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(Stock Exchange Code 4045)
March 2, 2020

To Shareholders with Voting Rights:

Mikishi Takamura
President and Representative Director
Toagosei Co., Ltd.
1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo

**NOTICE OF
THE 107TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

You are cordially invited to attend the 107th Ordinary General Meeting of Shareholders of Toagosei Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. We request you to review the Reference Document for the General Meeting of Shareholders below and exercise your voting rights no later than 5:00 p.m. (Japan time) on Thursday, March 26, 2020.

[Exercise of your voting rights in written form]

Please indicate your approval or disapproval of each of our proposals on the enclosed Voting Rights Exercise Form and return it to us by post so that it can reach us by the above exercise deadline.

[Exercise of your voting rights by electronic method (via the Internet)]

You can exercise your voting rights either by (1) scanning the QR code shown on the Voting Rights Exercise Form, or by (2) entering the “voting rights exercise code” and “password” shown on the Voting Rights Exercise Form on our website for exercising voting rights (<https://www.web54.net>), so please enter your approval or disapproval of each of our proposals by the above exercise deadline.

- 1. Date and Time:** Friday, March 27, 2020 at 10:00 a.m. (Japan time) (Reception opens at 9:00 a.m.)
- 2. Place:** 2F Large conference room at the Head Office of the Company located at 1-14-1 Nishi-Shimbashi, Minato-ku, Tokyo
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. Business Report, Consolidated Financial Statements for the Company’s 107th Fiscal Year (January 1, 2019 - December 31, 2019) and results of audits of the Consolidated Financial Statements by the Accounting Auditors and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the Company’s 107th Fiscal Year (January 1, 2019 - December 31, 2019)
 - Proposals to be resolved:**
 - Proposal 1:** Appropriation of Surplus
 - Proposal 2:** Election of Nine (9) Directors (excluding Directors who act as Audit and Supervisory Committee Members)
 - Proposal 3:** Election of Three (3) Directors who act as Audit and Supervisory Committee Members
 - Proposal 4:** Decision of Remuneration for Granting Restricted Shares to Directors (excluding Directors who act as Audit and Supervisory Committee Members and Outside Directors)

4. Decisions upon Convocation

- (1) When you exercise your voting rights by a proxy, you must delegate your voting rights to another shareholder of the Company, who has voting rights. The delegation of your voting rights is limited to only one proxy.
- (2) If you exercise your voting rights more than once by an electronic method, the last exercise of your voting rights shall be treated as the valid vote.
- (3) If you exercise your voting rights both in written form and by an electronic method, your vote that we receive later shall be treated as the valid vote. In such case, if we receive your votes on the same day, your voting right exercised by an electronic method shall be treated as valid.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Among the documents that we should provide together with this Notice, Notes to the Consolidated and Non-consolidated Financial Statements are posted on the Company's website in accordance with applicable laws and regulations and the Articles of Incorporation of the Company. Therefore, we do not include such information in the attachments. Thus, the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Company's Accounting Auditors and the Audit and Supervisory Committee consist of the attached documents of this Notice and Notes to the Consolidated and Non-consolidated Financial Statements posted on the Company's website.
- Should the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements be revised, the revised versions will be posted on the Company's website.
The Company's website: <http://www.toagosei.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Regarding the appropriation of surplus of the Company, we hereby propose as follows:

■ Year-end Dividend

The Company regards investment, financial soundness, capital efficiency, and shareholder returns for sustainable growth based on the Group's medium- to long-term perspective as important elements of its capital policy. The basic dividend policy for returns to our shareholders is to continue stable dividends with a consolidated dividend payout ratio targeted at 30% or more, and improve our total consolidated payout ratio, including share buybacks, and that the shareholder return be decided through a comprehensive consideration of the strengthening of our management structure and enhancement of internal reserves, as well as future developments and the progress of business, etc.

Regarding the year-end dividend for the 107th fiscal year, we propose as follows:

(1) Type of dividend assets:
Cash

(2) Matters concerning the allotment of dividend assets and the amount thereof:
We propose paying a dividend of ¥15 per share, consisting of ¥14 yen per share of the Company's common stock with the addition of ¥1 per share as a commemorative dividend for the Company's 75th anniversary. The total amount of the dividends will be ¥1,974,372,675.
We paid an interim dividend of ¥15 per share in the current fiscal year (consisting of an ordinary dividend of ¥14 and a commemorative dividend of ¥1 for the Company's 75th anniversary). Consequently, an annual dividend per share amounts to ¥30 per share and the consolidated dividend payout ratio amounts to 38.0%.

(3) Date when dividends of surplus become effective:
March 30, 2020

Proposal 2: Election of Nine (9) Directors (excluding Directors who act as Audit and Supervisory Committee Members)

The terms of office for all of the ten (10) incumbent Directors will expire at the conclusion of the meeting. Accordingly, the Company proposes the election of nine (9) Directors (excluding Directors who act as Audit and Supervisory Committee Members).

If this Proposal and Proposal 3 are approved as originally proposed, the Company's Board of Directors will comprise fourteen (14) members: seven (7) internal Directors and seven (7) Independent Outside Directors (thirteen (13) male and one (1) female).

The candidates are as follows:

| No. | Name | | Positions and Responsibilities at the Company | Attendance Rate at the Board of Directors meetings (for the current fiscal year) | Term of office (at the conclusion of this meeting) |
|-----|-------------------|---|---|--|--|
| 1 | Mikishi Takamura | [Reappointment] | President and Representative Director | 13/13 (100%) | 10 years |
| 2 | Nobuhiro Ishikawa | [Reappointment] | Vice President and Representative Director and General Manager, Corporate Strategy Division | 13/13 (100%) | 6 years |
| 3 | Yoshitaka Suzuki | [Reappointment] | Director, General Manager, Group Administrative Division, General Manager, General Affairs & Legal Department and General Manager, Human Resource Development Department, Group Administrative Division | 13/13 (100%) | 3 years |
| 4 | Moriyuki Kenjo | [Reappointment] | Director, General Manager, Supply Chain Management Division, General Manager, Sales Administrative Department, Supply Chain Management Division and General Manager, Tokyo Sales Department | 13/13 (100%) | 2 years |
| 5 | Susumu Miho | [Reappointment] | Director, General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division | 13/13 (100%) | 2 years |
| 6 | Shinichi Sugiura | [Reappointment] | Director of the Company President and Representative Director, Aron Kasei Co., Ltd. | 13/13 (100%) | 7 years |
| 7 | Satoru Nakanishi | [Reappointment] [Outside] [Independent] | Director | 13/13 (100%) | 3 years |
| 8 | Yasuhiro Koike | [Reappointment] [Outside] [Independent] | Director | 13/13 (100%) | 2 years |
| 9 | Yasuo Kitamura | [Reappointment] [Outside] [Independent] | Director | 13/13 (100%) | 4 years |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|---|---|--|
| 1 | Mikishi Takamura (March 28, 1956) [Reappointment] | <p>April 1980 Joined the Company</p> <p>April 2002 General Manager, Finance Group, Administrative Department</p> <p>April 2005 General Manager, Human Resources & General Affairs Group, Administrative Department</p> <p>April 2006 General Manager, Human Resources & General Affairs Group and General Manager, Investor Relations & Public Relations Section, Administrative Department</p> <p>April 2008 Deputy Plant Manager, Nagoya Plant</p> <p>March 2010 Director, General Manager, Administrative Department</p> <p>April 2012 Director, General Manager, Administrative Division</p> <p>March 2013 Director, General Manager, Corporate Strategy Department</p> <p>March 2015 Vice President and Representative Director and General Manager, Corporate Strategy Division</p> <p>November 2015 President and Representative Director (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Mikishi Takamura as a candidate for Director because he has mainly been involved in the management of the corporate strategy division and the administrative division of the Company and is expected to enhance the decision-making function of the Board of Directors by overseeing the management of the Group based on his extensive experience and business track records.</p> | 74,999 |
| 2 | Nobuhiro Ishikawa (January 8, 1955) [Reappointment] | <p>April 1977 Joined the Company</p> <p>April 2001 General Manager, Productive Technology Group, Manufacturing Department, Nagoya Plant</p> <p>April 2002 General Manager, Manufacturing Department II, Nagoya Plant</p> <p>April 2005 General Manager, Acrylic Products Group, Acrylic Products Department</p> <p>April 2007 General Manager, UV-curable Resins Group, Functional Materials Department</p> <p>March 2008 Executive Officer, General Manager, Acrylic Products Department</p> <p>March 2010 Executive Officer, Plant Manager, Nagoya Plant</p> <p>March 2014 Director, General Manager, Technology & Production Administrative Division</p> <p>January 2016 Vice President and Representative Director and General Manager, Corporate Strategy Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Nobuhiro Ishikawa as a candidate for Director because he has mainly been involved in the management of the technology and production division and the operating division of the Company and is expected to enhance the decision-making function of the Board of Directors by overseeing the management of the Group based on his extensive experience and business track records.</p> | 46,704 |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|---|---|--|
| 3 | Yoshitaka Suzuki (September 14, 1958) [Reappointment] | <p>April 1982 Joined the Company</p> <p>April 2012 Deputy Plant Manager, Nagoya Plant</p> <p>April 2014 General Manager, General Affairs & Legal Department, General Manager, Human Resources Department, and General Manager, Investor Relations & Public Relations Section, Administrative Division</p> <p>September 2014 General Manager, General Affairs & Legal Department and General Manager, Human Resources Department, Administrative Division</p> <p>March 2017 Director, General Manager, Administrative Division</p> <p>January 2019 Director, General Manager, Group Administrative Division</p> <p>January 2020 Director, General Manager, Group Administrative Division, General Manager, General Affairs & Legal Department and General Manager, Human Resource Development Department, Group Administrative Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Yoshitaka Suzuki as a candidate for Director because he has mainly been involved in the management of the administrative division of the Company and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p> | 21,729 |
| 4 | Moriyuki Kenjo (April 18, 1957) [Reappointment] | <p>April 1982 Joined the Company</p> <p>April 2007 General Manager, Sales Administrative Group, Supply Chain Management Department</p> <p>March 2012 Executive Officer, General Manager, Tokyo Sales Department</p> <p>January 2016 Executive Officer, Branch Manager, Osaka Branch</p> <p>March 2018 Director, General Manager, Supply Chain Management Division and General Manager, Logistics Department, Supply Chain Management Division</p> <p>January 2019 Director, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department</p> <p>January 2020 Director, General Manager, Supply Chain Management Division, General Manager, Sales Administrative Department, Supply Chain Management Division and General Manager, Tokyo Sales Department (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Moriyuki Kenjo as a candidate for Director because he has mainly been involved in the management of the sales division of the Company and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p> | 19,485 |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|---|---|--|
| 5 | Susumu Miho (November 12, 1959) [Reappointment] | <p>April 1984 Joined the Company</p> <p>April 2006 Research Manager, Productive Technology Laboratory, Technology Administrative Department</p> <p>December 2006 Chief Executive Officer, TOA-DIC Zhangjiagang Chemical Co., Ltd.</p> <p>February 2012 Deputy Plant Manager, Nagoya Plant of the Company</p> <p>April 2013 General Manager, Monomer & Oligomer Group, Acrylic Products Department</p> <p>March 2016 Executive Officer, General Manager, Acrylic Products Department</p> <p>January 2017 Executive Officer, General Manager, Polymer & Oligomer Division and General Manager, New Product Development Department, Polymer & Oligomer Division</p> <p>March 2018 Director, General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Susumu Miho as a candidate for Director because he has mainly been involved in the management of the technology and production division and the operating division of the Company and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p> | 29,673 |
| 6 | Shinichi Sugiura (August 4, 1955) [Reappointment] | <p>April 1978 Joined the Company</p> <p>April 2005 General Manager, UV-curable Resins Group, Functional Materials Department</p> <p>April 2007 General Manager, Chlorine & Alkali Products Group, Commodity Chemicals Department</p> <p>March 2008 Executive Officer, General Manager, Commodity Chemicals Department</p> <p>March 2013 Director, General Manager, Supply Chain Management Division</p> <p>March 2015 Director of the Company and President and Representative Director, Aron Kasei Co., Ltd. (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Shinichi Sugiura as a candidate for Director because he has mainly been involved in the management of the operating division of the Company and the management of the Group companies and is expected to fully perform his duty of business execution and enhance the decision-making function of the Board of Directors by reflecting his extensive experience and business track records on the management of the Company.</p> | 41,497 |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|--|---|--|
| 7 | Satoru Nakanishi (August 31, 1953) [Reappointment] [Outside] [Independent] | <p>April 1976 Joined Mitsui Bank</p> <p>April 2004 Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2006 Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2009 Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>June 2009 Director, Sumitomo Mitsui Financial Group, Inc.</p> <p>April 2011 Representative Director, Sumitomo Mitsui Financial Group, Inc. Representative Director and Deputy President, Sumitomo Mitsui Banking Corporation</p> <p>April 2013 Director, SMFG Card & Credit, Inc.</p> <p>June 2013 President and Representative Director, Cedyne Financial Corporation Director, SMBC Finance Service Co., Ltd.</p> <p>March 2017 Director of the Company (to present)</p> <p>June 2019 Audit & Supervisory Board Member, Sotetsu Holdings Co., Ltd. (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director] The Company selected Mr. Satoru Nakanishi as a candidate for Outside Director because it is judged that he has broad insight that he has developed through his business background at the financial institutions and extensive experience as an officer and he can further enhance the management system of the Company by reflecting such insight on the management of the Company.</p> | 1,091 |
| 8 | Yasuhiro Koike (April 7, 1954) [Reappointment] [Outside] [Independent] | <p>April 1983 Research Associate, Faculty of Science and Technology, Keio University</p> <p>April 1992 Associate Professor, Faculty of Science and Technology, Keio University</p> <p>April 1997 Professor, Faculty of Science and Technology, Keio University (to present)</p> <p>April 2004 Director, Keio Leading-edge Laboratory of Science and Technology</p> <p>April 2010 Director, Keio Photonics Research Institute (to present)</p> <p>November 2010 Councillor, Keio University (to present)</p> <p>March 2018 Director of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director] The Company selected Mr. Yasuhiro Koike as a candidate for Outside Director because it is judged that he has expert knowledge and experience, etc. that he has acquired as a professor of the Faculty of Science and Technology and he can further enhance the management system of the Company by reflecting such expert knowledge and experience on the management of the Company.</p> | 492 |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|--|--|--|
| 9 | Yasuo Kitamura (March 8, 1965) [Reappointment] [Outside] [Independent] | <p>April 1988 Joined The Industrial Bank of Japan, Limited</p> <p>April 1996 Registered as a lawyer</p> <p>February 2001 Registered as a lawyer in New York State, the United States</p> <p>October 2007 Partner, Kitamura & Hiraga Law Office (to present)</p> <p>November 2013 Director, Zakkaya Bulldog Co., Ltd.</p> <p>March 2015 Audit & Supervisory Board Member of the Company</p> <p>March 2016 Director (Audit and Supervisory Committee Member) of the Company</p> <p>December 2018 Audit & Supervisory Board Member, AIMECHATEC, Ltd. (to present)</p> <p>March 2019 Director of the Company (to present)</p> <p>June 2019 Audit & Supervisory Board Member, G-TEKT CORPORATION (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director] The Company selected Mr. Yasuo Kitamura as a candidate for Outside Director because it is judged that he has expert knowledge and experience, etc. as a lawyer and he can further enhance the management system of the Company by reflecting such expert knowledge and experience on the management of the Company. He has not been involved in corporate management other than his experience as an outside officer. However, the Company considers he will perform his duty properly as an Outside Director for the above reasons.</p> | 4,695 |

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. The number of shares of the Company held by each candidate includes the candidate's equity interest in the Officer Shareholders' Committee.
3. Messrs. Satoru Nakanishi, Yasuhiro Koike, and Yasuo Kitamura are candidates for Outside Directors, and the Company designates them as independent officers as stipulated under the regulations of Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
4. Mr. Satoru Nakanishi is currently Outside Director of the Company. His term of office as Outside Director will have been three years at the conclusion of the meeting.
5. Mr. Satoru Nakanishi previously served as Representative Director and Deputy President of Sumitomo Mitsui Banking Corporation, which is the main bank of the Company. In April 2013, he retired from his position, after which six years and 11 months will have passed at the conclusion of the meeting.
6. Mr. Yasuhiro Koike is currently Outside Director of the Company. His term of office as Outside Director will have been two years at the conclusion of the meeting.
7. Mr. Yasuo Kitamura is currently Outside Director of the Company, and his term of office as Outside Director will have been four years at the conclusion of the meeting. For the first three years of his term of office, he served as Outside Director who acts as Audit and Supervisory Committee Member.
8. The Company has provided in its Articles of Incorporation that it may enter into a liability limitation agreement with a Director (excluding executive directors, etc.), under the provisions of Article 427, Paragraph 1 of the Companies Act, to limit his/her liability under Article 423, Paragraph 1 of the Companies Act to the greater of ¥10 million or the amount specified by applicable laws and regulations. The Company has entered into the liability limitation agreement mentioned above with Messrs. Satoru Nakanishi, Yasuhiro Koike, and Yasuo Kitamura. If the election of Messrs. Satoru Nakanishi, Yasuhiro Koike, and Yasuo Kitamura is approved at the meeting, the Company intends to enter into the liability limitation agreements with them.

Proposal 3: Election of Three (3) Directors who act as Audit and Supervisory Committee Members

Among the four (4) incumbent Directors who act as Audit and Supervisory Committee Members, the terms of office of Mr. Tsutomu Harada and Mr. Nobuhiko Takano will expire at the conclusion of the meeting. Accordingly, the Company proposes the election of three (3) Directors who act as Audit and Supervisory Committee Members, increasing the number of persons who have management experience in the Company and the Group by one (1) to further strengthen the audit and oversight functions of the Company.

The Audit and Supervisory Committee has given its prior consent to this proposal.

The candidates are as follows:

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|---|--|--|
| 1 | Nobuhiko Takano (October 8, 1956) [Reappointment] [Outside] [Independent] | <p>July 2006 District Director, Moji Tax Office, Fukuoka Regional Taxation Bureau</p> <p>July 2007 Chief Investigator, Criminal Investigation Department, Tokyo Regional Taxation Bureau</p> <p>July 2009 Chief Examiner, First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>July 2010 Director, Second Personnel Division, Planning and Administration Department, Tokyo Regional Taxation Bureau</p> <p>July 2012 Director, First Personnel Division, Planning and Administration Department, Tokyo Regional Taxation Bureau</p> <p>July 2014 Director, (Health and Welfare), Commissioner's Secretariat, National Tax Agency</p> <p>July 2015 Chief Internal Inspector, Commissioner's Secretariat, National Tax Agency</p> <p>July 2016 Regional Commissioner, Kumamoto Regional Taxation Bureau</p> <p>August 2017 Registered as a Certified Public Tax Accountant (to present)</p> <p>March 2018 Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member] The Company selected Mr. Nobuhiko Takano as a candidate for Outside Director who acts as Audit and Supervisory Committee Member because it is judged that he has expert knowledge and experience, etc. regarding accounting and tax affairs developed through his background at the National Tax Agency and as a Certified Public Accountant and he can further enhance the audit and oversight functions of the Company by reflecting such expert knowledge and experience on the management of the Company. Although he has not been involved in corporate management, the Company considers he will perform his duty properly as an Outside Director for the above reasons.</p> | 1,646 |

| No. | Name (Date of birth) | Summary of Career, Positions and Responsibilities at the Company (Important Concurrent Positions Held) | Number of shares of the Company held |
|-----|--|--|--|
| 2 | Katsuyuki Ito (August 27, 1957) [New appointment] | <p>April 1981 Joined the Company</p> <p>April 2007 General Manager, Business Support Department, Aron Kasei Co., Ltd.</p> <p>June 2007 General Manager, Corporate Strategy Department, Aron Kasei Co., Ltd.</p> <p>June 2008 Resigned from the Company</p> <p>March 2015 Director, Aron Kasei Co., Ltd.</p> <p>March 2015 Director, General Manager, Administrative Division of the Company</p> <p>January 2017 Director, General Manager, Group Management Division and General Manager, Human Resource Development Department, Group Management Division</p> <p>January 2020 Director of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for who acts as Audit and Supervisory Committee Member] The Company selected Mr. Katsuyuki Ito as a candidate for Director who acts as Audit and Supervisory Committee Member because he has mainly been involved in the management of the administrative division of the Company and the management of Group companies and is expected to further enhance the audit and oversight functions of the Company by reflecting his extensive experience and business track records on the management of the Company.</p> | 34,155 |
| 3 | Koichi Danno (July 27, 1954) [New appointment] [Outside] [Independent] | <p>April 1978 Joined Mitsui Bank</p> <p>April 2004 Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2008 Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2011 Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>June 2011 Director, Sumitomo Mitsui Financial Group, Inc.</p> <p>June 2013 President, Representative Director and COO, SMBC Friend Securities Co., Ltd.</p> <p>June 2018 President and Representative Director, Muromachi Co., Ltd. (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member] The Company selected Mr. Koichi Danno as a candidate for Outside Director who acts as Audit and Supervisory Committee Member because it is judged that he has broad insight that he has developed through his business background at financial institutions and extensive experience as an officer and he can further enhance the audit and oversight functions of the Company by reflecting such expert knowledge and experience on the management of the Company.</p> | 0 |

(Notes)

1. There are no special interests between each candidate for Director and the Company.
2. The number of shares of the Company held by each candidate includes the candidate's equity interest in the Officer Shareholders' Committee.
3. Mr. Nobuhiko Takano is a candidate for Outside Director. The Company designates him as an independent officer as stipulated under the regulations of Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
4. Mr. Nobuhiko Takano is currently Outside Director who acts as Audit and Supervisory Committee Member of the Company. His term of office in this position will have been two years at the conclusion of the meeting.
5. Mr. Koichi Danno is a candidate for Outside Director. The Company will designate him as an independent officer as stipulated under the regulations of Tokyo Stock Exchange and submit a notification of the designation to the same Exchange.
6. Mr. Koichi Danno previously served as Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation, which is the main bank of the Company. In April 2013, he retired from his position, after which six years and 11 months will have passed at the conclusion of the meeting.

7. The Company has provided in its Articles of Incorporation that it may enter into a liability limitation agreement with a Director (excluding executive directors, etc.), under the provisions of Article 427, Paragraph 1 of the Companies Act, to limit his/her liability under Article 423, Paragraph 1 of the Companies Act to the greater of ¥10 million or the amount specified by applicable laws and regulations. The Company has entered into the liability limitation agreement mentioned above with Mr. Nobuhiko Takano. If the election of Messrs. Katsuyuki Ito and Koichi Danno is approved at the meeting, the Company intends to enter into the liability limitation agreements with them.

(Reference) Independence Criteria for Independent Outside Directors

The Company has adopted the following independence criteria for Outside Directors. Candidates are considered insufficiently independent from the Company if any of the following applies.

1. (1) A person who currently executes business for the Company or a subsidiary of the Company (executive director, corporate officer, executive officer, or other employee in a senior management position) or has done so within the past 10 years
- (2) A party for which the Company is a major client, or if the party is a company, a person who executes business for the company (executive director, corporate officer, executive officer, or other employee in a senior management position)
- (3) A party that is a major client of the Company, or if the party is a company, a person who executes business for the company (executive director, corporate officer, executive officer, or other employee in a senior management position)
- (4) A legal specialist such as a lawyer, or an accounting specialist such as a certified public accountant, or a consultant, etc., who has received a significant amount of money or other assets from the Company, other than executive remuneration (or if the recipient of the assets is a corporation, association, or some other organization, a member of such organization).
- (5) A major shareholder of the Company, or if the shareholder is a company, a person who executes business for the company
- (6) A recipient of a significant amount of donations from the Company (or if the recipient of the financial asset is a corporation, association, or other organization, a member of such organization)
- (7) A spouse or a relative within the second degree of someone to whom any of the above (1) to (6) applies
- (8) A person to whom any of the above (2) to (7) have applied within the past three years
2. A person who has been an Outside Director of the Company for more than eight years.

Proposal 4: Decision of Remuneration for Granting Restricted Shares to Directors (excluding Directors who act as Audit and Supervisory Committee Members and Outside Directors)

The amount of remuneration for the Company's Directors (excluding Directors who act as Audit and Supervisory Committee Members) was approved by resolution of the 103rd Ordinary General Meeting of Shareholders held on March 30, 2016 to be within the amount of ¥300 million per annum including bonuses (however, excluding the amount of employee salary paid to Directors who concurrently serve as employees). The Company now requests approval for the payment of remuneration to grant restricted shares to the Company's Directors, separate from the above remuneration, for the purpose of providing incentives to the Company's Directors to sustainably enhance the Company's corporate value, and to further promote the sharing of value with the Company's shareholders.

The total amount of monetary remuneration to be paid for the purpose of granting restricted shares to the Company's Directors (excluding Directors who act as Audit and Supervisory Committee Members and Outside Directors; hereinafter "Eligible Directors") based on the Proposal shall be within the amount of ¥100 million per annum, which is an amount considered appropriate in view of the above objectives. In addition, the specific distribution of payments to each Eligible Director shall be determined by the Board of Directors.

There are currently ten (10) Directors (excluding Directors who act as Audit and Supervisory Committee Members) (including three (3) Outside Directors). However, if Proposal 2 is approved as originally proposed, the number of Directors (excluding Directors who act as Audit and Supervisory Committee Members) will be nine (9) (including three (3) Outside Directors); therefore, the number of Eligible Directors will be six (6).

In addition, Eligible Directors shall make in-kind contribution of all monetary remuneration receivables arising from the Proposal in accordance with a resolution by the Company's Board of Directors and shall, in return, receive shares of the Company's common stock that will be issued or disposed of by the Company. The total number of shares of the Company's common stock that will be issued or disposed of shall be within 80,000 shares per annum (however, in the event of circumstances necessitating an adjustment to the total number of shares of the Company's common stock that are issued or disposed of as restricted shares on or after the date on which the Proposal is approved, such as a stock split (including the gratis allotment of the Company's common stock) or reverse stock split of the Company's common stock, the number of shares shall be adjusted within a reasonable extent). The amount paid per share shall be determined by the Board of Directors within an extent that is not especially advantageous to the Eligible Director, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors (if no transactions are concluded on that day, the closing price of the immediately preceding date). In addition, when issuing or disposing of the Company's common stock, the Company and Eligible Directors shall enter into a restricted share allotment agreement (hereinafter, the "Allotment Agreement") whose outline and contents shall include the following.

- (1) With regard to the Company's common stock allotted in accordance with the Allotment Agreement (hereinafter, the "Allotted Shares"), during the period from the date of delivery of the Allotted Shares to the date that Eligible Directors lose their position as a Director or Executive Officer of the Company or the Company's subsidiaries or any other position stipulated by the Company's Board of Directors (hereinafter, the "Transfer Restriction Period"), Eligible Directors may not transfer, establish a security interest on, or otherwise dispose of the Allotted Shares (hereinafter, the "Transfer Restriction").
- (2) In the event that an Eligible Director loses his or her position as a Director or Executive Officer of the Company or the Company's subsidiaries or any other position stipulated by the Company's Board of Directors prior to the expiration of a period separately determined by the Company's Board of Directors (hereinafter, the "Service Provision Period"), the Company shall, as a matter of course, acquire the Allotted Shares at no consideration unless there are reasons deemed justifiable by the Company's Board of Directors.
- (3) The Company shall lift the Transfer Restriction for all the Allotted Shares upon the expiration of the Transfer Restriction Period on the condition that Eligible Directors have continuously been in a position as Director or Executive Officer of the Company or the Company's subsidiaries or any other position stipulated by the Company's Board of Directors during the Service Provision Period. However, in the event that an Eligible Director loses the position stipulated in (2) above prior to the expiration of the Service Provision Period for reasons deemed justifiable by the Company's Board of Directors as stipulated in (2) above, the number of the Allotted Shares for which the Transfer Restriction is to be lifted and the timing thereof shall be reasonably adjusted, as necessary.

- (4) The Company shall, as a matter of course, acquire the Allotted Shares for which the Transfer Restriction has not been lifted at the expiration of the Transfer Restriction Period based on the provisions in (3) above.
- (5) Notwithstanding the provisions in (1) above, in the event that the Company's General Meeting of Shareholders approves a merger agreement whereby the Company becomes the non-surviving company, a share exchange agreement or share transfer plan whereby the Company becomes the wholly-owned subsidiary, or any other matters relating to organizational restructuring during the Transfer Restriction Period (however, in the event that approval for said organizational restructuring does not require the approval of the Company's General Meeting of Shareholders, approval by the Company's Board of Directors shall apply), the Transfer Restriction on a reasonably determined number of the Allotted Shares shall be lifted prior to the effective date of said organizational restructuring by resolution of the Company's Board of Directors.
- (6) In the event of a case stipulated in (5) above, the Company shall, as a matter of course, acquire the Allotted Shares for which the Transfer Restriction has not been lifted immediately following the lifting of the Transfer Restriction based on the provisions in (5) above.
- (7) The methods for indication of intention and notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and any other matters stipulated by the Board of Directors shall form the content of the Allotment Agreement.

(Reference)

Provided that the Proposal is approved, the Company also intends to grant the same restricted shares as above to the Company's Executive Officers and others, and to the Directors and Executive Officers of the Company's subsidiary, Aron Kasei Co., Ltd.