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Securities Code: 3101

June 2, 2021

To our shareholders:

Ikuo Takeuchi
President and Representative Director
Toyobo Co., Ltd.
2-2-8 Dojima Hama, Kita-ku, Osaka

Notice of the 163rd Annual General Meeting of Shareholders

The 163rd Annual General Meeting of Shareholders of Toyobo Co., Ltd. (the “Company”) will be held as follows. Note that your voting right can be exercised in writing or over the internet instead of attending on the day of the event. In that case, please consider the subsequent Reference Documents for General Meeting of Shareholders, and exercise your voting right by the end of business hours at 5:30 p.m. on Wednesday, June 23, 2021 (JST).

- 1. Date and Time:** Thursday, June 24, 2021, at 10:00 a.m. (JST) (Reception will begin at 9:00 a.m.)
- 2. Venue:** 12th Floor Main Hall, Head Office
2-2-8 Dojima Hama, Kita-ku, Osaka

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the 163rd term (April 1, 2020 to March 31, 2021), and audit results of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 163rd term (April 1, 2020 to March 31, 2021)

Matters to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Election of 11 Directors |
| Proposal No. 3 | Election of Three Corporate Auditors |
| Proposal No. 4 | Election of One Substitute Corporate Auditor |

4. Matters Decided on Regarding the Convocation

If multiple votes are exercised in writing, over the internet, etc., the vote exercised over the internet, etc., will be counted as the valid vote. In addition, if multiple votes are exercised through the same method, the last vote exercised will be counted as the valid vote.

- Please bring the enclosed voting form for submission at reception desk when you attend on the day of the meeting.
- As the following items are posted on our website on the internet (<https://ir.toyobo.co.jp/ja/ir/stock/shareholder.html>), based on laws and regulations and the provisions of Article 18 of the Company’s Articles of Incorporation, they are not described in the materials attached to this convocation notice.
 - 1) Basic policy regarding company control of the Business Report
 - 2) Consolidated Statements of Changes in Equity in the Consolidated Financial Statements
 - 3) Accompanying notes to the Consolidated Financial Statements
 - 4) Statements of Changes in Equity in the Non-consolidated Financial Statements
 - 5) Accompanying notes to the Non-consolidated Financial Statements

Accordingly, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements that were audited when the Corporate Auditors prepared the audit report include both items described in the materials attached to this convocation notice and the above items 1) through 5) posted on the Company’s website. In addition, the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited when the Financial Auditors prepared the audit report include both items described in the materials attached to this convocation notice and the above items 2) through 5) posted on the Company’s website.

- Note that if there are any modifications in the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, or the Reference Documents for General Meeting of Shareholders, they will be posted on our website on the internet (<https://ir.toyobo.co.jp/ja/ir/stock/shareholder.html>).
- Please be advised that the results of the resolutions will be posted on the Company's website at the URL stated above in lieu of the mailing of a written resolution notification.

Reference Documents for General Meeting of Shareholders

Proposals and reference items

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

The Company views the provision of appropriate profit returns to shareholders as one of the most important management issues, and dividends are determined through an overall judgment that takes into consideration matters such as sustainable profit levels, retained earnings for future investments, and improvements to our financial position, while setting the continuation of stable dividend as our basic policy, with a target total return ratio of 30%. In consideration of our business performance for the current fiscal year as stated in the business report, the Company proposes to pay year-end dividend for the current fiscal year of ¥40 per share.

- 1 Type of dividend property
Cash
- 2 Allotment of dividend property to shareholders and their aggregate amount
¥40 per common share for a total of ¥3,553,817,680
- 3 Effective date of dividends of surplus
June 25, 2021

Proposal No. 2 Election of 11 Directors

At the conclusion of this meeting, the terms of office of all ten Directors will expire. Therefore, the Company proposes the election of 11 Directors (including four outside Directors), increasing the number of Directors by one to strengthen the management system.

The candidates for Director are as follows:

Candidate No.	Name		Position at the Company	Attendance at meetings of the Board of Directors
1	Seiji Narahara	Reelection	Chairman and Director	100% (18/18)
2	Ikuo Takeuchi	Reelection	President and Representative Director, CEO and Co-COO	100% (14/14)
3	Chikao Morishige	New election	Senior Managing Executive Officer	—
4	Yutaka Ouchi	New election	Managing Executive Officer	—
5	Hiroshi Otsuki	Reelection	Director and Managing Executive Officer	100% (14/14)
6	Yoshio Araki	Reelection	Director and Executive Officer	100% (14/14)
7	Masakatsu Shirai	Reelection	Director and Executive Officer	100% (14/14)
8	Masaru Nakamura	Reelection Outside Independent	Director	100% (18/18)
9	Takafumi Isogai	Reelection Outside Independent	Director	100% (18/18)
10	Kimie Sakuragi	Reelection Outside Independent	Director	100% (18/18)
11	Masaaki Harima	Reelection Outside Independent	Director	100% (14/14)

- Notes:
1. For the attendance status at meetings of Board of Directors of Ikuo Takeuchi, Hiroshi Otsuki, Yoshio Araki, Masakatsu Shirai, and Masaaki Harima, the meetings held since their appointment on June 24, 2020 are included.
 2. The nomination of each candidate is decided on in consideration of the report of Nomination Committee (currently Nomination and Compensation Advisory Committee), which is an advisory body for the Company's Board of Directors.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
1	Seiji Narahara (October 17, 1956) Male Reelection Attendance at meetings of the Board of Directors 100% (18/18)	Jan. 1988 Apr. 2010 June 2011 Apr. 2014 Apr. 2021	Joined the Company Executive Officer Director and Executive Officer Representative Director, President and Chief Operating Officer Chairman and Director (current position)	29,214 shares
2	Ikuo Takeuchi (October 15, 1962) Male Reelection Attendance at meetings of the Board of Directors 100% (14/14)	Apr. 1985 Oct. 2015 Apr. 2018 Apr. 2020 June 2020 Apr. 2021	Joined the Company Deputy Director, General Manager of Corporate Planning Office Executive Officer Managing Executive Officer Director and Managing Executive Officer President and Representative Director, CEO and Co-COO (current position) (Currently Controlling Supervisor of Internal Audit Department, KAERU Project, and Corporate Sustainability Department)	12,456 shares
3	Chikao Morishige (April 19, 1960) Male New election Attendance at meetings of the Board of Directors —	Apr. 1983 Apr. 2006 Oct. 2009 Apr. 2014 June 2014 Apr. 2017 Apr. 2019 Apr. 2020	Joined the Company General Manager of Packaging Development Department General Manager of Films Development Department Deputy Director, General Manager of Films Development Department Deputy Director, Senior General Manager of Plastics Production Technology Department Executive Officer Managing Executive Officer Senior Managing Executive Officer (current position) (Currently Head of Safety and Disaster Management Division, Head of Films and Functional Materials Solutions Division and General Manager of Plastics Processed Products Operating Department)	8,172 shares
4	Yutaka Ouchi (July 17, 1956) Male New election Attendance at meetings of the Board of Directors —	May 1980 June 2009 Mar. 2012 Apr. 2019 Apr. 2020	Joined Kyowa Hakko Kogyo Co., Ltd. (currently Kyowa Kirin Co., Ltd.) Director of Kyowa Hakko Bio Co., Ltd. Managing Executive Officer of Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) Joined the Company Managing Executive Officer (current position) (Currently Head of Life Science Solutions Division)	2,474 shares

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	Hiroshi Otsuki (February 19, 1961) Male Reelection Attendance at meetings of the Board of Directors 100% (14/14)	Nov. 1987 Joined the Company June 2010 General Manager of Finance Department and Senior Coordinator of Corporate Planning Office Oct. 2014 Deputy Director, General Manager of Plastics Planning and Management Office, and Manager of Film Business Management Office Apr. 2017 Executive Officer June 2020 Director and Executive Officer Apr. 2021 Director and Managing Executive Officer (current position) (Currently Controlling Supervisor of Management and Administration Division, Supervisor of KAERU Project)	7,865 shares
6	Yoshio Araki (February 22, 1960) Male Reelection Attendance at meetings of the Board of Directors 100% (14/14)	Apr. 1984 Joined the Company Jan. 2008 General Manager of Polymer Production Technology Department and Manager of Corporate Research Center Project D Oct. 2013 Deputy Director, General Manager of Plastics Production Technology Department Apr. 2018 Executive Officer June 2020 Director and Executive Officer (current position) (Currently Head of Quality Assurance Division, Controlling Supervisor of Production Technology Innovation Division)	12,014 shares
7	Masakatsu Shirai (September 6, 1962) Male Reelection Attendance at meetings of the Board of Directors 100% (14/14)	Apr. 1985 Joined the Company Apr. 2012 General Manager of HR Labor Administration Department Oct. 2016 Deputy Director, General Manager of Human Resources Department May 2017 Deputy Director, seconded to Toyobo Information System Create Co., Ltd. Apr. 2018 Executive Officer June 2020 Director and Executive Officer (current position) (Currently Controlling Supervisor of HR and Corporate Communication Division, Supervisor of Internal Audit Department)	9,162 shares
8	Masaru Nakamura (September 3, 1953) Male Reelection Outside Independent Attendance at meetings of the Board of Directors 100% (18/18)	Apr. 1977 Joined Sumitomo Corporation Apr. 2006 Corporate Officer Apr. 2008 Executive Officer Apr. 2010 Managing Executive Officer Apr. 2012 Senior Managing Executive Officer Apr. 2016 Adviser June 2017 Outside Director of the Company (current position)	0 shares
Reasons for nomination as candidate for outside Director and overview of expected role Masaru Nakamura has leveraged his extensive experience and wide-ranging knowledge as a manager to actively make statements from an independent perspective at the meetings of Board of Directors. He has appropriately fulfilled the role expected of him by the Company, including providing advice to management and management supervision through important decision making, such as by serving as a member of the Nomination Committee and of the Compensation Advisory Board. Based on these results, we expect he will continue to fulfill the above role and nominate him as a candidate for outside Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
9	<p>Takafumi Isogai (April 4, 1949) Male</p> <p>Reelection Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (18/18)</p>	<p>Jan. 1987 Assistant Professor of Faculty of Liberal Arts of Osaka University</p> <p>Apr. 1996 Assistant Professor of Graduate School of Engineering Science of Osaka University</p> <p>Apr. 2002 Professor of Faculty of Mercantile Marine of Kobe University of Mercantile Marine</p> <p>Oct. 2003 Professor of Faculty of Maritime Sciences of Kobe University</p> <p>Apr. 2013 Professor of School of Commerce of University of Marketing and Distribution Sciences</p> <p>Apr. 2018 Part Time Lecturer of University of Marketing and Distribution Sciences</p> <p>June 2018 Outside Director of the Company (current position)</p>	0 shares
<p>Reasons for nomination as candidate for outside Director and overview of expected role</p> <p>Takafumi Isogai has leveraged his extensive experience and wide-ranging knowledge as an academic specializing in the quality control field to actively make statements from an independent perspective at the meetings of Board of Directors. He has appropriately fulfilled the role expected of him by the Company, including providing advice to management and management supervision through important decision making, such as by serving as a member of the Nomination Committee. Based on these results, we expect he will continue to fulfill the above role and nominate him as a candidate for outside Director. Note that while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, the Company judges that he will fulfill his duties as an outside Director based on the above reasons.</p>			
10	<p>Kimie Sakuragi (September 6, 1958) Female</p> <p>Reelection Outside Independent</p> <p>Attendance at meetings of the Board of Directors 100% (18/18)</p>	<p>Mar. 1981 Joined Fukutake Publishing Co., Ltd. (current Benesse Holdings, Inc.)</p> <p>Apr. 1995 Supervisor of Book Businesses in Publishing Division</p> <p>Nov. 1998 Chief of Business Ethics and Compliance Office</p> <p>Jan. 2003 Manager of Business Ethics and Compliance Office</p> <p>June 2003 Standing Audit & Supervisory Board member</p> <p>Apr. 2007 Adjunct Professor of the University of Aizu Graduate School (current position)</p> <p>June 2019 Retired as Standing Audit & Supervisory Board Member of Benesse Holdings, Inc.</p> <p>June 2019 Outside Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Adjunct Professor of the University of Aizu Graduate School</p>	0 shares
<p>Reasons for nomination as candidate for outside Director and overview of expected role</p> <p>Kimie Sakuragi has leveraged her extensive experience and wide-ranging knowledge in the fields of corporate ethics, compliance, and sustainability to actively make statements from an independent perspective at the meetings of Board of Directors. She has appropriately fulfilled the role expected of her by the Company, including providing advice to management and management supervision through important decision making, such as by serving as a member of the Nomination Committee and of the Compensation Advisory Board. Based on these results, we expect she will continue to fulfill the above role and nominate her as a candidate for outside Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
11	Masaaki Harima (December 9, 1950) Male Reelection Outside Independent Attendance at meetings of the Board of Directors 100% (14/14)	<p>Apr. 1977 Assistant Judge at Osaka District Court</p> <p>Apr. 1980 Fukushima District / Family Court Assistant Judge, Fukushima Summary Court Judge</p> <p>May 1981 Registered as an attorney at law (Osaka Bar Association)</p> <p>Sep. 1987 Founded Harima Law Office (current Fushimimachi Lawyer's Office) (current position)</p> <p>Apr. 2010 Chairman of Osaka City Fair Work Committee</p> <p>June 2011 Outside Corporate Auditor of Ishihara Sangyo Kaisha, Ltd. (current position)</p> <p>Mar. 2014 Chairman of Osaka Prefecture Labor Relations Board</p> <p>June 2014 Independence Committee of the Company</p> <p>Nov. 2018 Member of Osaka Prefecture Pollution Examination Committee</p> <p>Oct. 2019 Sakai City Audit Committee Member (current position)</p> <p>June 2020 Outside Director of the Company (current position)</p> <p>Apr. 2021 Chairperson of Osaka Prefecture Pollution Examination Committee (current position)</p> <p>[Significant concurrent positions outside the Company] Attorney at Fushimimachi Lawyer's Office Outside Corporate Auditor of Ishihara Sangyo Kaisha, Ltd. Sakai City Audit Committee Member Chairperson of Osaka Prefecture Pollution Examination Committee</p>	0 shares
<p>Reasons for nomination as candidate for outside Director and overview of expected role</p> <p>Masaaki Harima has leveraged his extensive experience and wide-ranging knowledge as an attorney at law to actively make statements from an independent perspective at the meetings of Board of Directors. He has appropriately fulfilled the role expected of him by the Company, including providing advice to management and management supervision through important decision making, such as by serving as a member of the Nomination Committee and of the Compensation Advisory Board. Based on these results, we expect he will continue to fulfill the above roles and nominate him as a candidate for outside Director. Note that while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, the Company judges that he will fulfill his duties as an outside Director based on the above reasons.</p>			

- Notes:
- There is no special interest between any of the candidates and the Company.
 - Outline of the directors and officers liability insurance policy with the candidates for Director as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. All candidates for Director are included in the insureds of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in "(3) Outline of the contents of the directors and officers liability insurance policy" in "4. Matters concerning corporate officers" of the Business Report.
 - Masaru Nakamura, Takafumi Isogai, Kimie Sakuragi, and Masaaki Harima are candidates for outside Director.
 - Remarks related to the candidates for outside Director are as follows.
 - Tenure as outside Director of the Company
 - At the conclusion of this meeting, Masaru Nakamura's tenure as outside Director of the Company will have been four years.
 - At the conclusion of this meeting, Takafumi Isogai's tenure as outside Director of the Company will have been three years.
 - At the conclusion of this meeting, Kimie Sakuragi's tenure as outside Director of the Company will have been two years.

- At the conclusion of this meeting, Masaaki Harima's tenure as outside Director of the Company will have been one year.
- (2) Limited liability agreements with outside Directors
- Article 28 of the Articles of Incorporation stipulates that the Company will enter an agreement with outside Directors limiting liability for damage for failure to perform duties, and the Company has entered into limited liability agreements with Masaru Nakamura, Takafumi Isogai, Kimie Sakuragi, and Masaaki Harima limiting liability to the limit stipulated by laws and regulations. If their election is approved, the Company plans to renew the aforementioned agreements with them.
- (3) Matters concerning independence
- Masaru Nakamura, Takafumi Isogai, Kimie Sakuragi, and Masaaki Harima satisfy the requirements of the Independence Standards for outside Officers stipulated by the Company.
 - Although the Company does have a trading relationship with Sumitomo Corporation, at which Masaru Nakamura served as an individual who executed business in the past, the volume of such transactions represents less than 1% of both companies' consolidated sales in the most recent fiscal year.
 - The Company does not have a trading relationship with University of Marketing and Distribution Sciences, at which Takafumi Isogai served as a professor in the past.
 - The Company does not have a trading relationship with Benesse Holdings, Inc., at which Kimie Sakuragi has previously served as an Audit & Supervisory Board member. In addition, the Company does not have a trading relationship with the University of Aizu, at which she is engaged in her significant concurrent position.
 - The Company does not have a trading relationship with Fushimimachi Lawyer's Office or Ishihara Sangyo Kaisha, Ltd., at which Masaaki Harima is engaged in his significant concurrent position.
 - The Company has notified the Tokyo Stock Exchange of Masaru Nakamura, Takafumi Isogai, Kimie Sakuragi, and Masaaki Harima's appointments as independent Officers as provided for by the aforementioned exchange.
- (4) Instances of breaches of the law or the Articles of Incorporation and other instances of improper execution of business at the Company, and outline of preventive measures and responses following occurrence implemented by the candidate, during the most recent term of appointment in which this candidate for outside Director has already served as an outside Director of the Company
- As stated in the Business Report, in the most recent fiscal year, the Company confirmed inappropriate cases of quality of several products, including the engineering plastic product "Planac," which it manufactures and sells. Masaru Nakamura, Takafumi Isogai, Kimie Sakuragi and Masaaki Harima were not aware of this matter until it was brought to light; however, prior to this, they had provided advice and called attention relating to the importance of internal control including compliance as necessary and at any time at meetings of the Board of Directors. Furthermore, after this matter was brought to light, they fulfilled their responsibilities as members of a response committee by expressing their opinions to clarify the facts from an independent standpoint, as well as offering suggestions aimed at prevention of recurrence, including enhancing the internal management system.

Proposal No. 3 Election of Three Corporate Auditors

At the conclusion of this meeting, the terms of office of three Corporate Auditors, Taneaki Nagata, Shiro Takenaka and Hiroyuki Sugimoto will expire. Therefore, the Company proposes the election of three Corporate Auditors (including two outside Corporate Auditors).

In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for Corporate Auditor are as follows:

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Takayuki Tabo (February 5, 1961) Male New election Attendance at meetings of the Board of Directors — Attendance at meetings of the Board of Corporate Auditors —	Apr. 1983 Joined the Company Mar. 2010 General Manager of Accounting Department Oct. 2013 Deputy Director, General Manager of Accounting Department Apr. 2017 Executive Officer (current position) (scheduled to resign in June 2021) Apr. 2020 President and Chief Operating Officer of TOYOBO STC CO., LTD. (current position) (scheduled to resign in June 2021) (Currently Executive assistance to Head of Lifestyle and Environmental Solution Division)	5,779 shares
2	Hiroyuki Sugimoto (February 24, 1953) Male Reelection Outside Independent Attendance at meetings of the Board of Directors 100% (18/18) Attendance at meetings of the Board of Corporate Auditors 100% (15/15)	Nov. 1975 Joined Asahi & Co. (currently KPMG AZSA LLC) Sep. 1979 Registered as certified public accountant May 2000 Representative Partner of Asahi & Co. (currently KPMG AZSA LLC) June 2008 Board Member of KPMG AZSA & Co. (currently KPMG AZSA LLC) Aug. 2010 Retired KPMG AZSA LLC Sep. 2010 Established Sugimoto Certified Public Accountant Office; Representative (current position) Mar. 2016 External Audit & Supervisory Board Member of SAKATA INX CORPORATION (current position) June 2017 Outside Corporate Auditor of the Company (current position) [Significant concurrent positions outside the Company] Representative of Sugimoto Certified Public Accountant Office External Audit & Supervisory Board Member of SAKATA INX CORPORATION	1,000 shares
<p>Reasons for nomination as candidate for outside Corporate Auditor</p> <p>Hiroyuki Sugimoto is a certified public accountant with extensive experience in auditing. We continue to propose his nomination as candidate for outside Corporate Auditor because his insight and wide-ranging knowledge gained as an outside corporate auditor is being leveraged for and reflected to the Company's audits. Note that while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, the Company judges that he will fulfill his duties as an outside Corporate Auditor based on the above reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Akihiko Irie (September 18, 1956) Male New election Outside Independent Attendance at meetings of the Board of Directors — Attendance at meetings of the Board of Corporate Auditors —	Apr. 1980 Joined Osaka Gas Co., Ltd. June 2009 Corporate Officer Apr. 2012 Executive Officer Apr. 2015 Deputy Director June 2015 Audit & Supervisory Board member June 2019 Outside Audit & Supervisory Board Member of Osaka Gas Urban Development Co., Ltd. (current position) [Significant concurrent positions outside the Company] Outside Audit & Supervisory Board Member of Osaka Gas Urban Development Co., Ltd.	0 shares
Reasons for nomination as candidate for outside Corporate Auditor Akihiko Irie has a wealth of experience in auditing, including serving as a corporate auditor of listed companies. We propose his nomination as candidate for outside Corporate Auditor because his insight and wide-ranging knowledge can be leveraged for and reflected to the Company's audits.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Outline of the directors and officers liability insurance policy with the candidates for Corporate Auditor as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. All candidates for Corporate Auditor are included in the insured persons of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in “(3) Outline of the contents of the directors and officers liability insurance policy” in “4. Matters concerning corporate officers” of the Business Report.
 3. Both Hiroyuki Sugimoto and Akihiko Irie are candidates for outside Corporate Auditor.
 4. Remarks related to the candidates for outside Corporate Auditor are as follows.
 - (1) Tenure as outside Corporate Auditor of the Company
 - At the conclusion of this meeting, Hiroyuki Sugimoto's tenure as outside Corporate Auditor of the Company will have been four years.
 - (2) Limited liability agreements with outside Corporate Auditors
Article 36 of the Articles of Incorporation stipulates that the Company may enter into agreements with outside Corporate Auditors limiting liability for damage for failure to perform duties, and the Company has entered into limited liability agreements with Hiroyuki Sugimoto limiting liability to the amount stipulated by laws and regulations. If his election is approved, the Company plans to renew the aforementioned agreements with him. In addition, if the election of Akihiko Irie is approved, the Company plans to enter into the same agreement with him.
 - (3) Matters concerning independence
 - Both Hiroyuki Sugimoto and Akihiko Irie satisfy the requirements of the Independence Standards for outside Officers stipulated by the Company.
 - KPMG AZSA LLC, where Hiroyuki Sugimoto was employed in the past, is the Company's accounting auditor, but as he retired more than 10 years ago, this does not affect his independence. In addition, the Company does not have a trading relationship with Sugimoto Certified Public Accountant Office or SAKATA INX CORPORATION, at which he is engaged in his significant concurrent position.
 - Although the Company does have a trading relationship with Osaka Gas Co., Ltd., at which Akihiko Irie served as Audit & Supervisory Board member, the volume of such transactions represents less than 1% of both companies' consolidated sales in the most recent fiscal year. In addition, the Company does not have a trading relationship with Osaka Gas Urban Development Co., Ltd., at which he is engaged in his significant concurrent position.
 - The Company has notified the Tokyo Stock Exchange of Hiroyuki Sugimoto and Akihiko Irie's appointments as Independent Officers as provided for by the aforementioned exchange.
 - (4) Instances of breaches of the law or the Articles of Incorporation and other instances of improper execution of business at the Company, and outline of preventive measures and responses following occurrence implemented by the candidate, during the most recent term of appointment in which this candidate for outside Corporate Auditor has already served as an outside Corporate Auditor of the Company
As stated in the Business Report, in the most recent fiscal year, the Company confirmed inappropriate cases of quality of several products, including the engineering plastic product “Planac,” which it manufactures and sells. Hiroyuki

Sugimoto was not aware of this matter until it was brought to light; however, prior to this, he had provided his opinions and called attention relating to the importance of internal control including compliance as necessary and at any time at meetings of the Board of Directors. Furthermore, after this matter was brought to light, they fulfilled their responsibilities as members of a response committee by expressing their opinions to clarify the facts from an independent standpoint, as well as to prevent recurrence, including enhancing the internal management system.

5. The nomination of each candidate is decided on in consideration of the report of Nomination Committee (currently Nomination and Compensation Advisory Committee), which is an advisory body for the Company's Board of Directors.

Proposal No. 4 Election of One Substitute Corporate Auditor

The Company requests approval for the election of one substitute Corporate Auditor to be ready to fill a vacant position should the number of Corporate Auditors fall below the number required by laws and regulations. In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for substitute Corporate Auditor is as follows:

Name (Date of birth)	Career summary and significant concurrent positions outside the Company	Number of the Company's shares owned
<p>Yoshinori Sato (December 10, 1962) Male</p> <p>Outside Independent</p>	<p>Apr. 1996 Registered as an attorney at law Apr. 1996 Joined Takagi Motaichi Law Office Feb. 2006 Outside Corporate Auditor of Zojirushi Corporation June 2015 Outside Corporate Auditor of NCS&A CO., LTD. June 2015 Outside Corporate Auditor of the Company Dec. 2016 Joined Yasaka Law Office (current position) [Significant concurrent positions outside the Company] Attorney at law of Yasaka Law Office</p>	<p>0 shares</p>
<p>Reasons for nomination as candidate for substitute outside Corporate Auditor Yoshinori Sato has extensive experience as an attorney at law. We propose his nomination as candidate for substitute outside Corporate Auditor because his insight and wide-ranging knowledge can be leveraged for and reflected to the Company's audits. Furthermore, while he has never in the past been involved in the management of a company except as an outside Director or outside Corporate Auditor, he served as an outside Corporate Auditor of the Company from June 2015 until June 2017, and due to having sufficient knowledge of the Group's business content and audit system, etc., the Company has determined that he would perform duties appropriately if the number of corporate auditors falls below the number prescribed by laws and regulations.</p>		

- Notes:
1. Although the Group has paid compensation to Yoshinori Sato as an outside advisor on compliance for the Company and individual cases of the Group companies, the amount of such compensation in the most recent fiscal year was a trivial amount of ¥4 million, which is not significant enough to give rise to a special interest relationship.
 2. Outline of the directors and officers liability insurance policy with the candidate for substitute Corporate Auditor as the insured.
The Company has entered into a directors and officers liability insurance policy with an insurance company to cover the damages incurred by the insured as a result of claims against the insured during the insurance period as well as damages due to litigation expenses. If Yoshinori Sato is appointed as a Corporate Auditor, he will be included in the insured persons of the said insurance policy, and the Company plans to renew the policy with the same contents at the next renewal. The outline of the insurance policy is shown in “(3) Outline of the contents of the directors and officers liability insurance policy” in “4. Matters concerning corporate officers” of the Business Report.
 3. Yoshinori Sato is a candidate for substitute outside Corporate Auditor.
 4. Remarks related to the candidates for substitute outside Corporate Auditor are as follows.
 - (1) Limited liability agreements with outside Corporate Auditors
Article 36 of the Articles of Incorporation stipulates that the Company may enter into agreements with outside Corporate Auditors limiting liability for damage for failure to perform duties. If Yoshinori Sato assumes the office of outside Corporate Auditor, the Company plans to enter into such limited liability agreement with him limiting liability to the amount stipulated by laws and regulations.
 - (2) Matters concerning independence
 - The Company has not concluded an advisory contract with Yasaka Law Office, at which Yoshinori Sato is engaged in his significant concurrent position, and he satisfies the requirements of the Independence Standards for outside Officers stipulated by the Company as the Company.
 - If he assumes the office of outside Corporate Auditor, the Company plans to notify the Tokyo Stock Exchange of his appointment as an Independent Officer as provided for by the aforementioned exchange.

[Reference] Structure of the Board of Directors and the Board of Corporate Auditors

If Proposal No. 2 and Proposal No. 3 are approved and adopted as proposed, the composition of the Board of Directors and of the Board of Corporate Auditors will be as follows.

Board of Directors

Name	Age (Years old)	Position at the Company	Non-Executive Officer	Independent Officer	Nomination and Compensation Advisory Committee
Seiji Narahara	64	Chairman and Director	● (Chairman of the Board)		●
Ikuo Takeuchi	58	President and Representative Director, CEO and Co-COO			
Chikao Morishige	61	Representative Director and Senior Managing Executive Officer			
Yutaka Ouchi	64	Director and Managing Executive Officer			
Hiroshi Otsuki	60	Director and Managing Executive Officer			
Yoshio Araki	61	Director and Executive Officer			
Masakatsu Shirai	58	Director and Executive Officer			
Masaru Nakamura	67	Director	●	●	● (Chair)
Takafumi Isogai	72	Director	●	●	
Kimie Sakuragi	62	Director	●	●	●
Masaaki Harima	70	Director	●	●	

Board of Corporate Auditors

Name	Age (Years old)	Position at the Company	Non-Executive Officer	Independent Officer	Nomination and Compensation Advisory Committee
Yasuhiro Iizuka	62	Full-time Corporate Auditor	●		
Takayuki Tabo	60	Full-time Corporate Auditor	●		
Hiroyuki Sugimoto	68	Corporate Auditor	●	●	● (Observer)
Akihiko Irie	64	Corporate Auditor	●	●	

- Notes:
1. The age is as of the end of this meeting.
 2. Although the Company is a company with a Board of Corporate Auditors, the Nomination and Compensation Advisory Committee has been established as a voluntary advisory body to the Board of Directors to enhance our corporate governance system.

[Reference] Independence Standards for Outside Officers

The Company has deemed that if none of the attributes in the following items apply, the outside Director or outside Corporate Auditor (or the candidate for outside Director or outside Corporate Auditor) has a high degree of independence from the Company, and there are no concerns of conflicts of interest with general shareholders.

- (1) A major shareholder in the Company (refers to a shareholder with a voting rights ownership ratio of 10% or more; the same applies below) or an individual who executes business for the shareholder
- (2) An individual who executes business for a company of which the Company is a major shareholder
- (3) A business partner of the Company for which the Company is a major partner (refers to a party that provides products or services to the Company for which the average annual transaction amount for the past three fiscal years is over 2% of that business partner's annual gross sales) or an individual who executes business for that company
- (4) A major business partner of the Company (refers to a party that the Company provides products or services to for which the average annual transaction amount for the past three fiscal years is over 2% of the Company's annual gross sales) or an individual who executes business for that company
- (5) An individual who executes business as an employee of a financial institution that is a major lender to the Company (refers to a lender for which the loan balance amount is equivalent to over 2% of the Company's total assets)
- (6) An individual who obtains over ¥10 million per year in cash or other assets in profit from the Company as a specialist, such as a consultant, accountant, or attorney at law, other than officers' compensation (or an individual who belongs to a corporation, etc., that obtains over ¥100 million per year in this matter)
- (7) An individual for which any item in (1) to (6) above has applied within the past three years
- (8) A relation within the second degree of an individual for which any item in (1) to (7) above applies

Note: Even if none of the attributes above apply, in some cases it may be deemed that there is no independence in consideration of matters such as transaction volumes at a Group company of the Company or a Group company of a business partner.