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Securities Code: 8098

June 1, 2021

To our shareholders:

Katsutaro Inabata  
President  
**Inabata & Co., Ltd.**  
1-15-14 Minami-semba, Chuo-ku,  
Osaka

## Notice of Convocation of the 160th Ordinary General Meeting of Shareholders

This is to notify you of the 160th Ordinary General Meeting of Shareholders of Inabata & Co., Ltd. (the “Company”), which will be held as indicated below.

**You may exercise your voting rights in writing or via the internet, etc. Please review the attached Reference Materials for the General Meeting of Shareholders, and exercise your voting rights by 5:10 p.m. on Tuesday, June 22, 2021 (JST).**

### Details

- 1. Date and Time:** Wednesday, June 23, 2021, at 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Place:** Conference room, 7th floor of the Company, Inabata Sangyo Tokyo Head Office Bldg.  
2-8-2, Nihonbashi-honcho, Chuo-ku, Tokyo  
(The Company usually had held the Ordinary General Meeting of Shareholders in Osaka. However, in consideration of the disparate locations of shareholders’ residences and other factors, the Company decided starting from this Ordinary General Meeting of Shareholders to hold the meeting at a venue in Chuo-ku, Tokyo, which is closer to where many of our shareholders reside.)
- 3. Objectives:**
  - Items to be reported**
    1. The Business Report and the Consolidated Financial Statements for the 160th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the audit & supervisory board
    2. The Financial Statements for the 160th fiscal year (from April 1, 2020 to March 31, 2021)
  - Items to be resolved**
    - Proposal 1:** Election of nine (9) directors
    - Proposal 2:** Election of one (1) substitute audit & supervisory board member

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- ⊙ When you attend the meeting, you are kindly requested to present the enclosed Voting Right Exercise Form at the reception of the meeting.
  - ⊙ The Consolidated Financial Statements and the Financial Statements provided in the attached documents to this Notice of Convocation form part of the Consolidated Financial Statements and the Financial Statements audited by the audit & supervisory board members and the accounting auditor. Pursuant to the laws and regulations and article 16 of the Company's articles of incorporation, Notes on the Consolidated Financial Statements and Notes on the Financial Statements are posted on the Company's website and are not provided in the attached documents to this Notice of Convocation.
  - ⊙ If it becomes necessary to make changes to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Financial Statements prior to the day before the meeting, we will notify you of the changes either by postal mail or via the Company's website.
  - ⊙ The Company shall post the contents of resolutions of this general meeting on the Company's website instead of sending written notice of resolutions. We appreciate your understanding in this matter.
    - \* The Company's website: <https://www.inabata.co.jp>

## Reference Materials for the General Meeting of Shareholders

### Proposal 1: Election of nine (9) directors

Director Toshihisa Deguchi resigned on January 31, 2021, and the term of office of all the other nine (9) directors will expire at the conclusion of this general meeting of shareholders.

In that regard, the Company proposes the election of nine (9) directors, decreasing the number of positions by one to establish the system that can realize a quick and more flexible management strategy.

The candidates for director are as follows:

No.	Name	Positions and responsibilities in the Company	Attendance at meetings of the board of directors (Fiscal 2020)	Tenure as director (at the conclusion of this general meeting)
1	<u>Reappointment</u> Katsutaro Inabata	Director, President	18/18	26 years
2	<u>Reappointment</u> Toyohiro Akao	Director, Senior Managing Executive Officer Information & Electronics, Life Industry, the Americas, Europe	18/18	11 years
3	<u>Reappointment</u> Kenichi Yokota	Director, Senior Managing Executive Officer General Affairs, Information Technology, Financial Management, Investor Relations, Business Process Management, Risk Management, International Affiliate Management	18/18	13 years
4	<u>Reappointment</u> Masahiro Sugiyama	Director, Managing Executive Officer Information & Electronics (assisting), Northeast Asia	18/18	5 years
5	<u>Reappointment</u> Noriomi Yasue	Director, Managing Executive Officer Plastics, Southeast Asia	18/18	4 years
6	<u>New candidate</u> Kenji Ohno	–	–	–
7	<u>Reappointment</u> Kiyoshi Sato <u>Outside</u> <u>Independent</u>	Outside director	18/18	2 years
8	<u>Reappointment</u> Kenji Hamashima <u>Outside</u> <u>Independent</u>	Outside director	14/14	1 year
9	<u>New candidate</u> Takako Hagiwara <u>Outside</u> <u>Independent</u> <u>Female</u>	–	–	–

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
1	<p data-bbox="300 443 496 510">Katsutaro Inabata (December 3, 1959)</p> <p data-bbox="320 546 475 577">Reappointment</p> <p data-bbox="272 689 523 792">No. of Company shares owned 77,900</p> <p data-bbox="272 846 523 981">Attendance at meetings of the board of directors 18 of 18 (100%)</p>	<p data-bbox="539 371 1150 584">Jan. 1989    Joined the Company Jun. 1995    Director Jun. 1997    Managing Director Jun. 2003    Director, Managing Executive Officer Apr. 2005    Director, Senior Managing Executive Officer Dec. 2005    Director, President (present)</p> <p data-bbox="539 595 1150 869">[Reason for nomination as a candidate for director] Since being appointed as director in 1995, Mr. Katsutaro Inabata has served as managing director, director and managing executive officer, and director and senior managing executive officer. Since 2005, he has been director and president of the Company. He has managed the Company for many years and possesses abundant experience as a member of the management, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>	-

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
2	<p data-bbox="292 443 504 510">Toyohiro Akao (December 19, 1959)</p> <p data-bbox="320 544 475 577">Reappointment</p> <table border="1" data-bbox="272 1108 520 1211"> <tr> <td data-bbox="272 1108 520 1176">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 1176 520 1211">16,700</td> </tr> </table> <table border="1" data-bbox="272 1267 520 1370"> <tr> <td data-bbox="272 1267 520 1335">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 1335 520 1370">18 of 18 (100%)</td> </tr> </table>	No. of Company shares owned	16,700	Attendance at meetings of the board of directors	18 of 18 (100%)	<p data-bbox="539 371 1150 1043"> Apr. 1982    Joined the Company  Jun. 2004    General Manager, Display &amp; Imaging Division  Jun. 2005    Executive Officer  Jun. 2010    Director, Executive Officer  Apr. 2011    General Manager, Electronics Materials &amp;  Equipment Division  Apr. 2012    General Manager, Information &amp; Electronics  Division I, Information &amp; Electronics Division  II and Information &amp; Electronics Division III  Apr. 2013    In charge of Information &amp; Electronics  Division I, Information &amp; Electronics Division  II and Information &amp; Electronics Division III  Jun. 2013    Director, Managing Executive Officer  Jun. 2014    In charge of Chemicals Division and Life  Industry Division  Jun. 2015    Director, Senior Managing Executive Officer  (present)  Apr. 2016    In charge of Information &amp; Electronics, Life  Industry segments, the Americas and Europe  (present)  In charge of Chemicals segment  [Reason for nomination as a candidate for director]  Mr. Toyohiro Akao has held positions of responsibility in the  information &amp; electronics segment, one of the Company's  main segments, for many years. Following his appointment as  director in 2010 as a member of the management, he has  served as director and managing executive officer, and since  2015 he has been a director and senior managing executive  officer, and is in charge of the information &amp; electronics and  life industry segments. He possesses abundant experience as a  member of the management within the Company, so the  Company considers him suitably qualified as a director of the  Company and has nominated him once more as a candidate for  director. </p>	<p data-bbox="1166 371 1398 427">Director, Inabata Fine Tech Co., Ltd.</p>
No. of Company shares owned							
16,700							
Attendance at meetings of the board of directors							
18 of 18 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
3	<p style="text-align: center;">Kenichi Yokota (November 3, 1962)</p> <p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Reappointment</span></p> <table border="1" style="width: 100%; margin-top: 20px;"> <tr> <td style="text-align: center;">No. of Company shares owned</td> </tr> <tr> <td style="text-align: center;">12,700</td> </tr> </table> <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td style="text-align: center;">Attendance at meetings of the board of directors</td> </tr> <tr> <td style="text-align: center;">18 of 18 (100%)</td> </tr> </table>	No. of Company shares owned	12,700	Attendance at meetings of the board of directors	18 of 18 (100%)	<p>Jul. 1996    Joined the Company</p> <p>Jul. 2004    General Manager, Finance and Accounting Office</p> <p>Jun. 2005    Executive Officer</p> <p>Jun. 2008    Director, Executive Officer</p> <p>               General Manager, Corporate Planning Office</p> <p>May 2009    In charge of Internal Audit Office</p> <p>Jun. 2009    General Manager, Financial Management Office</p> <p>Apr. 2011    Deputy General Manager, Corporate Planning Office</p> <p>Apr. 2013    In charge of Financial Management Office Deputy General Manager, International Affiliate Management Office</p> <p>Jun. 2013    In charge of Risk Management Office</p> <p>Jun. 2014    Director, Managing Executive Officer In charge of Business Process Management Office</p> <p>Apr. 2016    In charge of Financial Management, Investor Relations, Business Process Management, Risk Management, International Affiliate Management (present)</p> <p>Jun. 2016    In charge of General Affairs and Information Technology (present)</p> <p>Jun. 2017    Director, Senior Managing Executive Officer (present)</p> <p>[Reason for nomination as a candidate for director] Mr. Kenichi Yokota has professional experience as a certified public accountant and after joining the Company, he has primarily held positions of responsibility in the Company's financial management for many years. Following his appointment as director in 2008 as a member of the management, he has served as director and managing executive officer, and since 2017, he has been director and senior managing executive officer, and is in charge of administrative areas such as general affairs, information technology, financial management, investor relations, business process management, and risk management. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>	-
No. of Company shares owned							
12,700							
Attendance at meetings of the board of directors							
18 of 18 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations				
4	<p data-bbox="300 443 496 510">Masahiro Sugiyama (June 15, 1958)</p> <p data-bbox="320 546 475 577">Reappointment</p> <table border="1" data-bbox="272 651 523 757"> <tr> <td data-bbox="272 651 523 719">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 719 523 757">8,500</td> </tr> </table> <table border="1" data-bbox="272 831 523 969"> <tr> <td data-bbox="272 831 523 898">Attendance at meetings of the board of directors</td> </tr> <tr> <td data-bbox="272 898 523 969">18 of 18 (100%)</td> </tr> </table>	No. of Company shares owned	8,500	Attendance at meetings of the board of directors	18 of 18 (100%)	<p data-bbox="531 360 1158 656"> Jul. 2002    Joined the Company  Jun. 2010    Executive Officer                    General Manager, Plastics Division II  Apr. 2014    General Manager,                    Information &amp; Electronics Division I  Jun. 2016    Director, Executive Officer  Jun. 2018    Director, Managing Executive Officer (present)                    In charge of Information &amp; Electronics                    segment (assisting), Northeast Asia (present) </p> <p data-bbox="531 656 1158 1043"> [Reason for nomination as a candidate for director]  Mr. Masahiro Sugiyama has held positions of responsibility in the plastics segment and the information &amp; electronics segment, both of which are major segments for the Company. Following his appointment as director in 2016 as a member of the management, since 2018 he has been director and managing executive officer, and is in charge of the information &amp; electronics segment. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director. </p>	<p data-bbox="1158 360 1406 450">Director, Taiwan Inabata Sangyo Co., Ltd.</p>
No. of Company shares owned							
8,500							
Attendance at meetings of the board of directors							
18 of 18 (100%)							

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
5	<p data-bbox="316 443 480 510">Noriomi Yasue (March 13, 1957)</p> <p data-bbox="320 544 475 577">Reappointment</p>	<p data-bbox="539 371 890 398">Apr. 1980    Joined the Company</p> <p data-bbox="539 409 1050 436">Apr. 2013    General Manager, Plastics Division I</p> <p data-bbox="539 448 1038 504">Apr. 2014    General Manager, Plastics Compound Business Office</p> <p data-bbox="539 515 863 542">Jun. 2014    Executive Officer</p> <p data-bbox="539 553 1066 631">Jun. 2017    Director, Executive Officer In charge of Asia In charge of Plastics segment (present)</p> <p data-bbox="539 642 1150 696">Jun. 2018    Director, Managing Executive Officer (present) In charge of Southeast Asia (present)</p>	-
	<p data-bbox="316 656 480 712">No. of Company shares owned</p> <p data-bbox="368 723 427 750">3,000</p>	<p data-bbox="539 707 1134 1037">[Reason for nomination as a candidate for director] Mr. Noriomi Yasue has held positions of responsibility in the plastics segment, one of the Company's main segments, for many years. As a member of the management, he has experience as president of domestic and overseas group companies. Following his appointment as director of the Company in 2017, since 2018 he has been director and managing executive officer, and is in charge of plastics segment. He possesses abundant experience as a member of the management within the Company, so the Company considers him suitably qualified as a director of the Company and has nominated him once more as a candidate for director.</p>	
	<p data-bbox="280 813 512 869">Attendance at meetings of the board of directors</p> <p data-bbox="316 880 480 907">18 of 18 (100%)</p>		



No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations		
6	<p data-bbox="293 450 502 510">Kenji Ohno (December 10, 1963)</p> <p data-bbox="323 551 472 580">New candidate</p> <table border="1" data-bbox="272 640 520 741"> <tr> <td data-bbox="272 640 520 707">No. of Company shares owned</td> </tr> <tr> <td data-bbox="272 707 520 741">0</td> </tr> </table>	No. of Company shares owned	0	<p data-bbox="539 371 1051 400">Apr. 1987    Joined Sumitomo Chemical Co., Ltd.</p> <p data-bbox="539 412 1094 463">Apr. 2006    General Manager, Legal Dept., Sumitomo Chemical Co., Ltd.</p> <p data-bbox="539 474 1129 526">Apr. 2016    Executive Officer, General Manager of Legal Dept., Sumitomo Chemical Co., Ltd.</p> <p data-bbox="539 537 1077 589">Apr. 2020    Managing Executive Officer, Sumitomo Chemical Co., Ltd. (present)</p> <p data-bbox="539 607 1150 880">[Reason for nomination as a candidate for director] Mr. Kenji Ohno has held positions of responsibility in the legal department of a general chemicals manufacturer for many years. He has also been involved in administrative areas such as general affairs, internal control and audit, based on which experience he possesses a wide-ranging viewpoint and expert knowledge. In addition, he has abundant experience in the promotion of sustainability at a listed company, so the Company considers him suitably qualified as a director of the Company and has nominated him as a candidate for director.</p>	<p data-bbox="1166 371 1369 454">Managing Executive Officer, Sumitomo Chemical Co., Ltd.</p>
No. of Company shares owned					
0					

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
7	<p data-bbox="325 450 470 510">Kiyoshi Sato (April 2, 1956)</p> <p data-bbox="325 551 470 580">Reappointment</p> <p data-bbox="325 600 470 660">Candidate for outside director</p> <p data-bbox="301 696 494 725">Independent officer</p> <p data-bbox="316 904 480 958">No. of Company shares owned</p> <p data-bbox="389 969 406 992">0</p> <p data-bbox="280 1032 513 1086">Attendance at meetings of the board of directors</p> <p data-bbox="320 1097 474 1126">18 of 18 (100%)</p>	<p data-bbox="539 376 957 405">Apr. 1979    Joined Tokyo Electron Ltd.</p> <p data-bbox="539 414 1082 443">Jun. 2003    President and CEO, Tokyo Electron Ltd.</p> <p data-bbox="539 452 970 506">Apr. 2009    Vice Chairman of the Board, Tokyo Electron Ltd.</p> <p data-bbox="539 515 962 568">Jun. 2011    Chairman of the Board, Tokyo Electron Europe Ltd.</p> <p data-bbox="539 577 932 607">Nov. 2013    President, TEL Solar AG</p> <p data-bbox="539 616 1121 672">Jun. 2017    Outside Director, Toshiba Machine Co., Ltd. (now Shibaura Machine Co., Ltd.) (present)</p> <p data-bbox="539 680 1106 710">Jun. 2019    Outside Director of the Company (present)</p> <p data-bbox="539 719 1150 748">Jun. 2019    Outside Director, Mazda Motor Corp. (present)</p> <p data-bbox="539 757 1145 810">[Reason for nomination as a candidate for outside director and summary of expected role]</p> <p data-bbox="539 819 1145 999">Mr. Kiyoshi Sato has global and abundant experience and extensive knowledge as a member of the management of Japan's leading company of manufacturing equipment for semiconductors and flat panel displays. The Company considers he has sufficiently fulfilled the role that the Company expects at the board of directors and has nominated him once more as a candidate for outside director.</p> <p data-bbox="539 1008 1145 1115">If he is elected, the Company expects that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of duties from an objective perspective.</p> <p data-bbox="539 1124 946 1178">[Tenure as outside director] Two years (at the conclusion of this general meeting)</p>	<p data-bbox="1166 376 1393 454">Outside Director, Shibaura Machine Co., Ltd.</p> <p data-bbox="1166 463 1361 517">Outside Director, Mazda Motor Corp.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
8	<p data-bbox="309 445 486 510">Kenji Hamashima (January 3, 1959)</p> <p data-bbox="320 584 475 611">Reappointment</p> <p data-bbox="272 622 523 707">Candidate for outside director</p> <p data-bbox="300 730 496 757">Independent officer</p> <p data-bbox="272 875 523 969">No. of Company shares owned 0</p> <p data-bbox="272 1003 523 1104">Attendance at meetings of the board of directors 14 of 14 (100%)</p>	<p data-bbox="539 371 639 398">Apr. 1982</p> <p data-bbox="539 409 639 436">Apr. 1999</p> <p data-bbox="539 472 639 499">Nov. 2000</p> <p data-bbox="539 595 639 622">Apr. 2004</p> <p data-bbox="539 633 639 660">Apr. 2007</p> <p data-bbox="539 672 639 698">Jun. 2010</p> <p data-bbox="539 732 639 759">Apr. 2014</p> <p data-bbox="539 795 639 822">Oct. 2014</p> <p data-bbox="539 857 639 884">Apr. 2019</p> <p data-bbox="539 896 639 922">Apr. 2020</p> <p data-bbox="539 934 639 960">Jun. 2020</p> <p data-bbox="539 972 1145 1025">[Reason for nomination as a candidate for outside director and summary of expected role]</p> <p data-bbox="539 1028 1150 1332">Mr. Kenji Hamashima has global and abundant experience and extensive knowledge as a member of the management of a manufacturer which produced applied optics products such as industrial light sources, and industrial machinery. The Company considers he has sufficiently fulfilled the role that the Company expects at the board of directors and has nominated him once more as a candidate for outside director. If he is elected, the Company expects that he will use his abundant experience and extensive knowledge as a manager to provide oversight and advice in relation to the Company's execution of duties from an objective perspective.</p> <p data-bbox="539 1344 946 1397">[Tenure as outside director] One year (at the conclusion of this general meeting)</p>	<p data-bbox="1166 371 1326 425">Special Adviser, Ushio Inc.</p>

No.	Name (Date of birth)	Brief career summary, positions and responsibilities in the Company	Significant concurrent positions at other organizations
9	<p>Takako Hagiwara (March 12, 1961)</p> <p><input type="checkbox"/> New candidate</p> <p><input type="checkbox"/> Candidate for outside director</p> <p><input type="checkbox"/> Independent officer</p> <p><input type="checkbox"/> Female</p> <p><input type="checkbox"/> No. of Company shares owned</p> <p>0</p>	<p>Apr. 1984    Joined Sony Corp. (now Sony Group Corp.)</p> <p>Apr. 2002    General Manager, Human Resources Div., NACS, Sony Corp.</p> <p>Apr. 2006    General Manager, Human Resources Development Div., Corporate Human Resources, Sony Corp.</p> <p>Apr. 2008    General Manager, Diversity Development Div., Corporate Human Resources, Sony Corp.</p> <p>Apr. 2014    Representative Director, Sony Hikari Corp. and Sony Kibou Corp. (now Sony Kibou/Hikari Corp.)</p> <p>Jan. 2015    Retired from Sony Corp.</p> <p>Feb. 2015    Director, Chief Health Officer, Green House Co., Ltd.</p> <p>Jul. 2020    Representative Director, DDD Corp. (present)</p> <p>[Reason for nomination as a candidate for outside director and summary of expected role] Ms. Takako Hagiwara held positions of responsibility for many years in the human resources division of a major electronics manufacturer with a global presence in multiple businesses, such as audiovisual equipment, games, movies, and music, in addition to which she has also served in management, and accordingly has extensive knowledge and experience. Based on the above, the Company considers her suitably qualified as an outside director of the Company and has nominated her as a candidate for outside director. If she is elected, the Company expects that she will provide advice in such areas as the Company's human resources strategy, and on the promotion of diversity.</p>	<p>Representative Director, DDD Corp.</p> <p>Outside Director, Twinbird Corp. (scheduled to assume the office in May 2021)</p>

- (Notes) 1. There are no special interests between the candidates and the Company.
- Mr. Kenji Ohno and Ms. Takako Hagiwara are new candidates for director.
  - Mr. Kiyoshi Sato, Mr. Kenji Hamashima and Ms. Takako Hagiwara are candidates for outside director.
  - The Company designates Mr. Kiyoshi Sato, Mr. Kenji Hamashima and Ms. Takako Hagiwara as independent officers under the provisions of the Tokyo Stock Exchange, Inc., and submits as such accordingly. When the reelection of Messrs. Kiyoshi Sato and Kenji Hamashima is approved, they are scheduled to be as independent officers continuously. As for Ms. Takako Hagiwara, if her election is approved, she is scheduled to be an independent officer. Each one of them meets the independence criteria set out in the Company's Criteria for Independence of Outside Officers.
  - The Company has entered into agreements with Messrs. Kiyoshi Sato and Kenji Hamashima to limit their liability for damages under article 423, paragraph 1 of the Companies Act. If their reelection is approved, the Company plans to renew the respective agreements with each of them. Pursuant to these agreements, the Company shall set the defined maximum amount of liability for damages, if they have acted in good faith and without gross negligence in performing their duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act. In addition, if the election of Mr. Kenji Ohno and Ms. Takako Hagiwara is approved, the Company plans to enter into the same agreement with each of them.
  - The Company has entered into an officers, etc. liability insurance contract with an insurance company pursuant to article 430-3, paragraph 1 of the Companies Act, whereby the Company shall take responsibility in relation to execution of duties by those covered by the policy, including directors of the Company, and shall compensate them for any damages arising as result of claims pursued in relation to said responsibility. If the election of the candidates is approved, each shall be covered by this contract. In addition, when the contract is renewed, the Company plans to renew the contract with said details.
  - "No. of Company shares owned" is current as of March 31, 2021.
  - "Attendance at meetings of the board of directors" for Mr. Kenji Hamashima is the number of meetings of the board of directors held since he was appointed on June 23, 2020.

**Proposal 2:** Election of one (1) substitute audit & supervisory board member

The Company proposes the election of one (1) candidate as substitute for audit & supervisory board member in advance to be ready to fill a vacant position should the number of audit & supervisory board members fall below the number required by laws and regulations and the articles of incorporation.

Furthermore, prior consent to this proposal has been obtained from the audit & supervisory board.

The candidate for substitute audit & supervisory board member is as follows:

Name (Date of birth)	Brief career summary	Significant concurrent positions at other organizations
<p>Toru Muranaka (June 3, 1965)</p> <p>Candidate for substitute outside audit &amp; supervisory board member</p> <p>Independent officer</p> <p>No. of Company shares owned</p> <p>0</p>	<p>Apr. 1995 Registered as Attorney</p> <p>Nov. 2007 Partner, Daiichi Legal Professional Corp. (present)</p> <p>May 2014 Outside Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd. (present)</p> <p>Jun. 2015 Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd. (present)</p> <p>Jun. 2016 Outside Director, Capcom Co., Ltd. (present)</p> <p>[Reason for nomination as a candidate for substitute outside audit &amp; supervisory board member] Mr. Toru Muranaka, though never having been directly involved in corporate management in any form other than as outside officer, is a qualified attorney, so the Company has determined that his wide-ranging knowledge and insight would enable him to carry out objective, proactive, and fair audits and has nominated him as a candidate for substitute outside audit &amp; supervisory board member.</p>	<p>Partner, Daiichi Legal Professional Corp.</p> <p>Outside Audit &amp; Supervisory Board Member, Furuno Electric Co., Ltd.</p> <p>Outside Audit &amp; Supervisory Board Member, Suzuken Co., Ltd. (scheduled to retire from the office in June 2021)</p> <p>Outside Director, Capcom Co., Ltd.</p>

- (Notes)
- There are no special interests between the candidate and the Company.
  - Mr. Toru Muranaka is a candidate for substitute outside audit & supervisory board member.
  - Mr. Toru Muranaka meets the independence criteria set out in the Company's Criteria for Independence of Outside Officers and the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. If Mr. Toru Muranaka assumes the office of outside audit & supervisory board member, the Company plans to designate him an independent officer and submit a declaration to this effect.
  - If Mr. Toru Muranaka assumes the office of outside audit & supervisory board member because the number of audit & supervisory board members fell below the minimum provided for by laws and regulations and the articles of incorporation, the Company plans to enter into an agreement with him to limit his liability for damages under article 423, paragraph 1 of the Companies Act. Pursuant to this agreement, the Company shall set the defined maximum amount of liability for damages, if he has acted in good faith and without gross negligence in performing his duties, at the minimum liability amount provided for under article 425, paragraph 1 of the Companies Act.
  - The Company has entered into an officers, etc. liability insurance contract with an insurance company pursuant to article 430-3, paragraph 1 of the Companies Act, whereby the Company shall take responsibility in relation to execution of duties by those covered by the policy, and shall compensate them for any damages arising as result of claims pursued in relation to said responsibility. If Mr. Toru Muranaka is elected outside audit & supervisory board member, he will be included among those covered by the insurance contract. In addition, when the contract is renewed, the Company plans to renew the contract with said details.

6. In December 2020, Suzuken Co., Ltd., where Mr. Toru Muranaka serves as an outside audit & supervisory board member, faced a criminal accusation by Japan Fair Trade Commission over a violation of the Anti-Monopoly Act in connection with the bidding by Japan Community Health care Organization (JCHO). This incident was uncovered when an on-site inspection was performed by the authorities in November 2019. Although he was unaware of such improprieties until they came to light, he provides recommendations on a regular basis from the viewpoint of legal compliance. In addition, after the improprieties came to light, he focused on the initiatives by executives, including cooperating with the inspection, investigating its causes and establishing measures to prevent a recurrence, through the audit & supervisory board of Suzuken Co., Ltd. In addition, through actions, such as giving appropriate advice to the board of directors, etc., he appropriately fulfilled his duties.
7. “No. of Company shares owned” is current as of March 31, 2021.

<For Reference>

## Corporate Governance Initiatives

### 1. Expertise and experience required of the Company's directors and audit & supervisory board members

Management system (planned) in the event that Proposal 1 is approved is as follows.

	Name	Corporate management	Sales (global)			Finance and Accounting	Legal/risk management	HR/labor	IT/digital	ESG	Experience at other companies
			Information & Electronics	Plastics	Chemicals/Life Industry						
Director	Katsutaro Inabata	●		●	●			●	●	●	●
	Toyohiro Akao	●	●		●						
	Kenichi Yokota	●				●	●		●	●	●
	Masahiro Sugiyama	●	●	●							●
	Noriomi Yasue	●		●							
	Kenji Ohno	●					●			●	●
	Kiyoshi Sato*	●	—	—	—						—
	Kenji Hamashima*	●	—	—	—	●					—
	Takako Hagiwara*	●	—	—	—			●		●	—
Audit & supervisory board member	Takashi Mochizuki			●							
	Nobukazu Kuboi					●				●	●
	Yoshitaka Takahashi*		—	—	—			●			—
	Katsuya Yanagihara*		—	—	—		●				—
	Satoshi Tamai*		—	—	—	●					—

(Note) \* denotes an independent outside officer.

## **2. Policy on Reduction of Cross-shareholdings**

In April 2021, the Company launched its three-year mid-term business plan “New Challenge 2023” (“NC2023”) (\*1), which will end in the fiscal year ending March 31, 2024.

As part of one of its major priority measures, “Continuous review of asset holdings and further improvement of fund and asset efficiency,” the Company has decided to conduct a further review of its cross-shareholdings during the implementation of “NC2023” and reduce them by 50% in three years.

In accordance with the Corporate Governance Code, the Company has been reducing its so-called cross-shareholdings for which there is no recognized reason for holding, and will continue to do so based on the results of a more rigorous review of the reasonableness of such holdings.

[Reference] Changes in amount of sales of cross-shareholdings

(Millions of yen)	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Sales of cross-shareholdings	4,549	9,017	5,298	3,026	2,944

(\*1) Outline of the mid-term business plan “NC2023”

[Quantitative Targets]	Fiscal year ending March 31, 2024	Major priority measures
Net sales	670 billion yen	1. Further deepening of core businesses and horizontal expansion into growth areas 2. Diversified efforts and securing profitability in markets with potential for future growth 3. Aggressive investment for future growth 4. Further sophistication of the global management information infrastructure 5. Continuous review of asset holdings and further improvement of fund and asset efficiency 6. Strengthening of efforts to utilize human capital
Operating profit	16.5 billion yen	
Ordinary profit	17.0 billion yen	
Profit attributable to owners of parent	16.0 billion yen	
ROE	8% or more	
Net D/E ratio	0.3 or less	
Equity ratio	50% or more	
Exchange rate	JPY 105.00/USD	

\* Net sales target based on the standard prior to application of the new revenue recognition standard: 700.0 billion yen

### **■ Partial Amendment to Basic Policy on Shareholder Return since fiscal 2021**

Together with the start of the new three-year mid-term business plan NC2023 that started in April 2021, from the perspective of placing even greater emphasis on shareholder return, the Company introduced new progressive dividends and set its basic policy on shareholder return during the period of the mid-term business plan as follows.



(New shareholder return policy)

- (i) The actual amount of dividends paid in the previous fiscal year will be used as the lower limit for dividends per share, and the basic policy is to continuously increase the dividends without reducing them (introduction of progressive dividends).
- (ii) The target for total return ratio is 30% to 35% at this time.
- (iii) The Company will acquire treasury shares using a flexible approach.

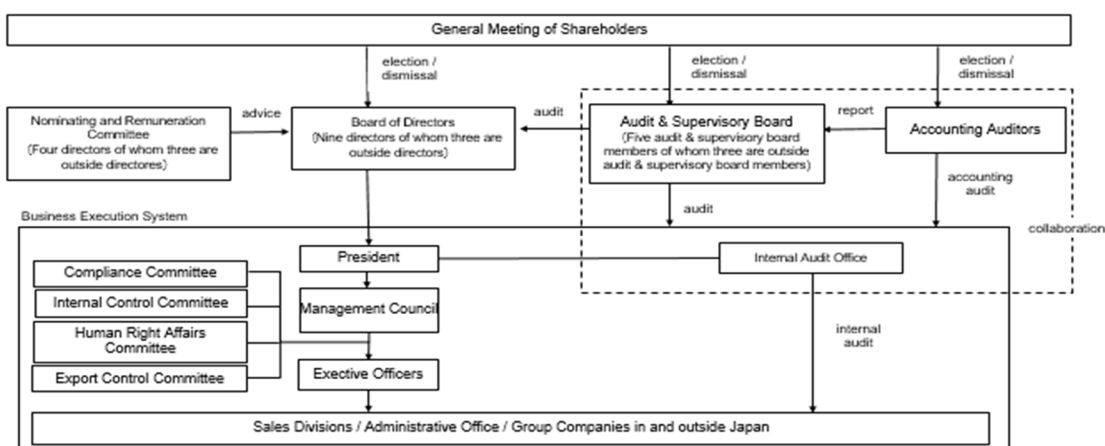
### **3. Basic Approach to Corporate Governance**

The Company’s management philosophy is to contribute to the development of society by respecting people, based on the spirit of “love” and “respect.” Based on this management philosophy, we believe that in order to meet the expectations of our shareholders, business partners, employees, and all other stakeholders who support the Company’s business activities, and to sustainably increase its corporate value, it is essential to develop and build a strong corporate governance system that will ensure the transparency and fairness of management and serve as a foundation for prompt and determined decision-making.

### **4. Corporate Governance Structure**

The Board of Directors makes decisions on important management issues and supervises the execution of business; while as a company with audit & supervisory board members, the audit & supervisory board members and the audit & supervisory board, which are independent from the Board of Directors, audit the execution of duties by the directors and the decision-making by the board of directors.

Corporate Governance Structure



[The Nominating and Remuneration Committee]

The Company established a voluntary Nominating and Remuneration Committee in 2015. Resolutions on the election and dismissal of senior management, the nomination of candidates for directors, audit & supervisory board members and executive officers, and the remuneration of directors are deliberated by the Nominating and Remuneration Committee, where the majority of members are independent outside directors. The board of directors strives to ensure objectivity,

fairness, and transparency by fully respecting the results of the Nominating and Remuneration Committee’s deliberations.

Members of the Nominating and Remuneration Committee: three independent outside directors and one internal director

Chairperson: independent outside director

Number of meetings: seven meetings in the fiscal year ending March 31, 2021

## **5. Effectiveness Evaluation of the Board of Directors**

The Company has conducted an evaluation of the effectiveness of the board of directors since fiscal 2015, with the aim of increasing corporate value through enhancing the effectiveness and transparency of the board of directors. A third-party evaluation, which is implemented every three years, was carried out by a third-party organization in fiscal 2020. A summary of the evaluation results and future measures have been disclosed on the Company’s website.

[Outline of fiscal 2020 evaluation and future measures]

1. Subjects	All current nine (9) directors and all five (5) audit & supervisory board members as of March 31, 2021
2. Evaluation methodology	<ul style="list-style-type: none"> <li>▪ The Company hired an outside consultant as a third-party organization (“the third-party organization”)</li> <li>▪ The Company had evaluation targets answer a questionnaire, and conducted individual interviews</li> <li>▪ The third-party organization collected the results of the analysis and evaluation based on the results of answers to the questionnaire and interviews, and reported these results to the board of directors of the Company in February 2021</li> <li>▪ After verification by the board of directors of the content of the report, the direction of future measures was decided</li> </ul>
3. Overview of results of analysis and evaluation	<p>As a result of the analysis and evaluation carried out by the third-party organization, the following points were identified concerning the awareness and way of thinking of all target directors and audit &amp; supervisory board members in regard to the current status of the Company.</p> <p>[Overview of management and business]</p> <ul style="list-style-type: none"> <li>▪ Stable growth in the plastics segment and the information &amp; electronics segment, which are primary businesses of the Company, was evaluated well. It has been recognized that the development of new businesses and the third pillar is a significant issue in management.</li> <li>▪ It has been recognized that strengths of the Company are the ability to create new businesses from personal relationships with existing customers and the ability to flexibly respond to changing needs, and that personnel development, which includes the development of management, is an extremely significant management issue.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ It has been recognized that significant risks include overseas activities' latent risks, credit risks of business partners and risks pertaining to business investments. The establishment of an internal control system was evaluated well, and against the backdrop of this system, the expansion of business while appropriately understanding and controlling risks is expected.</li> <li>▪ The further strengthening of company-wide functions is expected.</li> </ul> <p>[Overview of the board of directors]</p> <ul style="list-style-type: none"> <li>▪ The operation and composition of the board of directors were both highly rated overall.</li> <li>▪ Regarding self-evaluation in the previous fiscal year, it is believed that it is necessary to further deepen discussions regarding medium- to long-term management and strategy, such as the mid-term business plan, which was recognized as an issue, despite the difficulties of medium- to long-term discussions due to the nature of the trading company business.</li> <li>▪ Regarding outside directors, the offering of opinions and advice based on the viewpoint of managers and knowledge of the industry was highly rated. Audit &amp; supervisory board members participated in discussions from a wide range of perspectives based on each of their areas of expertise.</li> <li>▪ The composition of internal directors and outside directors was highly rated. There is an awareness of the ratio of outside directors in the board of directors being one third or more going forward, which considers the revision of the Japan's Corporate Governance Code. Furthermore, it is believed that it is necessary to assume that the ideal state of the board of directors will change with a view to needing outside directors to be the majority in the medium to long term.</li> </ul> <p>[Overview of the Nominating and Remuneration Committee]</p> <ul style="list-style-type: none"> <li>▪ It has been indicated that despite Nominating and Remuneration Committee members having appropriate discussions, topics and other matters were not appropriately shared with the board of directors.</li> </ul>
4. Future measures	<p>The Company will strive to further enhance the effectiveness of the board of directors by executing the following initiatives to deal with the issues recognized from the results of the above-mentioned analysis and evaluation.</p> <ul style="list-style-type: none"> <li>▪ The board of directors will further deepen discussions regarding the direction of medium- to long-term businesses, which includes the mid-term business plan. Significant issues in the management of the Company, such as development of new businesses and the third pillar, personnel, internal control and group governance, will be discussed further.</li> <li>▪ The Company will examine the following initiatives to promote discussion. <ul style="list-style-type: none"> <li>○ Sharing and discussion before the step that will strengthen the direction on the executive side</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Free discussion and brainstorming in places other than the board of directors</li> <li>▪ The Company will work to strengthen company-wide functions. The Company will make examinations, including the placement of personnel, keeping in mind functions that apply specific plans and measures that are cross-functional throughout the Company.</li> <li>▪ The Company will continuously inspect the composition of the board of directors in light of environmental changes, such as the revision of the Japan's Corporate Governance Code and the establishment of the TSE Prime Market. Furthermore, the Company will estimate and examine changes, such as changes to the details of topics or discussions by the board of directors in conjunction with changes to the composition of the board of directors.</li> <li>▪ The Company will examine the appropriate sharing of the overview (schedule, topics, points of contention, etc. of the committee) of discussions by the Nominating and Remuneration Committee with the board of directors.</li> </ul>
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## **6. Policy and procedure for the appointment of candidates for directors and audit & supervisory board members**

When the Company's board of directors elects executives and appoints candidates for directors and audit & supervisory board members, the Nomination and Remuneration Committee, a majority of which are independent outside directors, take measures, for instance, such as interviewing candidates, to examine credentials and aptitude which would contribute to the improvement of corporate value in the medium and long term and to ensure the objectivity, fairness, and transparency of any decision the board of directors makes.

The Company has the Criteria for Independence of Outside Officers, which are set out in section 7 below, for the election of independent outside directors and independent outside audit & supervisory board members and elects them in accordance with these criteria.

## **7. Criteria for Independence of Outside Officers**

The Company has established criteria concerning the independence of outside directors and outside audit & supervisory board members of the Company (hereinafter collectively called "outside officers") as follows, and outside officers who do not meet any of the following conditions are considered independent.

- (1) An executive (\*1) of the Company or a subsidiary of the Company currently or within the past 10 years
- (2) A person who has met any of the following conditions (i) through (vii) over the last three years
  - (i) A party whose major client or supplier is the Company (\*2) or an executive thereof
  - (ii) A major client or supplier of the Company (\*3) or an executive thereof
  - (iii) A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company in addition to compensation as a

- director/audit & supervisory board member (\*4) (In case it is an organization such as a corporation or an association that receives monetary consideration or property, a party which belongs to the said organization.)
- (iv) A major shareholder (\*5) of the Company or an executive thereof
  - (v) A major lender (\*6) of the Company or an executive thereof
  - (vi) A party that receives a donation over a certain amount (\*7) from the Company or a party affiliated with an organization that receives a donation from the Company
  - (vii) An executive of a company for which an executive of the Company serves concurrently as outside officer of the said company
- (3) A spouse or relative within the second degree of kinship of the person in (1) or (2) above
- (4) A person who has served as outside officer of the Company for over eight years

- (\*1) “Executive” is an executive director, an executive officer or an employee.
- (\*2) “A party whose major client or supplier is the Company” is one which has received a payment from the Company equivalent to over 2% of its consolidated annual gross sales.
- (\*3) “Major client or supplier of the Company” is one which has paid to the Company an amount equivalent to over 2% of the Company’s consolidated annual gross sales.
- (\*4) “Receives a large amount of monetary consideration or other property from the Company in addition to compensation as a director/audit & supervisory board member” means receiving from the Company monetary consideration or property which exceeds the higher of either 2% of sales or total revenue of such party in addition to compensation as a director/audit & supervisory board member or 10 million yen.
- (\*5) “Major shareholder” is one whose ownership ratio of voting rights is 10% or higher.
- (\*6) “Major lender” is one which has lent the Company an amount equivalent to over 2% of the Company’s consolidated total assets.
- (\*7) “A donation over a certain amount” is one that exceeds 10 million yen.