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(Stock Exchange Code 4045)

March 1, 2023

(Start Date of Electronic Provision Measures: February 28, 2023)

**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 110TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

Notice is hereby given that the 110th Ordinary General Meeting of Shareholders of Toagosei Co., Ltd. (the “Company”) will be held for the purposes as described below.

The Company takes electronic provision measures when convening the General Meeting of Shareholders, and the matters to be provided electronically are posted as “Notice of the 110th Ordinary General Meeting of Shareholders” on the Company’s website.

The Company’s website: [https://www.toagosei.co.jp/english/ir/stock\\_information/meeting/](https://www.toagosei.co.jp/english/ir/stock_information/meeting/)

In addition to the above, they are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website below (TSE Listed Company Search), enter the issue name (Toagosei) or securities code (4045), and select “Basic information” and “Documents for public inspection/PR information” to confirm the information listed there.

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please note that for this year's General Meeting of Shareholders, we kindly ask those of you who will be attending the meeting to take precautions to prevent the spread of COVID-19, and also to consider exercising your voting rights in writing or by an electronic method (the Internet, etc.). We request you to review the Reference Documents for the General Meeting of Shareholders, which are listed in the matters to be provided electronically, and exercise your voting rights no later than 5:00 p.m. (Japan time) on Wednesday, March 29, 2023.

- 1 Date and Time:** Thursday, March 30, 2023 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 110th Fiscal Year (January 1, 2022 - December 31, 2022) 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 110th Fiscal Year (January 1, 2022 - December 31, 2022)

**Proposals to be resolved:**

**[Company's proposals]**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Election of Eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members)

**Proposal 3:** Election of Two (2) Directors who act as Audit and Supervisory Committee Members

**[Shareholder's proposals]**

**Proposal 4:** Appropriation of Surplus

**Proposal 5:** Buyback of Own Shares

The outline of the part of the agenda related to the shareholder's proposals is as described in the Reference Documents for the General Meeting of Shareholders.

### 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.
  - (4) If you do not indicate your vote for or against a proposal on the Voting Rights Exercise Form, you will be deemed to have approved it if it is a proposal by the Company, and to have objected to it if it is a proposal by the shareholder.
- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - The document we have sent to you also serves as a document describing the matters to be provided electronically based on your request for a paper copy to be sent. Please note that in accordance with applicable laws and regulations and Article 19 of the Articles of Incorporation of the Company, the following items are not included in it. Therefore, the document constitutes part of the documents audited by the Audit and Supervisory Committee in preparation of the Audit Report and by the Accounting Auditors in preparation of the Accounting Auditor's Report.
    - Business Report, "1 Status of the Corporate Group," (6) Main business sites, (7) Status of employees, and (8) Principal lenders
    - Business Report, "2 Matters Concerning Shares of the Company"
    - Business Report, "4 Matters Concerning Accounting Auditors"
    - Business Report, "5 System to Ensure the Appropriateness of Operations"
    - Business Report, "6 Basic Policy Concerning Control of the Company"
    - Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements in the Consolidated Financial Statements
    - Non-consolidated Financial Statements
    - Audit Report
  - In the event of a revision to the matters to be provided electronically, the details of the revision will be posted on the websites where they are posted.

### Measures to prevent the spread of COVID-19

- We kindly ask you to take precautions to prevent the spread of COVID-19 when you come to the venue for the General Meeting of Shareholders, and also to consider exercising your voting rights in advance by such means as mail or the Internet. Please refer to page 1 for the method of exercising your voting rights in advance.
- The General Meeting of Shareholders will be live-streamed on the Internet, so that you can view it from your home and other places. Please refer to the enclosed leaflet for how to view the live-streaming. Please note that while the Company intends to live-stream with due consideration for the shareholders' privacy, etc., images of attending shareholders may unavoidably appear on the screen.
- Please wear a mask when you come to the meeting venue. We kindly ask for your cooperation in using hand sanitizers available at the venue and in having your temperature checked. If you do not cooperate or if you have a fever, you may not be allowed to enter the venue.
- There will be fewer seats available than in previous years to ensure sufficient space between them.
- Please note that we will not distribute commemorative goods (souvenirs) and drinks.
- In order to shorten the meeting, explanations on the matters to be reported and others may be brief.

# 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 and improve our consolidated total return ratio with a consolidated dividend payout ratio targeted at around 30% and a consolidated total return ratio targeted at around 50%, and that the shareholder return be decided through a comprehensive consideration of investments for growth, earnings trend, and internal reserves to prepare for business risks, etc.

Regarding the year-end dividend for the 110th fiscal year, we propose as follows:

- 1 Type of dividend assets:  
Cash
  
- 2 Matters concerning the allotment of dividend assets and the amount thereof:
  - (1) Dividend per share: ¥18  
(Reference) Annual: ¥36
  - (2) Total amount of the dividends: ¥2,179,893,906
  
- 3 Date when dividends of surplus become effective:  
(March 31, 2023)

**Proposal 2:** Election of Eight (8) Directors (excluding Directors who act as Audit and Supervisory Committee Members)

The terms of office for all of the eight (8) incumbent Directors will expire at the conclusion of the meeting. Accordingly, the Company proposes the election of eight (8) 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 thirteen (13) members: six (6) Internal Directors and seven (7) Independent Outside Directors (twelve (12) male and one (1) female).

The candidates are as follows:

No.	Name	*1	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%)	13 years
2	Susumu Miho	[Reappointment]	Vice President and Representative Director and General Manager, Corporate Strategy Division	13/13 (100%)	5 years
3	Masahiro Kimura	[Reappointment]	Director, General Manager, Technology & Production Administrative Division and General Manager, Research & Development Administrative Division	13/13 (100%)	2 years
4	Taizo Serita	[Reappointment]	Director, General Manager, Group Administrative Division and General Manager, Human Resources Development Department, Group Administrative Division	10/10 (100%)*2	1 year
5	Yuichiro Mori	[Reappointment] [Outside] [Independent]	Director	13/13 (100%)	2 years
6	Hidetoshi Furukawa	[Reappointment] [Outside] [Independent]	Director	9/10 (90%)*2	1 year
7	Hidenori Kobuchi	[New appointment]	Executive Officer, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department	-	-
8	Takashi Kato	[New appointment] [Outside] [Independent]	-	-	-

\*1 [Reappointment] Candidate for Director to be reappointed, [New appointment] Candidate for Director to be newly appointed

\*2 Number of times after assuming the office of Director in March 2022

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 &amp; General Affairs Group, Administrative Department</p> <p>April 2006    General Manager, Human Resources &amp; General Affairs Group and General Manager, Investor Relations &amp; 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>	105,091
2	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. (Currently TOAGOSEI (Zhangjiagang) New Technology Co., Ltd.)</p> <p>February 2012 Deputy Plant Manager, Nagoya Plant of the Company</p> <p>April 2013    General Manager, Monomer &amp; 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 &amp; Oligomer Division and General Manager, New Product Development Department, Polymer &amp; Oligomer Division</p> <p>March 2018    Director, General Manager, Technology &amp; Production Administrative Division and General Manager, Research &amp; Development Administrative Division</p> <p>January 2011 Director, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department</p> <p>January 2012 Director, General Manager, Supply Chain Management Division, General Manager, Logistics Department, Supply Chain Management Division and General Manager, Tokyo Sales Department</p> <p>January 2023 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. 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 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>	39,319

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	Masahiro Kimura (July 7, 1960)  [Reappointment]	<p>April 1986      Joined the Company</p> <p>April 2012      General Manager, Manufacturing Department II, Nagoya Plant</p> <p>April 2014      Deputy Plant Manager, Takaoka Plant</p> <p>June 2018      Plant Manager, Takaoka Plant</p> <p>March 2019      Executive Officer, Plant Manager, Takaoka Plant</p> <p>March 2021      Director, General Manager, Technology &amp; Production Administrative Division and General Manager, Research &amp; Development Administrative Division (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Masahiro Kimura as a candidate for Director because he has mainly been involved in the management of the technology and production 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>	24,944
4	Taizo Serita (January 25, 1962)  [Reappointment]	<p>April 1985      Joined Aron Kasei Co., Ltd.</p> <p>June 2007      General Manager, General Affairs and Human Resources Department, Aron Kasei Co., Ltd.</p> <p>September 2011      General Manager, General Affairs &amp; Legal Group, Administrative Department of the Company</p> <p>April 2012      General Manager, General Affairs &amp; Legal Department, Administrative Division and General Manager, Investor Relations &amp; Public Relations Section, Administrative Division</p> <p>March 2014      Director, In charge of Supply Chain Management, Aron Kasei Co., Ltd.</p> <p>March 2015      Director, In charge of Finance &amp; Supply Chain Management, Aron Kasei Co., Ltd.</p> <p>January 2016      Director, General Manager, Administrative Division, Aron Kasei Co., Ltd.</p> <p>March 2019      Executive Officer, General Manager, Information System Department, Group Management Division of the Company President and Representative Director, Toa Business Associe Co., Ltd.</p> <p>January 2020      Executive Officer, General Manager, Information System Department, Corporate Strategy Division of the Company President and Representative Director, Toa Business Associe Co., Ltd.</p> <p>March 2022      Director, General Manager, Group Administrative Division and General Manager, Human Resources Development Department, Group Administrative Division of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Taizo Serita as a candidate for Director because he has mainly been involved in the management of the administrative division of the Company and the Group companies and the operating division 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>	18,264

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	Yuichiro Mori (January 6, 1968)  [Reappointment] [Outside] [Independent]	<p>April 1993 Registered as a lawyer</p> <p>April 1993 Joined Nagashima &amp; Ohno (currently Nagashima Ohno &amp; Tsunematsu)</p> <p>June 2002 Joined Jones Day Showa (currently Jones Day) (to present)</p> <p>July 2012 Supervisory Director, DREAM Private REIT Inc. (to present)</p> <p>June 2018 Outside Audit &amp; Supervisory Board Member, Keihin Corporation (currently Hitachi Astemo, Ltd.)</p> <p>March 2021 Director of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director and outline of expected roles]</p> <p>Mr. Yuichiro Mori has a high level of expert knowledge and experience, etc. in legal practice that he has acquired as a lawyer, in addition to his business track records as an Outside Director of the Company. The Company selected him as a candidate for Outside Director because it is expected that he will continue to further enhance the management system of the Company by providing opinions and recommendations that contribute to the improvement of corporate value based on his experience as well as oversight from an independent perspective regarding the management of the Company.</p> <p>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>	363
6	Hidetoshi Furukawa (July 16, 1955)  [Reappointment] [Outside] [Independent]	<p>April 1979 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>June 2005 Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2009 Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2012 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation</p> <p>April 2014 Representative Director and Deputy President, Sumitomo Mitsui Banking Corporation</p> <p>June 2015 Representative Director, President and Chief Executive Officer, SMBC Trust Bank</p> <p>June 2018 Chairperson, SMBC Trust Bank</p> <p>June 2020 Outside Director, Isetan Mitsukoshi Holdings Ltd. (to present)</p> <p>November 2021 Chairman, General Incorporated Company, Kobe City Property Research (to present)</p> <p>March 2022 Director of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director and outline of expected roles]</p> <p>Mr. Hidetoshi Furukawa has extensive experience in corporate management, including serving as Representative Director at Sumitomo Mitsui Banking Corporation and at SMBC Trust Bank as well as a high level of insight regarding finance and accounting developed through his business background at financial institutions, in addition to his business track records as an Outside Director of the Company. The Company selected him as a candidate for Outside Director because it is expected that he will continue to further enhance the management system of the Company by providing opinions and recommendations that contribute to the improvement of corporate value based on his experience as well as oversight from an independent perspective regarding the management of the Company.</p>	728



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	Hidenori Kobuchi (December 4, 1963)  [New appointment]	<p>April 1988    Joined the Company</p> <p>April 2010    General Manager, Adhesive Material Group, Performance Chemicals Department</p> <p>April 2013    General Manager, Polymer &amp; UV-Curable Group, Acrylic Products Department</p> <p>January 2016    General Manager, Polymer &amp; UV-Curable Group, Acrylic Products Department, General Manager, New Product Exploration Group, Acrylic Products Department</p> <p>January 2017    General Manager, Polymer Department, Polymer &amp; Oligomer Division</p> <p>March 2018    Executive Officer, General Manager, Polymer &amp; Oligomer Division, General Manager, Polymer Department, Polymer &amp; Oligomer Division</p> <p>January 2019    Executive Officer, General Manager, Polymer &amp; Oligomer Division</p> <p>January 2021    Executive Officer of the Company President and Representative Director, MT AquaPolymer, Inc.</p> <p>January 2023    Executive Officer, General Manager, Supply Chain Management Division and General Manager, Tokyo Sales Department of the Company (to present)</p> <p>[Reason for selecting him/her as a candidate for Director] The Company selected Mr. Hidenori Kobuchi as a candidate for Director because he has mainly been involved in the management of the operating division of the Company and of the Group 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>	20,789
8	Takashi Kato (April 22, 1959)  [New appointment] [Outside] [Independent]	<p>April 1989    Assistant, Department of Chemical Synthesis, Faculty of Engineering, The University of Tokyo</p> <p>April 1991    Lecturer, Institute of Industrial Science, The University of Tokyo</p> <p>July 1993    Associate Professor, Institute of Industrial Science, The University of Tokyo</p> <p>July 1996    Associate Professor, Department of Chemistry and Biotechnology, School of Engineering, The University of Tokyo</p> <p>April 1999    Associate Professor, Graduate School of Frontier Sciences, The University of Tokyo</p> <p>May 2000    Professor, Department of Chemistry and Biotechnology, School of Engineering, The University of Tokyo (to present)</p> <p>September 2016    President, The Japanese Liquid Crystal Society</p> <p>May 2018    President, The Society of Polymer Science, Japan</p> <p>October 2019    Deputy Director, Research Center for Water Environmental Technology, School of Engineering, The University of Tokyo (to present)</p> <p>April 2022    Member of the Board, The Asahi Glass Foundation (to present)</p> <p>[Reason for selecting him/her as a candidate for Outside Director and outline of expected roles] Mr. Takashi Kato has a high level of expert knowledge and experience, etc. that he has acquired as a university professor in a wide range of chemical fields, including polymer chemistry. The Company selected him as a candidate for Outside Director because it is expected that he will further enhance the management system of the Company by providing opinions and recommendations that contribute to the improvement of corporate value based on his experience as well as oversight from an independent perspective regarding 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>	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. Messrs. Yuichiro Mori and Hidetoshi Furukawa are candidates for Outside Directors, and the Company designates them as independent officers as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
4. Mr. Yuichiro Mori 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.
5. Mr. Hidetoshi Furukawa is currently Outside Director of the Company. His term of office as Outside Director will have been one year at the conclusion of the meeting.
6. Mr. Takashi Kato is a candidate for Outside Director. The Company will designate him as an independent officer as stipulated under the regulations of the Tokyo Stock Exchange and submit a notification of the designation to the same Exchange.
7. Mr. Hidetoshi Furukawa previously served as Representative Director and Deputy President of Sumitomo Mitsui Banking Corporation, the main bank of the Company. In April 2015, he retired from his position, since which seven years and 11 months will have passed at the conclusion of the meeting.
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 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 agreements mentioned above with Messrs. Yuichiro Mori and Hidetoshi Furukawa. If the election of Messrs. Yuichiro Mori, Hidetoshi Furukawa, and Takashi Kato is approved at the meeting, the Company intends to enter into the liability limitation agreements with them.
9. The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If this Proposal is approved, the candidates will be insured by said insurance agreement. An outline of the insurance agreement is as described in "(5) Outline of a directors and officers liability insurance agreement" of "3 Matters regarding officers of the Company" of the Business Report (available in Japanese only). The Company plans to renew said insurance agreement during their terms of office.

**Proposal 3:** Election of Two (2) Directors who act as Audit and Supervisory Committee Members

Among the five (5) incumbent Directors who act as Audit and Supervisory Committee Members, the terms of office of Ms. Kiyoko Ishiguro and Mr. Masahiko Yasuda will expire at the conclusion of the meeting. Accordingly, the Company proposes the election of two (2) Directors who act as Audit and Supervisory Committee Members.

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	<p>Kiyoko Ishiguro (February 21, 1960)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1991 Registered as a lawyer</p> <p>April 1995 Partner, Noda, Aibara &amp; Ishiguro Law Office (currently Noda Memorial Law Office) (to present)</p> <p>April 2000 General Manager, Research Department, Tokyo Bar Association</p> <p>April 2006 Chairperson, Public Relations Committee, Tokyo Bar Association</p> <p>April 2010 Civil Defense Instructor, Legal Training and Research Institute, The Supreme Court</p> <p>June 2010 Outside Director, SATO Corporation (currently SATO HOLDINGS CORPORATION)</p> <p>September 2017 Audit &amp; Supervisory Board Member, TORAJI CORPORATION (to present)</p> <p>March 2019 Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>March 2022 Outside Director, Nippon Seiro Co., Ltd. (to present)</p> <hr/> <p>[Reason for selecting him/her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member and outline of expected roles]</p> <p>Ms. Kiyoko Ishiguro has a high level of expert knowledge and experience, etc. in legal practice that she has acquired as a lawyer, in addition to her business track records as an Outside Director who acts as Audit and Supervisory Committee Member of the Company. The Company selected her as a candidate for Outside Director who acts as Audit and Supervisory Committee Member because it is expected that she will continue to monitor and verify the status of the establishment and operation of the internal control system of the Company as well as conduct audits, etc. of the status of operations and assets of the Company, based on her experience.</p> <p>She has not been involved in corporate management other than her experience as an outside officer. However, the Company considers she will perform her duty properly as an Outside Director for the above reasons.</p>	3,947

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	Masahiko Yasuda (September 15, 1963)  [Reappointment] [Outside] [Independent]	<p>November 1988    Joined Aoyama Audit Corporation</p> <p>May 1993        Registered as a certified public accountant</p> <p>October 2006    Managing Director, PwC Advisory Co., Ltd. (currently PwC Advisory LLC)</p> <p>July 2008        Partner, PwC Advisory Co., Ltd. Representative Partner, PwC Arata (currently PricewaterhouseCoopers Arata LLC)</p> <p>March 2012      President and Representative Director, Benedi Consulting Co., Ltd. (to present)</p> <p>August 2012     Chief, Yasuda Masahiko Certified Public Accountant Office (to present)</p> <p>March 2019      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 and outline of expected roles] Mr. Masahiko Yasuda has a high level of expert knowledge and experience, etc. regarding accounting that he has acquired through his background as a Certified Public Accountant, in addition to his business track records as an Outside Director who acts as Audit and Supervisory Committee Member of the Company. The Company selected him as a candidate for Outside Director who acts as Audit and Supervisory Committee Member because it is expected that he will continue to monitor and verify the status of the establishment and operation of the internal control system of the Company as well as conduct audits, etc. of the status of operations and assets of the Company, based on these experiences and other factors.</p>	4,831

(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 is the candidate's equity interest in the Officer Shareholders' Committee.
3. Ms. Kiyoko Ishiguro and Mr. Masahiko Yasuda are candidates for Outside Directors. The Company designates them as independent officers as stipulated under the regulations of the Tokyo Stock Exchange and submitted a notification of the designation to the same Exchange.
4. Ms. Kiyoko Ishiguro is currently Outside Director who acts as Audit and Supervisory Committee Member of the Company. Her term of office in this position will have been four years at the conclusion of the meeting.
5. Mr. Masahiko Yasuda 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 four years at the conclusion of the meeting.
6. 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 agreements mentioned above with Ms. Kiyoko Ishiguro and Mr. Masahiko Yasuda. If the election of Ms. Kiyoko Ishiguro and Mr. Masahiko Yasuda is approved at the meeting, the Company intends to enter into the liability limitation agreements with them.
7. The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. If this Proposal is approved, the candidates will be insured by said insurance agreement. An outline of the insurance agreement is as described in "(5) Outline of a directors and officers liability insurance agreement" of "3 Matters regarding officers of the Company" of the Business Report (available in Japanese only). The Company plans to renew said insurance agreement during their terms of office.

(Reference)

●The Composition of the Board of Directors

If Proposal 2 and Proposal 3 are approved as originally proposed, the composition of the Company's Board of Directors will be as follows: The Company will continue to consider organizing a Board of Directors that is diverse in terms of gender, areas of experience, etc.

Name	Category	Attendance at the Board of Directors meetings in 2022 (times)	Areas of experience							
			Corporate Management / Corporate Strategy	Marketing / Sales	R&D / Technology & Production/ DX	Finance / Accounting	Legal Affairs	Human Resources / Labor Management	Global	Sustainability
Mikishi Takamura		13/13	○			○		○		○
Susumu Miho		13/13	○	○	○				○	○
Masahiro Kimura		13/13			○				○	○
Taizo Serita		10/10*1		○	○	○	○	○		○
Hidenori Kobuchi		-		○	○					
Yuichiro Mori	[Outside]	13/13					○		○	
Hidetoshi Furukawa	[Outside]	9/10*1	○			○			○	
Takashi Kato	[Outside]	-			○				○	○
Yoshitaka Suzuki	Audit and Supervisory Committee Member	13/13	○			○	○	○		○
Nobuhiko Takano	Audit and Supervisory Committee Member [Outside]	13/13				○				
Kiyoko Ishiguro	Audit and Supervisory Committee Member [Outside]	13/13					○			○
Masahiko Yasuda	Audit and Supervisory Committee Member [Outside]	13/13	○			○			○	
Koichi Danno	Audit and Supervisory Committee Member [Outside]	13/13	○			○			○	

\*1. Number of times after assuming the office of Director in March 2022

\*2. Genders of Directors: 1 female, 12 male

\*3. Attributes of Directors: 6 Inside Directors and 7 Independent Outside Directors

- 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 assets 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.

### <Shareholder's Proposals (Proposals 4 and 5)>

The Proposals 4 and 5 are proposals from one shareholder. The Board of Directors of the Company opposes all these proposals.

Summary of and reasons for the proposals are the original text of the shareholder's proposals submitted by the proposing shareholder.

### Shareholder's Proposal

#### Proposal 4: Appropriation of Surplus

(i) Summary of the Proposal

Appropriation of the Surplus shall be made as follows.

If the Board of Directors of the Company proposes the appropriation of surplus to the AGM, this proposal is additionally proposed as a proposal independent of and compatible with such proposal by the Board of Directors.

(a) Kind of the Dividend Property

Cash

(b) Dividend Amount per Share

34 yen minus the dividend amount per share of common stock of the Company, which was proposed by the Board of Directors of the Company at the AGM and approved by the AGM (or 34 yen, if the Board of Directors of the Company does not propose an appropriation of surplus at the AGM)

(c) Matters Concerning Assignment of the Dividend Property and Total Amount of Dividends

Dividend amount per share of common stock of the Company shall be the amount equal to the dividend amount per share set out in (b) above (Total amount of dividends shall be calculated by multiplying the dividend amount per share by the total number of the Company's outstanding common shares (excluding treasury shares) as of December 31, 2022.)

(d) Effective Date of Dividend of Surplus

The day following the date of the AGM

(ii) Outline of Reasons for the Proposal

The Company's dividend forecast for the fiscal year ended December 31, 2022, is 36 yen per share and net income forecast is currently 105.44 yen per share, for a pay-out ratio of approximately 34.1%, which is below the average pay-out ratio of 42.5% for the companies listed on the Prime Market of Tokyo Stock Exchange. In addition, the Company continues to be significantly overcapitalized, indicating a disregard for shareholders.

If the Company does not increase the dividend pay-out ratio, the Company's return on equity will be lower than that of its competitors, and the value of the investments in the Company will continue to stagnate. On the other hand, even if the Company implements the proposed appropriation of retained earnings, the Company would continue to be able to generate sufficient funds to invest in its core business, respond to various technological innovations, and expand its business activities in a rational and prudent manner.

For the above reasons, the proposing shareholder (i.e., Kiltarn) proposes to make appropriation of surplus with a year-end dividend with the amount per share of 34 yen (rounded down to the nearest yen), which is the amount equal to 50% of the above-mentioned forecasted net income per share, less 18 yen, which is the interim dividend amount per share of common stock for the fiscal year ended December 31, 2022.

(iii) Reason for the Proposal

According to the Company's most recent summary of financial results at the time of the proposal, the Company's forecasted dividend amount for the fiscal year ended December 31, 2022, is 36 yen per share and the forecasted net income is 105.44 yen per share. The Company's dividend pay-out ratio is approximately 34.1%, which is lower than the average dividend pay-out ratio of 42.5% for the companies listed on the Prime Market of the Tokyo Stock Exchange. (\*) The proposing shareholder recognizes that dividend pay-out ratios among listed companies in Japan are on the rise, and believes that the Company's relatively low dividend pay-out ratio in the face of such a trend is an indication that the Company does not prioritize shareholder returns.

In addition, the Company has been consistently generating high levels of free cash flow and its balance sheet is overcapitalized. The total amount of "cash and deposits" and "investment securities" (67,469

million yen) stated in the Company's consolidated balance sheet equaled to 35.2% of the Company's shareholders' equity (191,785 million yen) as of September 30, 2022.

The increase in the Company's dividend pay-out ratio would cause no problems in terms of its financial soundness and business continuity. The proposing shareholder believes that even with the increase in the dividend pay-out ratio, given the Company's strong performance to date, sufficient free cash flows would still be generated in the period to allow the Company to invest in its core business, to prepare for various technology changes and to expand its business activities in a reasonable and prudent manner.

Unless the Company looks to increase its dividend pay-out ratio and sets more ambitious targets for buybacks, its return on equity – a key measure of shareholder value creation – would continue to be depressed relative to its competitors.

For the above reasons, the proposing shareholder proposes to make appropriation of surplus with a year-end dividend with the amount per share of 34 yen (rounded down to the nearest yen), which is the amount equal to 50% of the above-mentioned forecasted net income per share, less 18 yen, which is the interim dividend amount per share of common stock for the fiscal year ended December 31, 2022.

(\*) Source: Calculated by Daiwa Securities based on figures published by companies listed on the Prime Market for fiscal years ended between July 2021 and June 2022 (certain companies are excluded, such as those that did not pay dividends or had negative net income).

### <Opinions of the Board of Directors of the Company on the Shareholder's Proposals>

#### 1. Opinion of the Board of Directors of the Company

##### **The Board of Directors of the Company opposes the shareholder's proposal.**

#### 2. Reasons for opposition

The Toagosei Group aims to achieve sustained growth by expanding existing businesses and creating new products and businesses set to become future earnings pillars, based on its corporate philosophy of “through the endless possibilities of chemistry, we bring happiness created by highly functional materials.”

With this corporate philosophy at its core, we announced our new three-year Medium-Term Management Plan 2025 spanning from 2023 to 2025 (the “Plan”) on January 31, 2023. Under the Plan, with three basic policies of “strengthen development capabilities for new products and novel technologies,” “increase overseas net sales,” and “contribute to a sustainable society,” we will invest additional management resources in reinforcing our R&D capabilities and strengthening our production base, as well as develop infrastructure and conduct sustainability-related investments, including development of logistics facilities at each of our locations, reduction of greenhouse gas emissions, and active introduction of green energy generation, in order to strengthen our business base.

As a result of these initiatives, we will seek to further expand our unique and high value-added businesses and build a business base resilient to intense changes in the business environment.

Furthermore, in order for our Group to achieve sustained development, we need to address geopolitical risks such as the conflict in Ukraine, rapid changes in the business environment including exchange rates and monetary policies, and long-term issues including reduction of greenhouse gas emissions. Accordingly, we believe that it is necessary to reserve a certain level of funds on hand that can be flexibly utilized.

Based on the above, our policy for shareholder returns shall be decided through a comprehensive consideration of investments for growth, earnings trend, and internal reserves to prepare for business risks, etc., with shareholder returns through dividends (the “Dividend Pay-out Ratio”) targeted at around 30% of net income attributable to owners of parent and shareholder returns through dividends and buyback of own shares (the “Total Return Ratio”) targeted at around 50% of net income attributable to owners of parent.

In particular, for dividends, which are direct return of profits to our shareholders, we have a policy of “stable and continuous return of profits,” and have increased dividends seven times since 2009, while not reducing dividends even when our performance deteriorated. As for annual dividends in 2022, although our performance decreased from the previous year, we will not reduce dividends and maintain the same amount as the previous year, and will propose the year-end dividend of 18 yen per share (annual dividend of 36 yen per share) as a proposal for appropriation of surplus at the Meeting. In addition, we conducted share buyback of 4.3 billion yen in 2022, resulting in the Dividend Pay-out Ratio of 35.5% and Total Return Ratio of 69.7% for FY2022.

In contrast, the shareholder's proposal calls for additional dividend of 16 yen per share to the abovementioned year-end dividend of 18 yen per share (annual dividend of 36 yen per share) proposed by the Company. We have to regard the shareholder's proposal as being based on a short-term perspective that is inconsistent with our policy of return of profits to our stakeholders toward the improvement of our Group's medium-to long-term corporate value. Accordingly, we judge that the shareholder's proposal will not lead to the improvement of our medium-to long-term corporate value.

For the above reasons, the Board of Directors of the Company opposes the shareholder's proposal.



## Shareholder's Proposal

### Proposal 5: Buyback of Own Shares

#### (i) Summary of the Proposal

Pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, within one (1) year from the conclusion of the AGM, the Company shall acquire its common stock by way of cash payment up to a total number of 12,200,000 shares and a total acquisition price of 16,000,000,000 yen (or if the total amount of the acquisition price permitted under the Companies Act (the "Distributable Amount" as defined in Article 461 of the Companies Act) is less than such amount, the maximum amount of the total acquisition price permitted under the Companies Act).

#### (ii) Outline of Reasons for the Proposal

Taking into account its future needs for funds to reinvest in its business, the Company has excess funds. The Company's share buyback program under its medium-term management plan is not sufficient given the magnitude of the overcapitalization of the balance sheet.

Even if the Company performs the share buyback as proposed, sufficient free cash flows would be able to be generated to allow the Company to invest in its core business, to prepare for various technology changes and to expand its business activities in a reasonable and prudent manner.

Accordingly, in order to increase shareholder returns and thereby improve capital efficiency and future corporate value, it is proposed that the Company will buy back approximately 10% of the total number of its issued shares (excluding treasury shares).

#### (iii) Reason for the Proposal

For the following reasons, the proposing shareholder believes that the Company would be able to make the proposed share buyback without creating any opportunity loss in terms of business, and that it would be in the best interest of all shareholders to perform such shares buyback.

First of all, the Company has excess funds, even after taking into account future capital requirements for reinvestment in the business. In the "Stage up for the Future" in its medium-term management plan (2020-2022), the Company has announced that it will buy back its own shares with a value of approximately 10 billion yen over a three-year cumulative period. However, according to its most recent quarterly report as of the date of the proposal, 10 billion yen is only about 15% of its cash and deposits and investment securities, and given the size of the excess capital on its balance sheet, this level of share buyback is not a sufficient response. Even if the Company were to buy back its own shares equivalent to 10% of the total number of its outstanding shares in one year, it would still remain in the overcapitalized situation.

On the other hand, as of September 30, 2022, the Company held 27,758 million yen in investment securities on its balance sheet. In its "Basic Corporate Governance Policy", the Company states that it will acquire and hold shares of such business partners when it judges that such acquisition and holding will contribute to improving the medium- to long-term corporate value of the Company from the perspective of maintaining and strengthening business relationships, building business alliances, and so forth. However, such acquisition and holding of shares of business partners is not material to the Company's ability to maintain relationships with suppliers, clients, employees or other stakeholders. In addition, such cross-holdings do not allow the Company to exercise day-to-day influence on the underlying business operations of the cross-holding companies. The proposing shareholder believes that the explanation by the Company's management that the above-mentioned investments were performed for a strategic purpose is not reasonable and that such investments have been made solely for the convenience of the Company's management. The proposing shareholder believes that such cross-holdings, for which there is no recognized need, should be dissolved and that shareholder returns should be expanded by using the proceeds from the sale of cross-shareholdings to partially fund the share buyback proposed by us as stated above. As stated above, we believe that the Company has sufficient financial resources to conduct the proposed share buyback.

Further, the proposed buyback would cause no problems in terms of the Company's financial soundness and business continuity. The proposing shareholder believes that even if the Company conducts such share buyback, sufficient funds will still be generated in the period to allow the Company to invest in its core business, to prepare for various technology changes and to expand its business activities in a reasonable and prudent manner.

Therefore, in order to increase shareholder returns and thereby improve capital efficiency and future corporate value, we propose that the Company buy back approximately 10% of the total number of its issued shares (excluding treasury shares).

## <Opinions of the Board of Directors of the Company on the Shareholder's Proposals>

### 1. Opinion of the Board of Directors of the Company

#### **The Board of Directors of the Company opposes the shareholder's proposal.**

### 2. Reasons for opposition

The Company has announced the Medium-Term Management Plan 2025 as described in the reasons for its opposition to "Proposal 4: Appropriation of Surplus." Under the Plan, we will accelerate the strengthening of our R&D capabilities through capital investment of 68.0 billion yen over the three years from 2023 to 2025 (an increase of 19.6 billion yen from the results of the previous medium-term management plan period of 48.4 billion yen), investment of 16.0 billion yen in R&D (an increase of 2.9 billion yen from the results of the previous medium-term management plan period of 13.1 billion yen), and capital participation in start-up companies. These activities will be funded by cash flows from operating activities during the period of the Plan, proceeds from the sale of cross-shareholdings, which are targeted to be less than 10% of consolidated net assets, and cash on hand. As a result, net cash balance, which is obtained by deducting interest-bearing debts from the sum of cash and deposits and short-term securities held, is expected to decrease to approximately 25.0 billion yen at the end of 2025 from 47.3 billion yen at the end of 2022.

Based on the recognition that profit growth and capital efficiency improvement based on balance sheet management are essential to improve corporate value and shareholder value, we have set ROE as a KPI (7.3% planned for 2025) and announced on January 31, 2023 that, as a measure to improve capital efficiency, we plan to buy back our own shares with a value of 20.0 billion yen during the three-year period of the Plan, exceeding the 12.2-billion-yen share buybacks during the previous medium-term management plan period. We have decided at the Board of Directors meeting held on February 10, 2023 to buy back our own shares with a value of 6.0 billion yen in 2023.

Furthermore, as we announced on January 31, 2023, we will introduce a stock compensation plan for our employees (ESOP) in April 2023 (plan), utilizing a portion of our own shares held, with the purpose of further promoting the execution of business operations aiming to improve our performance by further increasing the employees' awareness toward the Company's performance and increasing the share price, and of improving the Company's corporate value over the medium- to long-term.

In contrast, the shareholder's proposal is to buy back our own shares totaling 16.0 billion yen within one year from the conclusion of the Meeting. We believe that such large-scale share buyback is inconsistent with our capital investment plan, etc. set out in the Plan above. In addition, it does not take into consideration the average market volume of our shares, etc., and from this standpoint, too, we judge that it will not lead to the improvement of our Group's medium-to long-term corporate value.

For the above reasons, the Board of Directors of the Company opposes the shareholder's proposal.

### (Reference)

#### • Results of shareholder returns from 2017 to 2022

	Medium-term management plan 2019 period			Medium-term management plan 2022 period		
	2017	2018	2019	2020	2021	2022
Dividend amount	¥26	¥28	¥30	¥30	¥36	¥36 (plan)
Dividend Pay-out Ratio	26.5%	28.9%	38.0%	48.1%	33.3%	35.5%
Amount of buyback of own shares	--	--	--	¥3.9 billion	¥4.0 billion	¥4.3 billion
Total Return Ratio	26.5%	28.9%	38.0%	95.4%	62.1%	69.7%

\* Dividend Pay-out Ratio and Total Return Ratio for 2022 are calculated with an annual dividend of 36 yen.