance Committee, a voluntary consultative body, which consists of the representative directors and the five independent outside directors. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

4) Structure of internal control system operation

The Company and its group companies operate an internal control system, and in order to ensure thorough compliance in business activities and improve management efficiency, the status of improvement and operation of the system and the status of compliance are checked through regular internal audit work performed by the Internal Audit Office, the internal audit division that is directly under the President of the Company. Based on the results of audit, corrective measures are implemented if necessary.

The Group will pursue the enhancement of corporate governance with the aforementioned measures, increasing the corporate value of the Company and, in turn, generating and improving the common interests of its shareholders.

B. Outline of measures to prevent any party deemed inappropriate in light of the Basic Policy from controlling decisions on the Company's financial and business policies

1) The Company updated the countermeasure plan against large-scale acquisitions of shares in the Company (takeover defense measures) following resolutions at the Board of Directors meeting held on May 15, 2018, and the 105th Ordinary General Meeting of Shareholders held on June 27, 2018 (the "Plan"). Details of the Plan are explained in the next section (ii).

2) Outline of the Plan

As set forth in the Basic Policy, the Board of Directors believes that any party who would conduct a large-scale acquisition of shares in the Company that does not contribute to the Company's corporate value and its shareholders' common interests is inappropriate to control decisions on the Company's financial and business policies. The Plan is designed to prevent such party from performing such acquisition and controlling decisions on the Company's financial and business policies. In the event of an attempt to make a large-scale acquisition, the Plan allows the Board to make a counter proposal to shareholders, secure necessary information and time for shareholders to decide whether or not to accept such acquisition, and negotiate with the potential buyer for the benefit of shareholders.

The Plan sets forth necessary procedures to achieve the above-mentioned objectives in the event that a potential buyer intends to own a 20 percent or more stake in the Company, including demanding information from such potential buyer in advance.

Only if the Board resolves not to trigger the Plan in accordance with the procedures provided in the Plan, the buyer may conduct such large-scale acquisition after the resolution by the Board.

If an buyer does not follow the procedures set forth in the Plan, or if an acquisition of a large stake in the Company could harm its corporate value and, in turn, the common interests of its shareholders, and in the case where such acquisition satisfies the triggering requirements of the Plan, the Company shall implement a gratis allotment of stock acquisition rights with an exercise condition that does not allow in principle the buyer to exercise the rights as well as an acquisition clause that enables the Company to acquire the stock acquisition rights from shareholders other than the buyer and its related parties in exchange for shares of the Company, or shall take any other reasonable measures under the Japanese laws and regulations and the Company's Articles of Incorporation.

If the Company implements a gratis allotment of stock acquisition rights in accordance with the Plan and then its shareholders, except the buyer, receive additional shares in the Company as a result of their exercising the rights or the Company's acquiring the rights from them in exchange for its shares, the buyer's share of the voting rights in the Company may be diluted by up to approximately 50%.

In order to avoid any arbitrary decision of Directors about whether to implement a gratis allotment of stock acquisition rights and whether to acquire the rights from shareholders under the Plan, the Company establishes the Special Committee, in accordance with the Rules for Special Committee, that is composed solely of members who are independent from the management of the Company, such as Outside Directors, to ensure objective decision-making. In addition, the Board of Directors will convene a shareholders meeting to confirm the intent of the shareholders.

These procedures are implemented with appropriate information disclosure to the shareholders to maintain the transparency of the process. The effective period of the Plan will expire upon the close of the ordinary general shareholders meeting related to the last fiscal year ending within three years after the close of the 105th Ordinary General Meeting of Shareholders held on June 27, 2018.

6.3 The Board of Directors' judgment on the specific measures and grounds for the judgment

The Company's mid-term management plan and various other measures to strengthen corporate governance have been formulated to continuously enhance its corporate value and the common interests of its shareholders, and therefore they are fully in line with the Basic Policy of the Company.

The Plan is also in line with the Basic Policy since it forms a framework for the Company to protect its corporate value and, in turn, the common interests of its shareholders in case of massive acquisition of shares in the Company.

Furthermore, in order to pay due attention to the intent of the Company's shareholders, the Plan (i)fully satisfies the three principles provided in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests"; (ii)has obtained the approval of shareholders for its renewal; (iii)incorporates a system to confirm the intent of shareholders at the shareholders meeting regarding the triggering of the Plan if needed; (iv)includes a so-called "sunset clause" to set the effective period of the Plan to approximately three years; and (v)allows the shareholders to decide at the shareholders meeting to abolish the Plan even before the expiration of its effective period. The Plan is also guaranteed fairness and objectivity by (i)reasonable and objective requirements set forth to trigger the Plan; (ii)the Special Committee consisting solely of independent outside directors that practically makes a decision to trigger the Plan; (iii)the Committee's ability to use external expert advice at the Company's cost; and (iv)Director's term of office that is set at one year.

With the above-mentioned facts, it is obvious that the goal of the Plan is not to maintain the status of Directors and Audit and Supervisory Board Members of the Company but to contribute to its corporate value and, in turn, the common interests of its shareholders.

<For your reference>

The effective period of the Plan expires at the close of the 108th Ordinary General Meeting of Shareholders, scheduled for June 25, 2021. The Company's Board of Directors resolved at its meeting on April 30, 2021 that the Company will not continue the Plan after the close of the general shareholders meeting. For the details of this matter, please refer to the press release issued on April 30, 2021, "Discontinuation of Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)," which is posted on our website (https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym6/100100/00.pdf).

Note: The amounts of money and the numbers of shares stated in this Business Report are rounded down to the nearest unit. The ratios are rounded off to the nearest unit.

[Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheet

(As of March 31, 2021)

(All amounts are in millions of yen)

Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	476,050	Current liabilities	212,237
Cash and deposits	117,490	Notes and accounts payable—trade	84,345
Notes and accounts receivable—trade	191,607	Short-term loans payable	33,910
		Current portion of bonds	5,000
Electronically recorded monetary claims—operating	25,768	Income taxes payable	3,402
		Provision for directors’ bonuses	414
Merchandise and finished goods	77,192	Provision for pollution load levy	113
Work in process	18,859	Other	85,051
Raw materials and supplies	28,446		
Other	18,587		
Allowance for doubtful accounts	(1,903)		
		Non-current liabilities	172,204
		Long-term loans payable	87,457
		Deferred tax liabilities	9,290
		Provision for special repairs	5,243
		Provision for pollution load levy	2,353
Non-current assets	560,031	Provision for directors’ retirement benefits	974
Property, plant and equipment	357,883		
Buildings and structures	120,134	Net defined benefit liability	53,938
Machinery, equipment and vehicles	122,532	Other	12,946
Land	81,354		
Construction in progress	19,860		
Other	14,001		
Intangible assets	25,387		
		Total liabilities	384,442
		(Net assets)	
Investments and other assets	176,760	Shareholders’ equity	555,691
Investment securities	139,765	Capital stock	11,094
Net defined benefit asset	19,585	Capital surplus	11,468
Deferred tax assets	3,699	Retained earnings	563,131
Other	17,085	Treasury shares	(30,003)
Allowance for doubtful accounts	(3,376)		
		Accumulated other comprehensive income	70,153
		Valuation difference on available-for-sale securities	59,342
		Deferred gains or losses on hedges	(133)
		Foreign currency translation adjustment	7,366
		Remeasurements of defined benefit plans	3,578
		Non-controlling interests	25,794
		Total net assets	651,639
Total assets	1,036,081	Total liabilities and net assets	1,036,081

Consolidated Statement of Income

From April 1, 2020
to March 31, 2021

(All amounts are in millions of yen)

Accounting title	Amount	
Net sales		748,724
Cost of sales		639,883
Gross profit		108,841
Selling, general and administrative expenses	.	82,173
Operating income		26,667
Non-operating income		
Interest income	360	
Dividend income	2,460	
Rent income	1,030	
Foreign exchange gains	43	
Share of profit of entities accounted for using equity method	1,964	
Other	5,473	11,333
Non-operating expenses		
Interest expenses	973	
Rent expenses on non-current assets	916	
Loss on retirement of non-current assets	2,049	
Provision of allowance for doubtful accounts	1,711	
Other	5,024	10,674
Ordinary income		27,326
Extraordinary losses		
Impairment loss	2,980	2,980
Profit before income taxes		24,346
Income taxes—current	5,745	
Income taxes—deferred	674	6,420
Profit		17,926
Profit attributable to non-controlling interests		1,979
Profit attributable to owners of parent		15,946

Consolidated Statement of Changes in Equity

From April 1, 2020
to March 31, 2021

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	**Total shareholders' equity**
Balance at beginning of current period	11,094	11,468	549,817	(30,003)	542,378
Changes of items during period					
Dividends of surplus			(2,633)		(2,633)
Profit/Loss attributable to owners of parent			15,946		15,946
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes of items during period	—	—	13,313	(0)	13,313
Balance at end of current period	11,094	11,468	563,131	(30,003)	555,691

	Accumulated other comprehensive income					**Non-controlling interests**	**Total net assets**
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	**Total accumulated other comprehensive income**		
Balance at beginning of current period	47,995	95	13,885	(5,427)	56,548	25,587	624,513
Changes of items during period							
Dividends of surplus							(2,633)
Profit/Loss attributable to owners of parent							15,946
Purchase of treasury shares							(0)
Net changes in items other than shareholders' equity	11,347	(229)	(6,519)	9,006	13,605	207	13,812
Total changes of items during period	11,347	(229)	(6,519)	9,006	13,605	207	27,125
Balance at end of current period	59,342	(133)	7,366	3,578	70,153	25,794	651,639

Notes to Consolidated Financial Statements

♦ Significant Matters That Serve as the Basis for Preparing Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of significant consolidated subsidiaries

Number of consolidated subsidiaries: 71

(Toyo Seikan Co., Ltd. / Toyo Kohan Co., Ltd. / Tokan Kogyo Co., Ltd. / Nippon Closures Co., Ltd. / Toyo Glass Co., Ltd. / Mebius Packaging Co., Ltd. / Toyo Aerosol Industry Co., Ltd. / TOMATEC Co., Ltd. / Can Machinery Holdings, Inc. / 62 other subsidiaries)

KY TECHNOLOGY CO., LTD., Toyo Unicon Co., Ltd. and Toyo Glass Mold (Thailand) Co., Ltd. are excluded from the scope of consolidation for the year under review since they were liquidated.

(2) Non-consolidated subsidiaries

The 14 non-consolidated subsidiaries, including ISHIKAWA INK CO., LTD., are excluded from the scope of consolidation since their respective total assets, sales, profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) are relatively small and have no significant effect on the consolidated financial statements.

2. Application of the Equity Method

Number of associates accounted for using the equity method: 4

(Asia Packaging Industries (Vietnam) Co., Ltd. / T&T Enertechno Co., Ltd. / TOSYALI TOYO CELIK ANONIM SIRKETI / PT FUJI TECHNICA INDONESIA)

The non-consolidated subsidiaries (ISHIKAWA INK CO., LTD. and 13 others) and associates (Takeuchi Hi-Pack Co., Ltd., and 7 others) are not accounted for using the equity method since they have no significant importance and their respective profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) have no significant effect on the consolidated financial statements.

As for associates accounted for using the equity method with a book-closing date that is different from the book-closing date for consolidated accounting, the financial statements they prepared for their own fiscal years are used for the consolidated financial statements.

3. Book-Closing Date for Accounting of Consolidated Subsidiaries

Of the consolidated subsidiaries, 32 companies (including 6 companies stated below) close their accounts on December 31. Because the difference between their book-closing date and the book-closing date for consolidated accounting is three months or less, the financial statements they prepared for their own fiscal years are used for the consolidated financial statements.

Stolle Machinery Company, LLC
Next Can Innovation Co., Ltd.
Bangkok Can Manufacturing Co., Ltd.
Toyo Seikan (Thailand) Co., Ltd.
Crown Seal Public Co., Ltd.
TOYO-MEMORY TECHNOLOGY SDN. BHD.

As for material transactions performed during the period between their closing date (December 31) and the consolidated closing date (March 31), necessary adjustments are made for the purposes of consolidated accounting.

4. Accounting Policies

(1) Valuation basis and method for major assets

i) Securities

Bonds held to maturity: Valued at amortized cost by the straight-line method.

Available-for-sale securities

With fair value: Valued based on market values as of the book-closing date. (The valuation gains and losses are all recorded in the net assets section. The cost of

	securities sold is calculated using the moving-average method.)
Without fair value:	Valued at cost using the moving-average method.
ii) Derivatives	Valued at fair value.
iii) Inventories	Principally valued at cost using the weighted-average method (the valuation is subject to the book value reduction method based on decreased profitability).

(2) Depreciation and amortization methods of major assets

i) Property, plant and equipment (excluding leased assets)
Depreciated using the straight-line method.

ii) Intangible assets (excluding leased assets)
Amortized using the straight-line method.

iii) Leased assets (related to non-ownership-transfer financial lease transactions)
Depreciated over the lease period using the straight-line method with no residual value.

(3) Accounting for major reserves

i) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at the amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

ii) Provision for directors' bonuses
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.

iii) Provision for special repairs
The provision for repairs of glass furnaces, which are conducted periodically, is provided at an amount equivalent to the portion of the estimated cost for the next repair that corresponds to the elapsed time.

iv) Provision for pollution load levy
The provision for pollution load levy is provided at the amount of pollution load levy payable in the future that is reasonably estimated according to the amount of pollutant emission pursuant to the Law Concerning Pollution-Related Health Damage Compensation and Other Measures.

(4) Accounting standards for the amount and cost of completed work

The percentage-of-completion method is applied to projects where the cumulative percentage of work completed until the end of the fiscal year under review can be determined clearly (the percentage of completion is estimated mainly based on the cost-to-cost method), while the completed-contract method is applied to other projects.

(5) Other significant matters in preparing the consolidated financial statements

i) Hedge accounting method
The Company has adopted the deferral method for hedging activities. Forward exchange contracts that satisfy the requirements of "*furiate-shori*," an exceptional accounting treatment for foreign exchange contracts, are subject to the treatment.

ii) Accounting for consumption taxes
Transactions subject to the consumption tax and local consumption tax are recorded excluding the consumption taxes.
Nondeductible consumption taxes related to assets are recorded as period expenses for the fiscal year in which such consumption taxes are incurred.

iii) Method and period of goodwill amortization
Goodwill is amortized under the straightforward depreciation method over a period of five to ten years. If the value of goodwill is insignificant, the goodwill is amortized at once in the fiscal year in which it

is recognized.

iv) Application of Consolidated Taxation System
The Group has adopted the Consolidated Taxation System, with the Company being as the parent company under the system.

v) Treatment of tax effect accounting for transition from Consolidated Taxation System to Group Tax Sharing System
Regarding the transition from the Consolidated Taxation System to the newly established Group Tax Sharing System and the several changes in accounting policies of the Single Taxation System following the aforementioned transition under the Act on Partial Revision of Income Tax Act (Act No. 8, 2020), the Company and some of its domestic subsidiaries calculate deferred tax assets and deferred tax liabilities based on the corporate tax law before revision, notwithstanding the provisions of Section 44 of the ASBJ Implementation Guidance on Tax Effect Accounting (Guidance No. 28, February 16, 2018), pursuant to Section 3 of the ASBJ Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020).

vi) Accounting procedure regarding employees' retirement benefits
The amount of retirement benefit obligations after deducting the plan assets was reported as "Net defined benefit liability", based on the projected retirement benefits as of the end of the fiscal year under review. In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year under review.
Prior service cost is amortized at one time in the fiscal year in which such cost is incurred.
Actuarial gains or losses are amortized on a straight-line basis from the following year of the fiscal year of recognition over a period (10 years) within the average remaining service years for employees at the time of recognition.
Unrecognized actuarial gains or losses are reported as remeasurements of defined benefit plans under "Accumulated other comprehensive income" in the net assets section after adjusting tax effects.

♦ Notes to Changes in Presentation Methods

[Application of the Accounting Standard for Disclosures of Accounting Estimates]

The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) from the consolidated financial statements for the year under review, adding a note to accounting estimates in the statements.

♦ Notes to Accounting Estimates

[Matters regarding the impairment of non-current assets]

1. Amount recorded in the consolidated financial statements for the year under review
Impairment loss: 2,980 million yen

2. Other information that facilitates the understanding of users of consolidated financial statements with respect to the details of accounting estimates

(1) Calculation method of the amounts recorded in the consolidated financial statements for the year under review

The Group estimates the future cash flows of an asset group in which it identifies signs of impairment, and, if it concludes the profitability of such asset group is unlikely to recover, it reduces the book value of the asset group to a recoverable amount and posts the reduction in the value as an impairment loss. The Group's assets are grouped based on management accounting categories (by plant or by office for operational assets and by property for leasing assets and idle assets). The recoverable amount of an asset group is the greater of its value in use or net selling price. The value in use is calculated by discounting the future cash flows with a discount rate based on the weighted average cost of capital, while the net selling value is determined as equivalent to the estimated disposal value.

(2) Key assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the year under review

The calculation of future cash flows uses several factors stated in the mid-term management plan and other business plans for individual reporting units of the Group. These plans include certain assumptions based on past experiences and growth rates and current economic prospects.

With respect to the impact of the COVID-19 pandemic, it is extremely difficult to predict when business activities will normalize and what impact the pandemic will have on our future business performance since there is no consensus on COVID-19 prospects, including the extent to which the infection will spread and when the situation will end. As the vaccines are supplied more stably going forward, we can expect a gradual economic recovery. However, at this moment, when the effectiveness of vaccines is unclear, we believe it is impossible to predict when the situation will return to normal. Against this backdrop, while there will be a certain growth in demand for packaging and other products resulting from an increase in "at-home" consumption, weak spending around business districts and in the leisure and food service industries is likely to continue with people being urged to stay home. We therefore assume that it will take time for overall demand to recover to pre-crisis levels. Even when the pandemic is over, work styles and lifestyles will have changed and varied and the impact of weak demand around business districts will remain to some extent as working-from-home is established as a practice. Consequently, we have estimated the future cash flow amount on a premise that the demand is unlikely to return to pre-pandemic levels in the following fiscal year and thereafter, reflecting the potential impact in our business plans.

(3) Impact on the consolidated financial statements for the following fiscal year

The timing and amount of cash flows may be affected by future uncertainties of changes in economic conditions, and if the actual timing and amount of cash flows differ from estimates, this may have a material impact on the consolidated financial statements for the following fiscal year. Therefore, the key assumptions described in the previous section (2), which are based on the best estimate, may differ from the results depending on the COVID-19 situation and economic conditions going forward.

♦ Note to Consolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment: 1,233,917 million yen

2. Guaranteed loans

The Company has provided credit guarantees on loans from financial institutions as follows:

- Employees (housing loans): 470 million yen
- TOSYALI TOYO CELIK ANONIM SIRKETI (bank loans): 31,617 million yen (285 million dollars)

♦ Notes to Consolidated Statement of Income

1. Matters concerning extraordinary losses

Impairment loss

The Group posted impairment losses on the following asset groups.

Location	Uses of assets	Type of assets	Loss amount (million yen)	Collectible value
Honshu Seikan Co., Ltd. Yuki Plant (Yuki, Ibaraki) and other facilities	Manufacturing facilities for food/beverage cans, etc.	Buildings and structures, machinery, equipment and vehicles, and others	1,080	Use value
TOYO-SASAKI GLASS CO., LTD. (Yachio, Chiba, and other locations)	Manufacturing facilities for glass products, etc.	Buildings and structures, machinery, equipment and vehicles, and others	1,028	Net selling price
Toyo Seikan Group Holdings, Ltd. (Sanda, Hyogo) and other facilities	Unused employee welfare facilities, etc.	Buildings and structures and land	870	Net selling price

The Group classifies owned assets based on management accounting categories; business assets are mainly classified by plant or by office, while leasing assets and idle assets are classified by property.

The Group estimated the future cash flow of the asset groups for which profitability significantly declined. As for an asset group whose profitability is unlikely to recover, its book value is reduced to a collectible amount, and the reduction amount is posted as an impairment loss under extraordinary losses.

The collectible amounts for individual asset groups were based on the use values or net selling prices; the use values are calculated by discounting the future cash flow with a discount rate of 5 percent, in principle, while the net selling prices are determined according to the estimated disposal values.

The following table describes the details of the impairment loss (2,980 million yen) posted under extraordinary losses.

(in millions of yen)

Location	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other (of Property, plant and equipment)	Intangible assets	Total
Honshu Seikan Co., Ltd. Yuki Plant, etc.	279	763	—	11	25	—	1,080
TOYO-SASAKI GLASS CO., LTD.	279	683	—	31	20	13	1,028
Toyo Seikan Group Holdings, Ltd. and other facilities	20	—	850	—	—	—	870
Total	578	1,446	850	43	46	13	2,980

♦ Notes to Consolidated Statement of Changes in Equity

1. Matters concerning class and total number of issued shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	202,862	-	-	202,862
Treasury shares				
Common shares	14,790	0	-	14,790

Note: The breakdown of increase in treasury shares:
• Purchase of shares in odd lots: 0 thousand shares

2. Matters concerning dividends

(1) Amount of dividends paid

Resolution on the payment	Class of shares	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2020	Common shares	1,316	7.00	March 31, 2020	June 26, 2020
Board of Directors Meeting on October 30, 2020	Common shares	1,316	7.00	September 30, 2020	December 4, 2020

(2) Dividends with a record date belonging to the fiscal year under review whose effective date for payment falls in the following fiscal year

Resolution on the payment	Class of shares	Dividend resource	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2021	Common shares	Retained earnings	6,770	36.00	March 31, 2021	June 28, 2021

♦ Notes to Financial Instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

The Toyo Seikan Group only uses highly secured financial assets for its fund management. It raises funds necessary for implementing its business plan primarily through bank loans and bond issuances. The cash management service (CMS) is also effectively utilized for the appropriate management of Group's funds. The Group engages in derivatives trading only for the purpose of hedging currency risk and interest rate risk, among other risks, arising from its business activities, and uses derivatives only based on actual demand and not based on speculation.

(2) Details of financial instruments, their risks and related risk management system

Since notes and accounts receivable, which are operating receivables, are exposed to customer credit risk, we regularly check due dates and balances for each business partner and the credit status of major business partners. For several operating receivables denominated in foreign currencies, their currency risk is hedged using forward exchange contracts.

We also use currency swaps to hedge currency risk for certain foreign currency-denominated loans to consolidated subsidiaries.

Investment securities are mainly held-to-maturity bonds and shares of the companies with which we have business relationships. As most of them are exposed to market risk, we control the risk by regularly monitoring market prices and financial and other conditions of the issuers and the business partners.

Notes and accounts payable are operating debts, and most of them are due within a year. For several operating debts denominated in foreign currencies, their currency risk is hedged using forward exchange contracts.

Loans payable are used mainly for financing business transactions and capital investment, while bonds are issued to raise funds mainly for capital investments.

Derivatives trading is managed through a mutual check between the executing division and the accounting division and by monitoring derivatives positions with individual counterparties, and the trading status is regularly reported to the Board of Directors (derivatives are used only based on actual demand and not based on speculation to aim for capital gains). We engage in derivatives transactions only with major financial institutions with high creditworthiness in order to reduce credit risk arising from the transactions.

Operating debts and loans payable are exposed to liquidity risk, which is managed by the Group's finance division by formulating and renewing financing plans, maintaining liquidity at or above a certain level, and concluding a commitment line agreement with financial institutions.

2. Matters concerning fair values of financial instruments

The table below indicates carrying values and fair values of financial assets and liabilities on the consolidated balance sheet and the difference between carrying and fair values as of the end of the fiscal year under review. Please note that several financial assets and liabilities are excluded from the table since the determination of fair values of such assets and liabilities is extremely difficult. (See Note 2.)

(in millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	117,490	117,490	-
(2) Notes and accounts receivable	191,607		
(3) Electronically recorded monetary claims	25,768		
Allowance for doubtful accounts	(1,824)		
	215,551	215,551	-
(4) Investment securities			
i) Bonds held to maturity	10,300	10,562	262
ii) Available-for-sale securities	118,694	118,694	-
Total assets	462,037	462,300	262
(1) Notes and accounts payable	84,345	84,345	-
(2) Short-term loans payable	33,910	33,910	-
(3) Current portion of bonds	5,000	5,000	-
(4) Income taxes payable	3,402	3,402	-
(5) Long-term loans payable	87,457	87,360	(96)
Total liabilities	214,115	214,019	(96)
Derivatives*			
Without application of hedge accounting	(764)	(764)	-
With application of hedge accounting	(190)	(190)	-
Total derivatives	(955)	(955)	-

* Receivables and payables arising from derivative transactions are shown as a total net amount, and net payables are presented in parentheses.

Note 1: Methods to calculate fair values of financial instruments and matters concerning securities and derivatives

Assets

(1) Cash and deposits
Since this item is settled in a short period of time, its fair value is almost equal to its carrying value and therefore is determined as such carrying value.

(2) Notes and accounts receivable / (3) Electronically recorded monetary claims
Because these items are settled in a short period of time, the fair value of each item is calculated as the carrying value less the estimated amount of doubtful accounts in which credit risk is reflected. The fair values of certain accounts receivable are determined as the prices presented by financial institutions with which the Group has traded, as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to the section of "Derivatives" below).

(4) Investment securities
The fair value of a stock is in accordance with the price on the relevant stock exchange, whereas that of a bond is in accordance with the price presented by the transacting financial institutions.

Liabilities

(1) Notes and accounts payable / (2) Short-term loans payable / (3) Current portion of bonds / (4) Income taxes payable
Since these items are settled in a short period of time, the fair value of each item is almost equal to its carrying value and therefore is determined as such carrying value.

(5) Long-term loans payable
Fair value is in accordance with present value, which is calculated at a discount rate obtained under the assumption that a similar loan is newly provided to the total of principal and interest.

Derivatives

The fair values of derivatives are determined as the prices presented by financial institutions with which the Group has traded derivatives.

Since several transactions subject to *furiate-shori* (an exceptional accounting treatment), such as forward foreign exchange contracts, are treated by being included in accounts receivable that are hedged, the fair value of such transactions is included in that of the accounts receivable (See (2) of the Assets section).

Currency swaps are used to hedge loans extended by the Company to its consolidated subsidiaries. As these inter-company transactions are offset in the Group's financial statements, hedging accounting is not applied to the transactions.

Note 2: Financial instruments for which the determination of fair values is extremely difficult

Unlisted shares (carrying value on the consolidated balance sheet: 10,770 million yen) and investments in equity of subsidiaries and associates (carrying value: 8,583 million yen) do not have market prices and the estimation of their future cash flow is not available. The determination of fair values of these items are therefore deemed extremely difficult, and they are excluded from "ii) available-for-sale securities" under "(4) Investment securities" in the table above.

♦ Note to Leasing Property

The Company and several consolidated subsidiaries own office buildings (including land) and commercial facilities for leasing in Tokyo and other regions. The carrying values, earnings and fair values of these properties are described in the following table.

(in millions of yen)

Use of properties	Carrying value	Revenue	Expenses	Fair value
Office buildings	17,989	5,413	2,301	84,117
Commercial facilities	2,449	670	248	14,659
Others	11,904	1,940	1,257	45,495
Total	32,344	8,025	3,807	144,273

Notes:
1. "Carrying value" is acquisition costs of assets, net of accumulated depreciation expenses and impairment loss.
2. Revenue includes rent income and capital gain on non-current assets, while expenses include depreciation expenses, repair expenses, insurance premiums, taxes and dues and impairment loss.
3. Fair values as of the end of the fiscal year under review are mainly based on real estate appraisal reports or real estate inspection reports provided by external real estate appraisers.

♦ Note to Per Share Information

Net assets per share: 3,327.70 yen
Profit per share: 84.79 yen

Note: Yen amounts shown in the Consolidated Financial Statements are rounded down to the nearest million yen.

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(All amounts are in millions of yen)

Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	101,072	Current liabilities	87,771
Cash and deposits	65,588	Short-term loans payable	19,648
Short-term loans receivable	31,691	Lease obligations	89
Accrued receivable	4,718	Accounts payable—other	4,650
Other	289	Accrued expenses	1,914
Allowance for doubtful accounts	(1,215)	Income taxes payable	556
		Deposits received	60,801
		Provision for directors' bonuses	35
		Other	75
		Non-current liabilities	98,291
		Long-term loans payable	87,380
		Lease obligations	156
		Deferred tax liabilities	5,351
		Provision for retirement benefits	103
Non-current assets	499,557	Provision for asbestos	155
Property, plant and equipment	27,472	Asset retirement obligations	582
Buildings	19,095	Other	4,563
Structures	267		
Machinery and equipment	367	Total liabilities	186,062
Vehicles	13		
Tools, furniture and fixtures	661	(Net assets)	
Land	6,399	Shareholders' equity	358,644
Leased assets	226	Capital stock	11,094
Construction in progress	441		
		Capital surplus	1,361
		Legal capital surplus	1,361
Intangible assets	1,558		
Software	447	Retained earnings	376,192
Other	1,110	Legal retained earnings	2,773
		Other retained earnings	373,419
Investments and other assets	470,527	Reserve for advanced depreciation of non-current assets	264
Investment securities	119,166	Reserve for investment in special business development companies	34
Shares of subsidiaries and associates	303,181	General reserve	328,441
		Retained earnings brought forward	44,678
Long-term loans receivable from subsidiaries and associates	49,070		
Other	271	Treasury shares	(30,003)
Allowance for doubtful accounts	(1,163)		
		Valuation and translation adjustments	55,923
		Valuation difference on available-for-sale securities	55,923
		Total net assets	414,567
Total assets	600,630	Total liabilities and net assets	600,630

Non-Consolidated Statement of Income

From April 1, 2020
to March 31, 2021

(All amounts are in millions of yen)

Accounting title	Amount	
Operating revenue		
Management fee income from subsidiaries and associates	3,671	
Income from operations consignment by subsidiaries and associates	5,256	
Dividends from subsidiaries and associates	4,428	
Rent income of real estate	6,654	20,010
Operating expenses		
Expenses of real estate rent	2,759	
General and administrative expenses	10,250	13,010
Operating income		7,000
Non-operating income		
Interest and dividend income	3,353	
Foreign exchange gains	563	
Other	174	4,091
Non-operating expenses		
Interest expenses	452	
Contribution	110	
Provision of allowance for doubtful accounts for subsidiaries and associates	338	
Other	106	1,008
Ordinary income		10,083
Extraordinary losses		
Impairment loss	753	753
Profit before income taxes		9,329
Income taxes—current	1,762	
Income taxes—deferred	(209)	1,552
Profit		7,776

Non-Consolidated Statement of Changes in Equity (1/2)

From April 1, 2020
to March 31, 2021

(in millions of yen)

	Shareholders' equity									
		Capital surplus	Retained earnings							
				Other retained earnings						
	Capital stock	Legal capital surplus	Legal retained earnings	Reserve for advanced depreciation of non-current assets	Reserve for investment in special business development companies	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,094	1,361	2,773	266	-	328,441	39,567	371,048	(30,003)	353,501
Changes during period										
Reversal of reserve for advanced depreciation of non-current assets				(1)			1	-		-
Reserve for investment in special business development companies					34		(34)	-		-
Dividends of surplus							(2,633)	(2,633)		(2,633)
Profit							7,776	7,776		7,776
Purchase of treasury shares									(0)	(0)
Net changes in items other than shareholders' equity										
Total changes during period	-	-	-	(1)	34	-	5,110	5,143	(0)	5,143
Balance at end of period	11,094	1,361	2,773	264	34	328,441	44,678	376,192	(30,003)	358,644

Non-Consolidated Statement of Changes in Equity (2/2)

From April 1, 2020
to March 31, 2021

(in millions of yen)

	Valuation and translation adjustments		
	Valuation difference on available-for-sale securities	**Total valuation and translation adjustments**	**Total net assets**
Balance at beginning of period	45,329	45,329	398,830
Changes during period			
Reversal of reserve for advanced depreciation of non-current assets			-
Reserve for investment in special business development companies			-
Dividends of surplus			(2,633)
Profit			7,776
Purchase of treasury shares			(0)
Net changes in items other than shareholders' equity	10,594	10,594	10,594
Total changes during period	10,594	10,594	15,737
Balance at end of period	55,923	55,923	414,567

[Translation for Reference and Convenience Purposes Only]

Notes to Non-Consolidated Financial Statements

♦ Notes to Significant Accounting Policies

1. Valuation basis and method for securities

1) Bonds held to maturity:
Valued based on amortized cost (straight-line method).

2) Shares of subsidiaries and associates:
Valued at cost using the moving-average method.

3) Available-for-sale securities

Securities with fair value:	Valued based on market values as of the book-closing date. (The valuation gains and losses are all recorded in the net assets section. The cost of securities sold is calculated using the moving-average method.)
Securities without fair value:	Valued at cost using the moving-average method.

2. Valuation basis and method for derivatives

Derivatives are valued based on fair values.

3. Depreciation and amortization methods of non-current assets

1) Property, plant and equipment (excluding leased assets):
Depreciated using the straight-line method.

2) Intangible assets:
Amortized using the straight-line method.

3) Leased assets (related to non-ownership-transfer finance lease transactions):
Depreciated over the lease period using the straight-line method with no residual value.

4. Accounting for reserves

1) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an estimated irrecoverable amount based on actual default rates for ordinary receivables, and based on the degree of recoverability that is estimated for each of particularly doubtful receivables.

2) Provision for directors' bonuses
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.

3) Provision for retirement benefits
The provision for retirement benefits is provided at an amount calculated based on the projected benefit obligations at the end of the fiscal year under review.

5. Other important matters in preparing the non-consolidated financial statements

1) Hedge accounting method
The Company has adopted the deferral method for hedging activities. Forward exchange contracts and other contracts that satisfy the requirements of "*furiate-shori*," an exceptional accounting treatment for foreign exchange contracts, are subject to the treatment.

2) Accounting for consumption taxes
Transactions subject to the consumption tax and local consumption tax are recorded excluding the consumption taxes.
Nondeductible consumption taxes related to assets are recorded as period expenses for the fiscal year in which such consumption taxes are incurred.

3) Application of consolidated tax payment system
The Company has adopted the consolidated tax payment system.

4) Treatment of tax effect accounting for transition from Consolidated Taxation System to Group Tax Sharing System

Regarding the transition from the Consolidated Taxation System to the newly established Group Tax Sharing System and the several changes to accounting policies of the Single Taxation System following the aforementioned transition under the Act on Partial Revision of Income Tax Act (Act No. 8, 2020), the Company calculates deferred tax assets and deferred tax liabilities based on the corporate tax law before revision, notwithstanding the provisions of Section 44 of the ASBJ Implementation Guidance on Tax Effect Accounting (Guidance No. 28, February 16, 2018), pursuant to Section 3 of the ASBJ Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020).

♦ Notes to Changes in Presentation Methods

(Application of the Accounting Standard for Disclosures of Accounting Estimates)

The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) from the non-consolidated financial statements for the year under review, adding a note to accounting estimates in the statements.

♦ Notes to Accounting Estimates

(Allowance for doubtful accounts)

1. Amount recorded in the non-consolidated financial statements for the year under review

Allowance for doubtful accounts: 2,378 million yen

2. Other information that facilitates the understanding of users of financial statements with respect to the details of accounting estimates

(1) Calculation method of the amounts recorded in the non-consolidated financial statements for the year under review

The allowance for doubtful accounts is provided at the amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. The recorded allowance for doubtful accounts is mainly related to loans receivable from subsidiaries and associates of the Company. The amount is calculated by deducting the recoverable value determined based on the most recently available financial statements of the relevant subsidiaries and associates and the discounted present value of estimated future cash flows from the relevant loan amount.

(2) Key assumptions used in the calculation of the amounts recorded in the non-consolidated financial statements for the year under review

The calculation of future cash flows uses several factors stated in the mid-term management plan and other business plans for individual subsidiaries and associates to which the loans are extended. These plans include certain assumptions based on past experiences and growth rates and current economic prospects.

With respect to the impact of the COVID-19 pandemic, it is extremely difficult to predict when business activities will normalize and what impact it will have on our future business performance since there is no consensus on COVID-19 prospects, including the extent to which the infection will spread and when the pandemic will end. As the vaccines are supplied more stably going forward, we can expect a gradual economic recovery. However, at this moment, when the effectiveness of vaccines is unclear, we believe it is impossible to predict when the situation will return to normal. Against this backdrop, weak spending and slowdown in demand mainly for our packaging business is likely to continue as people are urged to stay home, and therefore we assume that it will take time for the market demand to recover to pre-crisis levels. We also expect that, even when the pandemic is over, the impact of weak demand will remain to some extent. Consequently, we have estimated the future cash flow amount on a premise that the demand is unlikely to return to the level before the pandemic in the following fiscal year and thereafter, reflecting the potential impact in our business plans.

(3) Impact on the non-consolidated financial statements for the following fiscal year

The timing and amount of cash flows may be affected by future uncertainties of changes in economic conditions, and if the actual timing and amount of cash flows differ from estimates, this may have a material impact on the financial statements for the following fiscal year. Therefore, the key assumptions described in the previous section (2), which are based on the best estimate, may differ from the results depending on the COVID-19 situation and economic conditions going forward.

♦ Notes to Non-Consolidated Balance Sheet

(in millions of yen)

1. Accumulated depreciation on property, plant and equipment: 31,333
2. Guarantee of liabilities
   The Company has guaranteed loans from financial institutions and other liabilities for the following subsidiaries:
   - Stolle Machinery Company, LLC (loans, etc.): 2,127
   - Stolle Machinery do Brasil Industria e Comercio Equipamentos Ltda. (loans, etc.): 586
   - Stolle Machinery (Guangzhou) Co., Ltd. (loans, etc.): 36
   - Stolle Machinery Company, LLC (lease contract): 1,094
   - Tokan Trading Corporation (accounts payable): 49
   - TOYO PACK KIYAMA Co., Ltd. (loans, etc.): 660
   - Polytech America, LLC (lease contract): 277
3. Monetary receivables due from subsidiaries and associates: 36,620
4. Monetary payables due to subsidiaries and associates: 63,605

♦ Note to Non-Consolidated Statement of Income

Volume of trading with subsidiaries and associates (in millions of yen)

Operating revenue: 14,495
Operating expenses: 124
Amount of non-operating transactions: 1,112

♦ Note to Non-Consolidated Statement of Changes in Equity

Matters concerning class and total number of treasury shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Common shares	14,790	0	-	14,790

Note: Breakdown of increase in treasury shares:
- Purchase of shares in odd lots: 0 thousand shares

♦ Note to Tax-Effect Accounting

Breakdown of deferred tax assets and liabilities by cause

Deferred tax assets	(in millions of yen)
Shares of subsidiaries and associates	15,088
Excessive depreciation	1,244
Loss on valuation of shares of subsidiaries and associates	8,156
Other	1,803
Subtotal of deferred tax assets	26,292
Valuation allowance related to total deductible temporary differences	(9,139)
Subtotal of Valuation allowance	(9,139)
Total of deferred tax assets	17,153
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(22,199)
Reserve for advanced depreciation of non-current assets	(116)
Assets adjusted for gains or losses on transfer	(172)
Other	(15)
Total of deferred tax liabilities	(22,504)
Net deferred tax liabilities	(5,351)

♦ Note to Transactions with Related Parties

Subsidiaries

1. Transactions with related parties

Attribute	Company name	Ownership of voting rights (Parent's share)	Relationship with the related party	Description of transactions	Transaction amount (million yen)
Subsidiary	Toyo Seikan Co., Ltd.	Direct 100%	Business management/ Concurrent post of officers	Management fee/ Contract service fee (1)	3,720

Note 1. The fee amount is determined based on certain reasonable standards for the purpose of business management.
2. The transaction amounts do not include consumption taxes.

2. Loan guarantees by the Company

Attribute	Balance at end of period (million yen)
Subsidiary	4,832

Note: 1. The Company provides guarantees on bank loans to subsidiaries.
2. The Company provides guarantees on rent for the remaining lease period of subsidiaries' lease agreements.

3. Loan guarantees for the Company

Attribute	Balance at end of period (million yen)
Subsidiary	82,533

Note: Subsidiaries provide guarantees on bank loans to the Company.

♦ Notes to Per Share Information

Net assets per share:	2,204.31 yen
Profit per share:	41.35 yen

Note: Yen amounts presented in the Non-Consolidated Financial Statements are rounded down to the nearest million yen.