

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Stock Exchange Code: 4634)  
March 9, 2018

**To Shareholders with Voting Rights:**

Katsumi Kitagawa  
President, Representative Director  
TOYO INK SC HOLDINGS CO., LTD.  
2-2-1 Kyobashi, Chuo-ku, Tokyo

**NOTICE OF  
THE 180TH ANNUAL 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 180th Annual General Meeting of Shareholders of TOYO INK SC HOLDINGS CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via electromagnetic means (the Internet).

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by following the instructions below by 5:00 p.m. on Monday, March 26, 2018, Japan time.

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by the above deadline.

[Exercise of Voting Rights via electromagnetic means (the Internet)]

Upon reviewing the “Instructions for Exercise of Voting Rights via the Internet, etc.” (Japanese version only), please access the voting rights exercise website (<http://www.web54.net>) designated by the Company and vote for or against the proposals by the above deadline.

- 1. Date and Time:** Tuesday, March 27, 2018 at 10:00 a.m. Japan time  
(The date of the Meeting does not correspond with the date of the previous Annual General Meeting of Shareholders (June 29, 2017) because the Company changed its fiscal year-end from March 31 to December 31 from the Company’s 180th Fiscal Year.)
- 2. Place:** Conference room on the 29th floor of the Company located at  
2-2-1 Kyobashi, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company’s 180th Fiscal Year (April 1, 2017 - December 31, 2017) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 180th Fiscal Year (April 1, 2017 - December 31, 2017)

**Proposals to be resolved:**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Implementation of Reverse Stock Split

**Proposal 3:** Election of 14 Directors

**Proposal 4:** Election of One Audit & Supervisory Board Member

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. If you exercise your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the vote placed via the Internet is deemed valid.
3. Of the documents required to be presented along with this notice of convocation, “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” are, in accordance with laws and regulations, and Article 16 of the Articles of Incorporation of the Company, posted on the Company’s website (<http://sched.toyoinkgroup.com/ja/ir/archives/mtg.html>) and are therefore not included in the documents attached to this notice of convocation. Accordingly, the documents attached to this notice of convocation are part of the documents audited by Accounting Auditor and the Audit & Supervisory Board in preparing the Accounting Auditor’s audit report and Audit & Supervisory Board’s audit report, respectively.
4. Should the Reference Documents for the General Meeting of Shareholders, Business Report, Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website (<http://sched.toyoinkgroup.com/ja/ir/archives/mtg.html>).

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal 1:** Appropriation of Surplus

The Company's basic policy for distribution of surplus is to put priority on maintaining stable dividend, while also taking into account ensuring the business foundation necessary for sustainable growth over the long term.

Based on the above basic policy, the year-end dividend for the fiscal year is proposed as following by considering the business results for the fiscal year, enhancement of financial structure and future business development.

- (1) Type of dividend property  
Cash
- (2) Matters concerning the allotment of dividend property and the total amount thereof  
¥8 per share of common stock of the Company  
Total amount: ¥2,335,434,568  
Including the interim dividend, the annual dividend for the fiscal year will be ¥16.00 per share.
- (3) Effective date of distribution of surplus  
March 28, 2018

## Proposal 2: Implementation of Reverse Stock Split

### 1. Reasons for implementing reverse stock split

All domestic stock exchanges of Japan have announced the Action Plan for Consolidating Trading Units and aim to uniformly adopt the share trading unit of 100 shares by October 1, 2018 with regard to the common stocks of all domestic listed companies.

The Company also respects this intent as a listed company on the Tokyo Stock Exchange (TSE), and subject to the approval of this proposal as proposed at a meeting of the Company's Board of Directors to be held on February 14, 2018, the Company has resolved to change its share trading unit from 1,000 shares to 100 shares. Additionally, regarding the Company's share trading unit, a reverse stock split shall be executed to adjust the number of investment units to an appropriate level believed desirable by stock exchanges (50,000 yen or more but less than 500,000 yen).

### 2. Consolidation ratio

The Company proposes to implement the share consolidation of its common shares on a one for five basis.

When fractions of less than 1 share are generated as a result of the reverse stock split, such fractions will be disposed of collectively, and the proceeds from the disposal will be distributed to the shareholder concerned in accordance with the ratio of fractions pursuant to the stipulations of the Companies Act.

### 3. Effective date of the reverse stock split

July 1, 2018

### 4. Total number of shares authorized to be issued as of the effective date

160,000,000 shares

### 5. Other

Other necessary matters for procedures shall be decided by the Board of Directors.

### <Reference>

Subject to the approval of this proposal as proposed, partial revision shall be made to the Company's Articles of Incorporation on July 1, 2018.

(Amended parts are underlined.)

Current	Proposed amendment
<p>CHAPTER II. SHARES</p> <p>(Total Number of Shares Authorized to Be Issued)</p> <p>Article 6. The total number of shares authorized to be issued by the Company shall be <u>eight hundred million (800,000,000)</u> shares.</p> <p>(Share Unit)</p> <p>Article 8. The share unit of the Company shall be <u>one thousand (1,000)</u> shares.</p>	<p>CHAPTER II. SHARES</p> <p>(Total Number of Shares Authorized to Be Issued)</p> <p>Article 6. The total number of shares authorized to be issued by the Company shall be <u>one hundred sixty million (160,000,000)</u> shares.</p> <p>(Share Unit)</p> <p>Article 8. The share unit of the Company shall be <u>one hundred (100)</u> shares.</p>

**Proposal 3:** Election of 14 Directors

The terms of office of all 14 Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 14 Directors is proposed.

The candidates are as follows:

No.	Name	Term of office	Current positions at the Company	Attendance at meetings of the Board of Directors
1	Kunio Sakuma <u>Reappointment</u>	23 years and 9 months	Chairman	100% (13/13 meetings)
2	Katsumi Kitagawa <u>Reappointment</u>	12 years and 9 months	President, Representative Director	100% (13/13 meetings)
3	Katsumi Yamazaki <u>Reappointment</u>	10 years and 9 months	Senior Managing Director	100% (13/13 meetings)
4	Hiroya Aoyama <u>Reappointment</u>	8 years and 9 months	Senior Managing Director	100% (13/13 meetings)
5	Shuji Miyazaki <u>Reappointment</u>	9 years and 9 months	Managing Director	100% (13/13 meetings)
6	Satoru Takashima <u>Reappointment</u>	4 years and 9 months	Managing Director	100% (13/13 meetings)
7	Naoki Adachi <u>Reappointment</u> <u>Outside Director</u>	9 years and 9 months	Director	92.3% (12/13 meetings)
8	Kimito Amari <u>Reappointment</u> <u>Outside Director</u> <u>Independent</u>	2 years and 9 months	Director	92.3% (12/13 meetings)
9	Keiko Kimura <u>Reappointment</u> <u>Outside Director</u> <u>Independent</u>	1 year and 9 months	Director	100% (13/13 meetings)
10	Toshiaki Hirakawa <u>Reappointment</u>	4 years and 9 months	Director	100% (13/13 meetings)
11	Kazuhiko Ide <u>Reappointment</u>	2 years and 9 months	Director	100% (13/13 meetings)
12	Hiroyuki Hamada <u>Reappointment</u>	1 year and 9 months	Director	100% (13/13 meetings)
13	Kazuhito Nakano <u>Reappointment</u>	1 year and 9 months	Director	100% (13/13 meetings)
14	Kunizo Sakai <u>New appointment</u> <u>Outside Director</u> <u>Independent</u>	-	-	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Kunio Sakuma (August 21, 1944)</p> <p>Attendance at meetings of the Board of Directors 100% (13/13 meetings)</p> <p><u>Reappointment</u></p>	<p>April 1968    Joined the Company</p> <p>June 1994    Director of the Company</p> <p>June 1997    Managing Director of the Company</p> <p>June 2000    President, Representative Director of the Company</p> <p>June 2003    Outside Corporate Auditor of TOPPAN FORMS CO.,LTD.</p> <p>June 2006    External Corporate Auditor of TOPPAN PRINTING CO., LTD.</p> <p>June 2010    External Director of TOPPAN PRINTING CO., LTD. (to present)</p> <p>April 2011    Chairman, Representative Director of the Company</p> <p>June 2015    Chairman of the Company (to present)</p> <p>June 2016    Corporate Auditor of TOPPAN FORMS CO.,LTD. (to present)</p> <p>Significant concurrent positions: External Director of TOPPAN PRINTING CO., LTD. Corporate Auditor of TOPPAN FORMS CO., LTD.</p>	259,100
<p>Reasons for nomination as a candidate for Director:</p> <p>Since assuming the office of Representative Director of the Company in 2000, Mr. Kunio Sakuma has demonstrated strong leadership over the years and has been undertaking the business execution and supervising function on the Company's overall management. Serving also as Chairman of an industry association related to the Group, he is making contribution to the further development of the industry as a whole, in addition to that of the Group. The Company requests his continuous election as Director with the expectation that he will fulfill his duties as Director of the Company and undertake the supervising function on the Company's overall management.</p>			
2	<p>Katsumi Kitagawa (September 26, 1953)</p> <p>Attendance at meetings of the Board of Directors 100% (13/13 meetings)</p> <p><u>Reappointment</u></p>	<p>April 1977    Joined the Company</p> <p>May 2000    General Manager of Corporate Planning Division of the Company</p> <p>March 2002    Factory Manager of Kawagoe Factory, Polymer Business Administration Department, Chemical Business HQ of the Company</p> <p>March 2004    Deputy Division Director of Colorants Business HQ; General Manager of Plastic Colorants Business Department of the Company</p> <p>June 2004    Operating Officer of the Company</p> <p>June 2005    Director of the Company</p> <p>June 2008    Executive Operating Officer of the Company</p> <p>April 2009    Vice President, Director of the Company</p> <p>June 2009    Vice President, Representative Director of the Company</p> <p>April 2011    President, Representative Director of the Company (to present)</p> <p>April 2014    Group CEO of the Company (to present)</p>	131,000
<p>Reasons for nomination as a candidate for Director:</p> <p>Since assuming the office of Representative Director of the Company in 2011, Mr. Katsumi Kitagawa has demonstrated strong leadership and has been undertaking the business execution and supervising function on the Company's overall management. Also, he has been undertaking the business execution and supervising function on the Group's overall management as Group CEO from 2014. The Company requests his continuous election as Director with the expectation that he will fulfill his duties as Director of the Company and undertake the supervising function on the Company's overall management, while taking initiative in enhancing the corporate value of the Group.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Katsumi Yamazaki (February 28, 1953)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1975    Joined the Company September 2003    General Manager of Toppan Business Department, Customer Network HQ of the Company June 2004    Operating Officer of the Company June 2007    Director of the Company June 2008    Executive Operating Officer of the Company June 2008    Division Director of Printing-Information Business HQ of the Company April 2009    Senior Executive Operating Officer of the Company April 2011    President & Representative Director of TOYO INK CO., LTD. (to present) June 2012    Managing Director of the Company June 2015    Senior Managing Director of the Company (to present) Significant concurrent positions: President & Representative Director of TOYO INK CO., LTD.	73,000
		Reasons for nomination as a candidate for Director: After assuming key positions in the sales and planning divisions in printing ink business, Mr. Katsumi Yamazaki assumed office of Director of the Company in 2007. Since then, he has been executing business with his high capabilities and expertise in the fields of packaging-related business and printing-information-related business, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.	
4	Hiroya Aoyama (April 2, 1956)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1979    Joined the Company February 2001    General Manager of Human Resources Department of the Company June 2007    Operating Officer of the Company June 2009    Director of the Company July 2011    Supervisor of Human Resources Department, Finance & Accounting Department, General Affairs Department, Corporate Communication Department and Internal Audit Department of the Company (to present) June 2013    Managing Director of the Company June 2015    Senior Managing Director of the Company (to present)	54,000
		Reasons for nomination as a candidate for Director: After assuming key positions mainly in the human resources division, Mr. Hiroya Aoyama assumed office of Director of the Company in 2009. Since then, he has been executing business with his high capabilities and expertise regarding human resource strategy and financial strategy, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
5	Shuji Miyazaki (May 26, 1955)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1980 June 2006	Joined the Company Division Director of Technology-Research-Development HQ of the Company Operating Officer of the Company Director of the Company President & Representative Director of TOYOCOLOR CO., LTD. April 2014 Supervisor of Technology, Research, Development and Legal of the Company June 2015 Managing Director of the Company (to present) June 2015 Supervisor of Quality Assurance, Production, Environment, Procurement and Target Costing of the Company June 2016 President & Representative Director of TOYOCOLOR CO., LTD. (to present) Significant concurrent positions: President & Representative Director of TOYOCOLOR CO., LTD.	40,000
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the technology, research and development divisions, Mr. Shuji Miyazaki assumed office of Director of the Company in 2008. Since then, he has been executing business with his high capabilities and expertise in the fields of technology, research, development, and production control, while supervising the Company’s management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company’s management.			
6	Satoru Takashima (April 18, 1960)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1984 April 2011	Joined the Company General Manager of Corporate Planning Division of the Company Operating Officer of the Company Director of the Company President & Representative Director of TOYOICHEM CO., LTD. (to present) June 2016 Managing Director of the Company (to present) Significant concurrent positions: President & Representative Director of TOYOICHEM CO., LTD.	40,331
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the corporate planning division, Mr. Satoru Takashima assumed office of Director of the Company in 2013. Since then, he has been executing business with his high capabilities and expertise regarding management strategy, while supervising the Company’s management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company’s management.			



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p>Naoki Adachi (February 23, 1939)</p> <p>Attendance at meetings of the Board of Directors 92.3% (12/13 meetings)</p> <p><u>Reappointment</u> <u>Outside Director</u></p>	<p>April 1962    Joined TOPPAN PRINTING CO., LTD.</p> <p>June 1993    Director of TOPPAN PRINTING CO., LTD.</p> <p>June 1995    Managing Director of TOPPAN PRINTING CO., LTD.</p> <p>June 1997    Senior Managing Director of TOPPAN PRINTING CO., LTD.</p> <p>June 1998    Vice President &amp; Representative Director of TOPPAN PRINTING CO., LTD.</p> <p>June 2000    President &amp; Representative Director of TOPPAN PRINTING CO., LTD.</p> <p>June 2008    Outside Director of the Company (to present)</p> <p>June 2010    Chairman &amp; Representative Director of TOPPAN PRINTING CO., LTD. (to present)</p> <p>June 2015    Outside Director of DAIICHI SANKYO COMPANY, LIMITED (to present)</p> <p>Significant concurrent positions: Chairman &amp; Representative Director of TOPPAN PRINTING CO., LTD. Outside Director of DAIICHI SANKYO COMPANY, LIMITED</p>	57,000
	<p>Reasons for nomination as a candidate for Outside Director: Although Mr. Naoki Adachi does not satisfy the criteria of independence for outside officers set forth by the Company and therefore has not been designated as an independent director pursuant to the stipulations of Tokyo Stock Exchange, he possesses a wealth of experience in and broad insight into such field as corporate management. Since he assumed the office of Director of the Company in 2008, the Company has received his advice and instruction from an objective perspective for its overall management as a management professional well-versed in the industry. His advice and instruction provided in consideration of the business environment surrounding the Group has encouraged lively discussion at meetings of the Board of Directors. The Company requests his continuous election as Outside Director with the expectation that he will appropriately fulfill his duties as Outside Director of the Company.</p>		
8	<p>Kimito Amari (August 25, 1953)</p> <p>Attendance at meetings of the Board of Directors 92.3% (12/13 meetings)</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent</u></p>	<p>April 1992    Professor, Faculty of Law, Kumamoto University</p> <p>April 1997    Professor, Faculty of Law, Sophia University (to present)</p> <p>April 2013    Registered with TOKYO BAR ASSOCIATION (to present)</p> <p>June 2013    Outside Audit &amp; Supervisory Board Member of the Company</p> <p>June 2015    Outside Director of the Company (to present)</p> <p>Significant concurrent positions: Professor, Faculty of Law, Sophia University</p>	9,000
	<p>Reasons for nomination as a candidate for Outside Director: Although Mr. Kimito Amari has no direct experience in corporate management other than as outside director or outside auditor, he possesses highly professional knowledge in the Insurance Act and the Companies Act along with distinguished insight as a jurist qualified as a lawyer. By drawing on his experience as Outside Audit &amp; Supervisory Board Member of the Company in the past, he has been fulfilling the role to supervise its management from a fair standpoint since assuming the office of Director of the Company in 2015. The Company requests his continuous election as Outside Director with the expectation that he will appropriately fulfill his duties as Outside Director of the Company.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	<p>Keiko Kimura (October 13, 1959)</p> <p>Attendance at meetings of the Board of Directors 100% (13/13 meetings)</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent</u></p>	<p>April 1980      Joined ITOCHU Corporation</p> <p>October 1989    Joined Citibank, N. A.</p> <p>October 2002    Registered with Dai-Ichi Tokyo Bar Association (to present)</p> <p>October 2002    Joined Anzai &amp; Sotoi Law Office (current Anzai Law Office) (to present)</p> <p>June 2016      Outside Director of the Company (to present)</p> <p>Significant concurrent positions: Lawyer, Anzai Law Office</p>	1,000
	<p>Reasons for nomination as a candidate for Outside Director:</p> <p>Although Ms. Keiko Kimura has no direct experience in corporate management other than as outside director, with the certification as lawyer, she possesses highly professional knowledge of and broad insight especially into Labor Act and human resource and labor related affairs. Since she assumed the office of Director of the Company in 2016, she has been fulfilling the role to supervise its management from a fair standpoint. The Company requests her continuous election as Outside Director with the expectation that she will appropriately fulfill her duties as Outside Director of the Company.</p>		
10	<p>Toshiaki Hirakawa (September 13, 1958)</p> <p>Attendance at meetings of the Board of Directors 100% (13/13 meetings)</p> <p><u>Reappointment</u></p>	<p>April 1982      Joined the Company</p> <p>September      General Manager of Finance &amp; Accounting Department 2005              of the Company</p> <p>June 2010      Operating Officer of the Company</p> <p>April 2011      General Manager of Finance &amp; Accounting Department of the Company (to present)</p> <p>June 2013      Director of the Company (to present)</p>	38,000
	<p>Reasons for nomination as a candidate for Director:</p> <p>After assuming key positions mainly in the finance &amp; accounting division, Mr. Toshiaki Hirakawa assumed office of Director of the Company in 2013. Since then, he has been executing business with his high capabilities and expertise in the fields of finance and accounting, while supervising the Company's management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company's management.</p>		

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
11	Kazuhiko Ide (February 23, 1961)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1986 March 2003  April 2011  June 2013 April 2014  June 2015 June 2015	Joined the Company General Manager of Polymer Research Laboratory, Technology-Research-Development HQ of the Company General Manager of Polymer and Coating & Engineering Technology Administration Department of the Company Operating Officer of the Company Senior General Manager of Technology Center of the Company Director of the Company (to present) Supervisor of Technology, Research, Development and Legal of the Company (to present)	42,529
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the technology, research and development divisions, Mr. Kazuhiko Ide assumed office of Director of the Company in 2015. Since then, he has been executing business with his high capabilities and expertise in the fields of technology, research and development, while supervising the Company’s management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company’s management.			
12	Hiroyuki Hamada (July 19, 1958)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1981 September 2005 July 2008  July 2012  June 2013 June 2015 June 2016 June 2016	Joined the Company General Manager of Corporate Administration Department of the Company General Manager of Planning and Administration Department, International Business HQ of the Company President, Representative Director of TOYO INK EUROPE S.A.S. Operating Officer of the Company Executive Operating Officer of the Company Director of the Company (to present) General Manager of Corporate Planning Division of the Company (to present)	22,116
	Reasons for nomination as a candidate for Director: After assuming key positions mainly in the corporate administration division and overseas affiliate company, Mr. Hiroyuki Hamada assumed the office of Director of the Company in 2016. Since then, he has been executing business with his high capabilities and expertise in the management strategy, while supervising the Company’s management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company’s management.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
13	Kazuhito Nakano (February 22, 1957)  Attendance at meetings of the Board of Directors 100% (13/13 meetings)  <u>Reappointment</u>	April 1980 December 2004	Joined the Company President, Director of T.I.P.P. (Malaysia) Sdn. Bhd	15,209
		April 2009 September 2013 June 2014 June 2016 June 2016 June 2017 January 2018	President, Director of LioChem, INC. Factory Manager of Kawagoe Factory, TOYOCEM CO., LTD. Operating Officer of the Company Director of the Company (to present) Division Director of Production-Logistics HQ of the Company Supervisor of Information System of the Company; President & Representative Director of Toyo Management Service Co., Ltd. Supervisor of Quality Assurance, Production, Environment and Information System; Division Director of Production-Logistics Center of the Company (to present)	
Reasons for nomination as a candidate for Director: After assuming key positions mainly at overseas affiliate companies and production control division, Mr. Kazuhito Nakano assumed the office of Director of the Company in 2016. Since then, he has been executing business with his high capabilities and expertise in the field of production control, while supervising the Company’s management. The Company requests his continuous election as Director with the expectation that he will appropriately fulfill his duties as Director of the Company and utilize his knowledge in such fields for supervising the Company’s management.				
14	Kunizo Sakai (December 23, 1952)  <u>New appointment</u> <u>Outside Director</u> <u>Independent</u>	April 1975 April 2013 April 2015	Joined Hitachi, Ltd. Vice President and Executive Officer of Hitachi, Ltd. Senior Vice President and Executive Officer of Hitachi, Ltd.	0
		April 2016 April 2017	Vice President and Executive Officer of Hitachi, Ltd. Executive Advisor, Water Business Unit of Hitachi, Ltd. (to present)	
Significant concurrent positions: Executive Advisor, Water Business Unit of Hitachi, Ltd.				
Reasons for nomination as a candidate for Outside Director: As Mr. Kunizo Sakai possesses a wealth of experience in and broad insight into management of an international manufacturing corporation, the Company requests his election as Outside Director with the expectation that he will provide advice and instruction from an objective and a neutral perspective for its overall management as a management professional.				

(Notes)

1. The Candidate for Director, Mr. Naoki Adachi concurrently serves as Representative Director of TOPPAN PRINTING CO., LTD. Although there are no special interests between TOPPAN PRINTING CO., LTD. and the Company, there are sales transactions of merchandise and products between TOPPAN PRINTING CO., LTD. group and the Group of the Company.
2. The Candidate for Director, Mr. Kunizo Sakai was a business executive of Hitachi, Ltd. until March 31, 2017. Although there are no special interests between Hitachi, Ltd. and the Company, there are sales transactions of merchandise and products between Hitachi, Ltd. group and the Group of the Company. The total amount of such transactions for the most recent fiscal year was less than 0.5% of total consolidated net sales of Hitachi, Ltd. group and the Group of the Company for the most recent fiscal year.
3. There are no special interests between other candidates and the Company and between other candidates and the subsidiaries of the Company.
4. Mr. Naoki Adachi, Mr. Kimito Amari, Ms. Keiko Kimura and Mr. Kunizo Sakai are candidates for Outside Director.
5. Mr. Naoki Adachi will have served as Outside Director of the Company for nine years and nine months at the conclusion of this year's Annual General Meeting of Shareholders. Mr. Kimito Amari will have served as Outside Director of the Company for two years and nine months at the conclusion of this year's Annual General Meeting of Shareholders. Ms. Keiko Kimura will have served as Outside Director of the Company for one year and nine months at

the conclusion of this year's Annual General Meeting of Shareholders.

6. The Company has entered into an agreement with each of Mr. Naoki Adachi, Mr. Kimito Amari and Ms. Keiko Kimura to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act. Subject to the approval of the reappointment of Mr. Naoki Adachi, Mr. Kimito Amari and Ms. Keiko Kimura, the Company intends to continue the above-mentioned agreement with each of them. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by laws and regulations.
7. Subject to the approval of the appointment of Mr. Kunizo Sakai, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.
8. The Company has registered Mr. Kimito Amari and Ms. Keiko Kimura as independent directors with Tokyo Stock Exchange pursuant to the stipulations of the Exchange. They also satisfy the criteria for independence for outside officers set forth by the Company. Subject to the approval of the reappointment of them, they will continue to serve as independent officers.
9. Mr. Kunizo Sakai satisfies the independence requirements set forth by Tokyo Stock Exchange and the criteria for independence for outside officers set forth by the Company. Subject to the approval of the appointment of him, he will serve as independent officer.

**Proposal 4:** Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Yoshihiro Furuya will resign at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of one Audit & Supervisory Board Member is proposed.

This proposal has obtained the approval of the Audit & Supervisory Board.

The candidate is as follows:

Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Company held
<div>Hidetaka Kakiya (October 16, 1949)</div> <div>New appointment</div> <div>Outside Audit &amp; Supervisory Board Member</div>	<div>April 1973      Joined TOPPAN PRINTING CO., LTD.</div> <div>June 2008      Director of TOPPAN PRINTING CO., LTD.</div> <div>April 2010      Head of Finance &amp; Accounting Division of TOPPAN PRINTING CO., LTD. (to present)</div> <div>June 2012      Managing Director of TOPPAN PRINTING CO., LTD.</div> <div>June 2014      Senior Managing Director of TOPPAN PRINTING CO., LTD. (to present)</div> <div>Significant concurrent positions: Senior Managing Director, Head of Finance &amp; Accounting Division of TOPPAN PRINTING CO., LTD.</div>	<div>0</div>
<div>Reasons for nomination as a candidate for Outside Audit &amp; Supervisory Board Member:</div> <div>Mr. Hidetaka Kakiya has engaged in finance and accounting operations over the years at TOPPAN PRINTING CO., LTD. and has subsequently been serving as Senior Managing Director, Head of Finance &amp; Accounting Division of the said company, and therefore possesses considerable knowledge in finance and accounting. Although he does not satisfy the criteria of independence for outside officers set forth by the Company, he possesses a wealth of experience and broad insight as a management professional well-versed in the industry. With the expectation that he will appropriately audit the business execution of the Company from an objective perspective in consideration of the business environment surrounding the Group, the Company requests his election as Outside Audit &amp; Supervisory Board Member.</div>		

(Notes)

1. Mr. Hidetaka Kakiya concurrently serves as Senior Managing Director of TOPPAN PRINTING CO., LTD. Although there are no special interests between TOPPAN PRINTING CO., LTD. and the Company, there are sales transactions of merchandise and products between TOPPAN PRINTING CO., LTD. group and the Group of the Company.
2. Mr. Hidetaka Kakiya is a candidate for Outside Audit & Supervisory Board Member of the Company.
3. Subject to the approval of the appointment of Mr. Hidetaka Kakiya, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.

(Reference)

### Criteria of Independence for Outside Officers

The Board of Directors of the Company does not certify Outside Directors and Outside Audit & Supervisory Board Members (hereinafter collectively “outside officers”) as independent officers if they fall under any of the following categories.

- (1) A business executive<sup>1</sup> of the Company or its affiliated company (hereinafter collectively “the Group”)
- (2) A major business partner of the Group<sup>2</sup> or a business executive of such business partner
- (3) A major client of the Group<sup>3</sup> or a business executive of such client
- (4) A major shareholder of the Company<sup>4</sup> or a business executive of a major subsidiary<sup>5</sup> of such shareholder
- (5) An entity or a business executive of such entity that receives a large amount of donations<sup>6</sup> from the Group
- (6) A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation<sup>7</sup> (in case of corporation, association or other organization, an individual who belongs to such organization)
- (7) A certified public accountant, an employee, partner or staff of an audit firm that provides accounting audit of the Group
- (8) In case of a law firm, audit firm, tax accounting firm or consulting firm, or other professional advisory firm that do not fall under above (6) or (7), an employee, partner, associate or staff of a firm whose major client is the Group<sup>8</sup>
- (9) A business executive of a company whereat a business executive of the Group is an outside officer
- (10) A business executive of a company whose major shareholder is the Company
- (11) An individual who has fallen under criteria (1) above in the past ten years prior to his/her assumption of office (in case of an individual who was a non-executive Director or an Audit & Supervisory Board Member of the Company in the past ten years prior to his/her assumption of office, another ten years prior to such assumption)
- (12) An individual who has fallen under criteria (2) or (3) in the past three business years
- (13) An individual who has fallen under criteria (4) through (8) in the past three years (with regard to (7), this shall apply only to an individual who was actually in charge of handling the audit (excluding ancillary duty) of the Group (including an individual who is retired or resigned at present))
- (14) A close relative<sup>9</sup> to an individual that would fall under the following
  - a. An important business executive<sup>10</sup> of the Group
  - b. An individual who has fallen under above a. in the past five years
  - c. An individual defined as above (2) through (10) (with regard to “a business executive” in (2) through (5), and (9) and (10), an important business executive, with regard to “an individual who belongs to such organization” in (6), an important business executive and, in case of an audit firm or a law firm, etc., an individual who possesses professional qualification, and with regard to “an employee, partner or staff of an audit firm” in (7), an important business executive and certified public accountant and other professional experts)
  - d. An individual who has fallen under above c. in the past three years

Notes: 1. “A business executive” is defined as executive director, executive officer or employee.

2. “A major business partner of the Group” is defined as any of the following:

- 1) The business partner group that provides products or service to the Group (an individual who belongs to a consolidated group to which the direct business partner belongs; the same applies hereafter), a business partner group whose transactions with the Group exceeds 2% of the consolidated net sales or total income of the business partner group for the most recent fiscal year
- 2) The counterparty group to which the Group is indebted and the aggregate amount of indebtedness of the Group exceeds 2% of consolidated total assets of the counterparty at the end of the most recent fiscal year

3. “A major client of the Group” is defined as any of the following:

- 1) The business partner group to which the Group provides products or service and the transactions with the business partner group exceeds 2% of the consolidated net sales of the Group for the most recent fiscal year
- 2) The counterparty group that is indebted to the Group and the aggregate amount of indebtedness of the

counterparty group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year

- 3) The financial institution group from which the Group is borrowing (defined as an individual who belongs to a consolidated group to which the financial institution from which the Group is directly borrowing belongs) and the aggregate borrowing amount of the Group from the financial institution group exceeds 2% of the consolidated total assets of the Group at the end of the most recent fiscal year.
4. “Major shareholder” is defined as a shareholder who owns 10% or more of the total voting rights either directly or indirectly.
5. “Major subsidiary” is defined as a subsidiary that is presented as a major subsidiary in the “Status of the parent company or major subsidiaries” (Article 120, Paragraph 1, Item 7 of the Ordinance for Enforcement of the Companies Act) in the Business Report of the Company pertaining to the most recent fiscal year, or in other disclosure documents made public by the Company.
6. “Entity that receives a large amount of donations” is defined as an entity who received from the Group a donation amounting to 10 million yen or more, a year taken in average of the three most recent fiscal years, or an amount equivalent to 30% or more of the average total annual cost of such entity, whichever is higher.
7. “A consultant, accountant, or legal specialist who receives a large amount of monetary or other assets from the Group aside from executive compensation” is defined as an individual who receives from the Group, a financial benefit of 10 million yen or more a year taken in average of the three most recent fiscal years aside from executive compensation.
8. “A firm whose major client is the Group” is defined as a firm that received a payment from the Group in an amount equivalent to 2% or more of the consolidated net sales of the firm taken in average of the three most recent fiscal years.
9. “A close relative” is defined as a spouse or relative within the second degree, or a relative living together.
10. Of business executives, “an important business executive” is defined as an individual who executes significant business operations, including executive director, executive officer or general manager.