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(Stock Exchange Code 4987)
(June 8, 2022)

To Shareholders with Voting Rights:

Kenichi Tsuji
President and Representative Director
Teraoka Seisakusho Co., Ltd.
Head Office: 1-4-22 Hiromachi,
Shinagawa-ward, Tokyo

**NOTICE OF CONVOCATION
OF THE 112TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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

You are cordially invited to attend the 112th Annual General Meeting of Shareholders of Teraoka Seisakusho Co., Ltd. (the "Company"). The meeting will be held for the purposes as described below.

From the viewpoint of preventing the spread of COVID-19, we ask you to refrain, if at all possible, from attending the General Meeting of Shareholders in person on the day. In place of attending the meeting, you may exercise your voting rights in writing. In this case, after reviewing the attached Reference Documents for the General Meeting of Shareholders, please indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form and return it so that it shall be received by 5:20 p.m. on Wednesday, June 22, 2022, Japan time.

- 1. Date and Time:** Thursday, June 23, 2022, at 10:00 a.m. Japan time (reception starts at 9:00 a.m.)
- 2. Venue:** OSAKI BRIGHT CORE HALL
3F OSAKI BRIGHT CORE, 5-5-15 Kitashinagawa, Shinagawa-ward, Tokyo
*Please note that the venue is different from the previous meeting.
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, Consolidated Financial Statements for the Company's 112th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 112th Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposals to be resolved:**
 - Proposal 1:** Distribution of Surplus
 - Proposal 2:** Partial Amendment to Articles of Incorporation
 - Proposal 3:** Election of 10 Directors
 - Proposal 4:** Election of 1 Substitute Auditor

4. Matters to be Determined Upon Convocation:

Exercise of Voting Rights by Proxy

Proxies to whom the exercise of voting rights may be delegated are limited to one other shareholder who holds voting rights, in accordance with the Articles of Incorporation of the Company. If attending the meeting by proxy, please submit a written proof of the authority of representation (power of attorney, etc.) together with the Voting Rights Exercise Forms of the shareholder and proxy at the reception desk.

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- ⦿ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Additionally, please bring this Notice with you for use as meeting material.
 - ⦿ Please refer to the enclosed document for details of the live-stream of the meeting on the Internet on the day and of on-demand streaming that will be available on a later date.
 - ⦿ Of the documents to be provided with this Notice, “Consolidated Statements of Changes in Net Assets” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Non-consolidated Statements of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.teraokatape.co.jp/>) on the Internet in accordance with the provisions of laws and regulations as well as the Company’s Articles of Incorporation, and therefore are not provided in the attachment to this Notice. Accordingly, the documents provided with this Notice form part of the documents audited by the Audit & Supervisory Board Members and Accounting Auditor in the preparation of their Audit Reports.
 - ⦿ Should the Reference Documents for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<https://www.teraokatape.co.jp/>).

[Measures to Prevent the Spread of COVID-19]

- ⦿ To prevent the spread of COVID-19 and with the safety of shareholders as our top priority, shareholders are asked to refrain from attending the General Meeting of Shareholders in person on the day and to exercise their voting rights in advance if at all possible.
- ⦿ A certain distance has been placed between seats in the meeting room. For this reason, entry into the meeting room will be limited to the first 60 shareholders to arrive. If the number of arrivals exceeds the number of seats available, we may refuse entry into the room.
- ⦿ No gifts will be given to shareholders attending the General Meeting of Shareholders.
- ⦿ If you do attend the venue in person, please check your own physical condition and take measures to prevent infection, such as washing your hands and wearing a mask.
- ⦿ All speakers and operational staff will take preventive measures, including wearing masks.
- ⦿ Your temperature will be checked near the entrance to the venue, and any person who has a high temperature, seems unwell, or is not wearing a mask will be refused entry.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company considers the return of profits to shareholders as one of the most important management issues and positions the continuation of stable dividends as a basic policy of returning profits. The Company's basic approach to the return of profits to shareholders is to make a decision after comprehensively taking into consideration various factors that affect the dividend level, including business performance for the fiscal year under review, financial position, cash flows, and the dividend payout ratio, in addition to future business strategy, business development policies, forecasts, and other factors, while also securing the funds for investment.

In accordance with this basic policy, the Company plans to pay a term-end dividend for the 112th fiscal year as follows.

Items Related to Term-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
 - 5 yen per share of common stock
 - Total of 126,660,235 yen

- (2) Effective date of distribution of surplus
 - June 24, 2022

Proposal 2: Partial Amendment to Articles of Incorporation

1. Reasons for the Amendment

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 13, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 13, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 13 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of the Amendment

The details of the amendments are as follows.

(Amended sections are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.)</u></p> <p><u>Article 13 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p><Newly established></p>	<p><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u></p> <p><u>Article 13 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p><u>2. Among the matters to be provided electronically, the Company may choose not to include all, or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<Newly established>	<p><u>(Supplementary provisions)</u></p> <p><u>1. The amendment of Article 13 of the Articles of Incorporation shall come into effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 13 (Internet Disclosure and Deemed Provision of Reference Materials for the General Meeting of Shareholders, Etc.) shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3. These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal 3: Election of 10 Directors

The terms of all 10 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 10 Directors is proposed.

Regarding the policies and procedures for the determination of Director candidates, their selection and appointment are conducted by a resolution of the Board of Directors taking into comprehensive consideration of the following factors: the candidate has a deep understanding of the Company's corporate philosophy and management principles; may be expected to contribute to the further development of the Company; has the ability to accurately grasp issues in the divisions under their control and cooperate with other officers and employees to resolve issues; and possesses the attitude and knowledge to comply thoroughly with laws, regulations and the corporate ethics.

The candidates for Director are as follows:

No.	Name	Current Positions in the Company	Term of Office as Director
1	<u>Reelection</u> Keishiro Teraoka	Representative Director and Chairman	34 years
2	<u>Reelection</u> Kenichi Tsuji	Representative Director and President	10 years
3	<u>Reelection</u> Masakazu Naitou	Managing Director	10 years
4	<u>Reelection</u> Taiji Namekawa	Director	4 years
5	<u>Reelection</u> Nobuhisa Ishizaki	Director	4 years
6	<u>Reelection</u> Tatsuya Kubo	Director	4 years
7	<u>Reelection</u> Shinji Asakura	Director	1 year
8	<u>Reelection</u> <u>External</u> Tatsuya Kamikawa	External Director	2 years
9	<u>Reelection</u> <u>External</u> <u>Independent</u> Keiko Hatta	External Director	2 years
10	<u>Reelection</u> <u>External</u> <u>Independent</u> Katsunori Furuichi	External Director	1 year

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 [Reelection] Keishiro Teraoka (November 6, 1951)	January 1986 Joined the Company June 1988 Director March 1992 Director, Ibaraki Plant Manager June 1994 Senior Managing Director; Executive General Manager, Administrative Division June 2000 President and Representative Director June 2018 Chairman and Representative Director (current position) (to present)	773,675 shares
	[Reason for nomination as a candidate for Director and outline of expected role] Mr. Keishiro Teraoka has led the group management for the Company's growth and enhancement of corporate value with his strong leadership by leveraging his abundant experience and deep insight as a corporate manager over the years in the Company and its group companies at home and abroad since he assumed the position of President in 2000. Based on his insight and capabilities, the Company has judged that he will be able to perform his managerial duties through appropriate business judgement and decision-making and provide objective oversight of the management and has thus renominated him as a candidate for Director.		
2	 [Reelection] Kenichi Tsuji (September 3, 1960)	April 1984 Joined ITOCHU Corporation Apr. 2010 Acting General Manager, Industrial Textile & Lifestyle Department May 2012 Seconded to the Company June 2012 Managing Director June 2015 Senior Managing Director April 2017 Senior Managing Director in charge of Sales and Marketing, Research and Development, and Manufacturing divisions April 2018 Transferred to the Company, Senior Managing Director in charge of overall corporate management June 2018 President and Representative Director (current position) (to present)	15,377 shares
	[Reason for nomination as a candidate for Director and outline of expected role] Mr. Kenichi Tsuji possesses a wealth of experience and achievements in the sales field in ITOCHU Corporation and has enhanced the Company's management base while also promoting fundamental structural reforms since he had been temporarily seconded to the Company. In addition to his initiatives promoting the Third Mid-Term Business Plan, he is well-versed in the global competitive environment surrounding the Company. Based on his insight and capabilities, the Company has judged that he will be able to perform his managerial duties through appropriate business judgement and decision-making and provide objective oversight of the management and has thus renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 [Reelection] Masakazu Naitou (September 27, 1955)	April 1980 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) September 2009 Joined the Company April 2010 General Manager, Accounting Department October 2011 Deputy Executive General Manager, Administrative Division; General Manager, Accounting Department January 2012 Deputy Executive General Manager, Administrative Division; General Manager, Corporate Planning Office; General Manager, Accounting Department June 2012 Director; Executive General Manager, Administrative Division; General Manager, Corporate Planning Office; General Manager, Accounting Department December 2013 Director; Executive General Manager, Administrative Division; Executive General Manager, PTI Division; General Manager, Corporate Planning Office; General Manager, Accounting Department June 2015 Managing Director (current position); Executive General Manager, Administrative Division; Executive General Manager, PTI Division; General Manager, Corporate Planning Office April 2017 In charge of Administration and Corporate Planning Office (current position) April 2018 In charge of overall business management (current position) and Quality Assurance Department (current position) (to present)	10,000 shares
[Reason for nomination as a candidate for Director and outline of expected role] Mr. Masakazu Naitou has abundant experience and achievements in fields of corporate planning, business management, corporate governance, and overseas strategies in addition to taking responsibility for the group company's administration and the operation of a overseas production subsidiary. Based on his insight and capabilities, the Company has judged that he will be able to provide oversight of the management and has thus renominated him as a candidate for Director.			
4	 [Reelection] Taiji Namekawa (October 20, 1959)	April 1983 Joined the Company November 2009 Sano Plant Manager June 2010 Operating Officer; Sano Plant Manager January 2014 Operating Officer; PT.Teraoka Seisakusho Indonesia President- Director April 2015 Operating Officer; Deputy Executive General Manager, PTI Division June 2016 Operating Officer; President-Director, PT.Teraoka Seisakusho Indonesia April 2018 Operating Officer; Executive General Manager, Engineering Division June 2018 Director (current position); in charge of Engineering (current position) (to present)	11,885 shares
[Reason for nomination as a candidate for Director and outline of expected role] Mr. Taiji Namekawa has a wealth of frontline-oriented experience and knowledge as well as advanced expertise gained through engaging adhesive tape-related technology and production over the years and taking responsibility for the operation of a overseas production subsidiary in an effort to maintain a consistent production structure. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management and has thus renominated him as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	 [Reelection] Nobuhisa Ishizaki (January 4, 1956)	April 1980 Joined The Daiwa Bank, Limited (currently Resona Bank, Limited) October 2005 Joined the Company April 2006 General Manager, Research Office December 2013 Deputy Executive General Manager, Administrative Division; General Manager, Research Office April 2016 Deputy Executive General Manager, Administrative Division; General Manager, General Affairs Department June 2016 Operating Officer; Deputy Executive General Manager, Administrative Division April 2017 Operating Officer; General Manager, Administrative Management Office April 2018 Operating Officer; Executive General Manager, Administrative Division June 2018 Director (current position); Executive General Manager, Administrative Division (current position) April 2021 General Manager, Safety, Health, and Hygiene Promotion Office (current position) (to present)	6,385 shares
	[Reason for nomination as a candidate for Director and outline of expected role] Mr. Nobuhisa Ishizaki has abundant experience and achievements in the fields of business management and corporate governance in addition to taking responsibility for the group company's administration and internal auditing. In addition, he contributes to strengthening the Company's compliance structure as well as the operation and establishment of effective corporate governance, and the Company considers that he will be able to contribute significantly to the enhancement of our top-priority issue, internal management structure. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management and has thus renominated him as a candidate for Director.		
6	 [Reelection] Tatsuya Kubo (November 7, 1961)	April 1985 Joined ITOCHU Corporation October 2013 Seconded to Guangzhou Gki Car Interior Parts Co.,Ltd. (Director and General Manager) April 2018 Seconded to the Company; Executive General Manager, Sales Division June 2018 Director (current position); Executive General Manager, Sales Division (current position) April 2020 Transferred to the Company (to present)	6,308 shares
	[Reason for nomination as a candidate for Director and outline of expected role] Mr. Tatsuya Kubo has a wealth of experience and achievements in the sales field in ITOCHU Corporation, as well as insights on global business management cultivated while he engaged in corporate management in China. Based on his insight and capabilities, the Company has judged that he will be able to perform his duties through appropriate business judgement and decision-making and provide objective oversight of the management and has thus renominated him as a candidate for Director.		

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	 [Reelection] Shinji Asakura (June 25, 1968)	April 1992 April 2017 October 2017 April 2021 June 2021 <p>Joined ITOCHU Corporation Seconded to the Company General Manager, Overseas Sales Division (current position) Deputy Executive General Manager, Sales Division (current position); Chairman, TERAOKA SEISAKUSHO (HONG KONG) CO., LTD.(current position).; Chairman, TERAOKA SEISAKUSHO (SHANGHAI) CO., LTD. (current position); Chairman, TERAOKA SEISAKUSHO (SHENZHEN) CO., LTD. (current position) Director (current position) (to present)</p>	3,985 shares
<p>[Reason for nomination as a candidate for Director and outline of expected role] Mr. Shinji Asakura has abundant experience and achievements in sales fields in ITOCHU Corporation, and, since his temporary secondment in 2017, he has worked hard on the expansion of sales channels, etc. as the person responsible for the Company's overseas sales division. The Company has judged that he can be expected to offer proactive proposals and advice to the Board of Directors for the Company's further development of global markets and has thus renominated him as a candidate for Director.</p>			
8	 [Reelection] [External] Tatsuya Kamikawa (September 18, 1969)	April 1992 April 2020 June2020 <p>Joined ITOCHU Corporation General Manager, Industrial Textile & Lifestyle Department (current position) Director of the Company (current position) (to present)</p>	0 shares
<p>[Reason for nomination as a candidate for External Director and outline of expected role] Mr. Tatsuya Kamikawa has abundant experience and achievements in sales fields in ITOCHU Corporation and is expected to actively provide comments and advice from the perspective of promoting management reform at meetings of the Board of Directors. In addition, the Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company and has thus renominated him as a candidate for External Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares the Company held	
9	 [Reelection] [External] [Independent] Keiko Hatta (September 13, 1959)	April 1984 May 2010 December 2010 April 2011 October 2011 March 2013 April 2014 September 2017 June 2020	Joined Japan Airlines Co., Ltd. Operating Officer; General Manager, Funding Center, JAL Capital Co., Ltd. General Manager, Financing and Lease Group, Finance Department, Japan Airlines International Co., Ltd. under rehabilitation General Manager, Insurance and Lease Group, Finance Department, Japan Airlines Co., Ltd. Retired from the company Representative Director, Hakko Ltd. (current position) Part-time Lecturer, Saitama Prefectural University Part-time Lecturer, Toita Women's College (current position) Director, the Company (current position) (to present)	0 shares
[Reason for nomination as a candidate for External Director and outline of expected role] Ms. Keiko Hatta has abundant experience and deep insights in the finance and accounting fields. In addition, by electing her as Director, the Company can ensure the diversity of the members of the Board of Directors and may be expected to enhance the functions of the Board of Directors. In addition, she is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and therefore the Company has judged that she will contribute significantly to strengthening the corporate governance of the Company and has thus renominated her as a candidate for External Director.				
10	 [Reelection] [External] [Independent] Katsunori Furuichi (May 11, 1961)	April 1985 November 1998 July 2000 January 2002 March 2003 April 2007 June 2008 March 2009 August 2013 November 2018 June 2021	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION General Manager, Corporate Planning Department, LUCENT Technologies Senior General Manager, Product Planning & Marketing Department, LEVEL (3) Communications Vice President, REACH Networks Manager, PRTM Management Consulting Partner, PRTM Management Consulting Operating Officer and President, Verisign Japan K.K. President and Representative Director President and Managing Director, K.K. Box Japan (current position) External Director, TeamSpirit Inc. (current position) Director of the Company (current position) (to present)	1,000 shares
[Reason for nomination as a candidate for External Director and outline of expected role] Mr. Katsunori Furuichi has a wealth of management experience at other companies and is currently the President and Managing Director of K.K. Box Japan, giving him a thorough knowledge of information systems. For these reasons, the Company has judged that he would provide appropriate advice in the strengthening of its information systems. Further, the Company has judged that he is independent from the management team, that there is no risk of conflicts of interest with general shareholders, and that he will contribute significantly to strengthening the corporate governance of the Company and has thus renominated him as a candidate for External Director.				

(Notes)

1. There are no special interests between the candidates and the Company.
2. The number of the Company's shares each candidate holds includes shares in the shareholding association.
3. Mr. Tatsuya Kamikawa, Ms. Keiko Hatta and Mr. Katsunori Furuichi are candidates for External Director.
4. Mr. Shinji Asakura and Mr. Tatsuya Kamikawa are executives at ITOCHU Corporation, which has an important business relationship with the Company (major trading partner).
5. The term of office of Mr. Tatsuya Kamikawa and Ms. Keiko Hatta as External Director of the Company shall be 2 years, and that of Mr. Katsunori Furuichi shall be 1 year as of the conclusion of this Annual General Meeting of Shareholders.
6. The Company has registered Ms. Keiko Hatta and Mr. Katsunori Furuichi as independent external directors in accordance with the rules and regulations of Tokyo Stock Exchange, Inc. If both are reappointed as Directors, they will continue to be independent external directors.
7. The Company has entered into a liability limitation agreement with External Directors, Mr. Tatsuya Kamikawa, Ms. Keiko Hatta, and Mr. Katsunori Furuichi, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit their liability to compensate for damages under Article 423, Paragraph 1 of the said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of the said Act. If each of them is reappointed, the Company will continue the limited liability agreement.
8. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Directors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If each candidate assumes office as Director, each of them will be insured under the insurance contract, which is to be renewed during their terms of office

Proposal 4: Election of 1 Substitute Auditor

In order to prepare for the contingency in which the number of Auditors falls below that required by laws and regulations, we propose the election of 1 Substitute External Auditor.

Furthermore, the effectiveness of the election in this proposal may be cancelled by resolution of the Board of Directors, with the consent of the Board of Auditors, provided it is prior to candidate's assumption of office.

The Board of Auditors has previously given its approval to this proposal.

The candidate for Substitute Auditor is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions		Number of shares of the Company held
 <p data-bbox="178 891 325 949">[External] [Independent]</p> <p data-bbox="153 981 351 1039">Masayuki Sugaya (March 7, 1969)</p>	<p data-bbox="384 589 624 618">April 1991</p> <p data-bbox="384 622 624 651">April 2013</p> <p data-bbox="384 678 624 707">June 2016</p> <p data-bbox="384 763 624 792">April 2018</p> <p data-bbox="384 819 624 848">July 2018</p> <p data-bbox="384 882 624 911">October 2020</p> <p data-bbox="384 916 624 945">January 2021</p> <p data-bbox="384 949 624 978">October 2021</p>	<p data-bbox="627 589 1299 618">Joined KANADEN CORPORATION</p> <p data-bbox="627 622 1299 680">General Manager, Corporate Planning Department, Corporate Strategy Office</p> <p data-bbox="627 685 1299 763">General Manager, Corporate Planning Department, Corporate Strategy Office; General Manager, Accounting Department, Accounting and Finance Office</p> <p data-bbox="627 768 1299 826">General Manager, Business Planning Department, Business Promotion Office</p> <p data-bbox="627 831 1299 889">General Manager, Accounting and Finance Department, Administration Management Office</p> <p data-bbox="627 893 1299 922">General Manager, Accounting and Finance Department</p> <p data-bbox="627 927 1299 956">General Manager, Accounting Department (current position)</p> <p data-bbox="627 960 1299 1019">General Manager, Accounting Department; General Manager, Export Management Department (current position) (to present)</p>	<p data-bbox="1362 801 1414 860">0 shares</p>
<p data-bbox="132 1075 855 1104">[Reason for nomination as a candidate for Substitute External Auditor]</p> <p data-bbox="132 1108 1461 1220">Mr. Masayuki Sugaya has engaged in the accounting duties at KANADEN CORPORATION after his involvement in that company's corporate planning. We believe that if appointed as External Auditor, he will be able to utilize his abundant experience and wide-ranging insight in the auditing operations of the Company and supervise Directors' execution of duties from an objective and fair perspective and have thus renominated him as a candidate for Substitute External Auditor.</p>			

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Masayuki Sugaya is a candidate for Substitute External Auditor.
3. If the election of Mr. Masayuki Sugaya is approved and he assumes his office, the Company intends to enter into a liability limitation agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act and our Articles of Incorporation, to limit his liability to compensate for damages under Article 423, Paragraph 1 of said Act to the minimum amount of liability set forth by Article 425, Paragraph 1 of said Act.
4. If Mr. Masayuki Sugaya is appointed as Auditor, the Company intends to register him as an independent external auditor with Tokyo Stock Exchange, Inc.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company. This insurance policy will cover any losses or damage that the insured Auditors would bear if they were to assume liability for the performance of their duties or be subject to a claim for the pursuit of such liability. However, there are grounds for exemptions. For example, losses or damage caused intentionally or with gross negligence will not be covered. If Mr. Masayuki Sugaya assumes office as Auditor, he will become an insured person under the insurance policy.

[Evaluation of the Effectiveness of the Board of Directors]

1. Outline of Evaluation of the Effectiveness of the Board of Directors

Item	Description
Target	All 10 Directors and all 4 Auditors in office in fiscal year 2021
Implementation Method	Implementation of the following items by external attorneys who have secured independence (i) Implementing and analyzing questionnaires for all the targets (ii) Implementing individual interviews (iii) Attendance at multiple meetings of the Board of Directors and confirmation of the operation status
Details of Questionnaire Questions Asked by External Attorneys	Questions concerning the following items (i) Composition of the Board of Directors (ii) Operation of the Board of Directors (iii) Agenda for the Board of Directors meetings (iv) Structure to support the Board of Directors (v) Other items
Evaluation Method	After a third-party evaluation was conducted by external attorneys based on the target's questionnaire responses and interview responses, the results of the third-party evaluation were analyzed and evaluated by the Board of Directors with reference to the results of the said third-party evaluation.

2. Outline of Evaluation Results

(1) General Comments

As a result of the evaluation by the Company's Board of Directors, the Company confirmed that the effectiveness of the Board of Directors is mostly ensured.

(2) Individual Evaluation by External Attorneys and the Company's Views on the Evaluation

(i) Composition of the Board of Directors

It was pointed out that, while 2 of all 10 Directors are Independent External Directors, it would be desirable to have at least one-third of Directors be Independent External Directors. The Company considers that the measure to increase the number of Independent External Directors to more than one-third is a future issue.

(ii) Operation of the Board of Directors

Many officers commented that improvements had been made in summarizing, simplifying, and paperless materials, as well as the change to a discussion-oriented Board of Directors meeting. However, it was pointed out that further efforts are required to organize and rationalize the distributed materials.

(iii) Agenda for the Board of Directors meetings

(a) It was pointed out that there has been no discussion on the succession plan for the Representative Director. Based on the principles of the Corporate Governance Code, the Company will proceed with establishing of human resource requirements including election and dismissal criteria, a selection process that ensures objectivity, timeliness, and transparency, and a succession plan.

(b) It was pointed out that the Company should enhance the review and discussion of the progress of the mid-term business plan. While the Company has previously managed the progress of the plan including a one-year rolling review, from this fiscal year, the Company intends to conduct periodic management reviews and activate discussions at the Board of Directors meetings.

(iv) System to support the Board of Directors

Many officers commented that the function of the Audit Office has improved, and it was pointed out that further strengthening of the supervisory system is expected in the future.

Based on the results of this evaluation of the Board of Directors, the Company will continue its efforts to maintain and improve the effectiveness of the Board of Director.