

Note: This English translation is only a part of the original Japanese version of the Notice of Convocation of the 66th Annual General Meeting of Shareholders and in particular does not include a translation of the annex (the Business Report, the Financial Statements (consolidated and non-consolidated) and the Audit Reports). In addition, 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.

(Securities Code 7970)

June 8, 2026

(Start Date of Electronic Provision Measures: May 29, 2026)

To our shareholders:

Toshiaki Deto  
Representative Director / President  
**Shin-Etsu Polymer Co., Ltd.**  
1-1-3 Otemachi, Chiyoda-ku, Tokyo

## Notice of Convocation of the 66th Annual General Meeting of Shareholders

You are hereby notified that the 66th Annual General Meeting of Shareholders of Shin-Etsu Polymer Co., Ltd. (the “Company”; and this meeting, this “Meeting”) will be held as described below.

In convening this Meeting, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (“Electronic Provision Measures Matters”) in electronic format, and has posted the information on the Company’s website. Please access the following website to view the information.

The Company’s website:

<https://www.shinpoly.co.jp/ja/ir/stock/meeting.html> (in Japanese)

In addition to the Company’s website, the Electronic Provision Measures Matters are also posted on the website of the Tokyo Stock Exchange (TSE). Please visit the website below and review the information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “Shin-Etsu Polymer” in “Issue name (company name)” or the Company’s securities code “7970” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Please confirm by clicking “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”)

Instead of attending this Meeting in person, you may exercise your voting rights in writing or through the Internet. Please review the Reference Documents for the Meeting of Shareholders attached hereto and exercise your voting rights by no later than 5:35 p.m. on Tuesday, June 23, 2026 (Japan Standard Time).

Exercising Voting Rights in Writing (via Mail)

Please indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form (“Voting Form”), which was sent together with this Notice of Meeting, and return the form to us so that it arrives by the above-mentioned deadline for exercising your voting rights.

Exercising Voting Rights via the Internet, etc.

Please refer to the “Information About Exercising Your Voting Rights via the Internet, etc.” below<sup>1</sup> and follow the instructions on the screen to enter your approval or disapproval of the proposals by the above-mentioned deadline for exercising your voting rights.

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<sup>1</sup> Translator’s Annotation

Please refer to page 5 of the original Japanese version of the Notice of Convocation of the 66th Annual General Meeting of Shareholders as to “Information About Exercising Your Voting Rights via the Internet, etc.” (Japanese only)

- 1. Date and Time:** Wednesday, June 24, 2026, at 10:00 a.m. (Japan Standard Time; reception begins at 9:00 a.m.)
- 2. Venue:** Station Conference Manseibashi, 4th Floor of JR Kanda Manseibashi Building  
1-25 Kanda-Sudacho, Chiyoda-ku, Tokyo

**3. Agenda:**

**Matters to be reported:**

1. Report on the Business Report, the Consolidated Financial Statements, and the Audit Reports by the Accounting Auditor and by the Audit & Supervisory Board on the Consolidated Financial Statements for the 66th fiscal year (From April 1, 2025 to March 31, 2026)
2. Report on the Non-consolidated Financial Statements for the 66th fiscal year (From April 1, 2025 to March 31, 2026)

**Matters to be resolved:**

**Company proposals**

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Five Directors
- Proposal No. 3:** Issuance of Stock Acquisition Rights as Stock Options to Executive Officers and Employees

**Shareholder proposal**

- Proposal No. 4:** Amendments to the Articles of Incorporation

**4. Predetermined Items Related to the Convocation of this Meeting**

- (1) If you do not indicate your approval or disapproval for any proposal on the Voting Form, you will be deemed to have approved that proposal if it is a company proposal, and to have disapproved that approval if it is a shareholder proposal.
  - (2) If you exercise your voting rights multiple times, both by returning the Voting Form and via the Internet, only the voting via the Internet will be deemed effective.
  - (3) If you exercise your voting rights multiple times via the Internet, only the last vote will prevail.
- Among the Electronic Provision Measures Matters, the following items are not included in the paper-based documents delivered to shareholders who requested the delivery of paper-based documents, in accordance with laws and regulations and the provisions the Articles of Incorporation of the Company. Accordingly, the paper-based documents delivered to shareholders who requested the delivery of paper-based documents are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by Audit & Supervisory Board Members and part of Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor.
  - Matters Concerning Share Acquisition Rights, Etc. and Matters Concerning a System for Ensuring the Propriety of Business Activities in the Business Report
  - Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
  - Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements
  - If revisions to the Electronic Provision Measures Matters arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each website where the information is available.
  - You are kindly requested to present the enclosed Voting Form to the receptionist when you attend this Meeting in person.

## Reference Documents for the Meeting of Shareholders

### <Company Proposals>

#### **Proposal No. 1:** Dividends from Surplus

The Company proposes the dividends from surplus as follows:

The Company considers the return of profits to shareholders to be one of the most important management priorities. With the objective of increasing corporate value through a strengthening of its corporate foundation and sustainable growth, the basic policy of the Company is to continue paying stable dividends on a medium-term basis in line with business results, while at the same time securing funds for the soundness of financial strength, R&D investment, investments for production facilities, M&A, etc.

As for the year-end dividend for the 66th fiscal year, in comprehensive consideration of the business performance, future business developments, dividend payout ratio, etc., the Company proposes to pay a dividend of ¥32 per share. As a result, the annual dividend will total ¥62 per share, including the interim dividend paid of ¥30 per share, which is ¥10 higher than that for the previous fiscal year.

Matters concerning year-end dividend:

- (1) Type of dividend property  
Cash
- (2) Matters concerning allocation of dividend property to shareholders and the total amount thereof  
¥32 per share of common stock of the Company totaling ¥ 2,571,895,072
- (3) Effective date of dividend from surplus  
June 25, 2026

**Proposal No. 2:** Election of Five Directors

At the conclusion of this Meeting, the terms of office of all five Directors will expire.

Therefore, the Company proposes the election of five Directors.

The Board of Directors determined the candidates below based on a report of the Nomination and Remuneration Committee.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility in the Company		Gender	Attendance at meetings of the Board of Directors
1	Yoshiaki Ono	Director - Chairman Chairman Executive Officer	Reelection	Male	14/14
2	Toshiaki Deto	Representative Director - President Chief Executive Officer	Reelection	Male	14/14
3	Osamu Kowada	Executive Officer, General Manager of Corporate Planning Department and General Manager of Accounting & Finance Department, Business Administration Unit	New election	Male	-
4	Osamu Miyashita	Director	Reelection Outside Independent	Male	14/14
5	Tamami Murata	Director	Reelection Outside Independent	Female	10/10

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	Yoshiaki Ono (January 1, 1944) (Male)  Reelection  Attendance at meetings of the Board of Directors 14/14 Tenure 13 years	<p>Apr. 1967      Joined Shin-Etsu Chemical Co., Ltd.</p> <p>June 2000      General Manager of Silicone-Electronics Materials Research Center</p> <p>June 2003      Director</p> <p>Nov. 2004      General Manager of Special Functional Products Department</p> <p>June 2005      Managing Director</p> <p>Dec. 2007      General Manager of R&amp;D and Patent Department</p> <p>June 2009      Representative Senior Managing Director and General Manager of Silicone Division</p> <p>June 2013      Representative Director - President of the Company</p> <p>June 2021      Chief Executive Officer</p> <p>June 2023      Representative Director - Chairman and Chief Executive Officer</p> <p>June 2025      Director - Chairman and Chairman Executive Officer (current position)</p> <p>(Significant concurrent positions outside the Company) No significant concurrent positions outside the Company.</p>	79,600 shares
<p>Reasons for nomination as candidate for Director</p> <p>Yoshiaki Ono possesses extensive knowledge and experience centered on the silicone business at Shin-Etsu Chemical Co., Ltd., and he strived to improve the Company's performance as Representative Director - President of the Company for many years since June 2013, and achieved it. Currently, he serves as Director - Chairman and has contributed to the supervision of the Company's management based on the experience he has gained. It was determined that he could continue to contribute to the enhancement of the Company's corporate value, and therefore, the Company has nominated him as a candidate for Director.</p>			
2	Toshiaki Deto (December 17, 1952) (Male)  Reelection  Attendance at meetings of the Board of Directors 14/14 Tenure 14 years	<p>Oct. 1980      Joined the Company</p> <p>June 1997      OA Group Manager of Technology Products Business Unit</p> <p>June 2007      General Manager of Technology Products Business Division, High Technology Products Business Unit</p> <p>June 2012      Director</p> <p>June 2013      General Manager of High Technology Products Business Unit</p> <p>Apr. 2014      General Manager of Sales Unit</p> <p>June 2016      Senior Director</p> <p>June 2018      Executive Director</p> <p>June 2021      Director and Senior Managing Executive Officer</p> <p>June 2023      Representative Director - President and Chief Executive Officer (current position)</p> <p>(Significant concurrent positions outside the Company) No significant concurrent positions outside the Company.</p>	107,300 shares
<p>Reasons for nomination as candidate for Director</p> <p>Toshiaki Deto possesses abundant experience and knowledge in sales gained while mainly engaged in the precision molded product business and taking charge of Sales Unit for many years. Since June 2023, he has served as Representative Director - President and led the implementation of the Company's growth strategy. It was determined that he could continue to contribute to the enhancement of the Company's corporate value, and therefore, the Company has nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
3	Osamu Kowada (May 28, 1962) (Male)  New election  Attendance at meetings of the Board of Directors - Tenure -	<p>Apr. 1986      Joined the Company</p> <p>May 2002      Director of Shin-Etsu Polymer (Malaysia) Sdn. Bhd. (current position)</p> <p>Aug. 2005      Managing Director of Shin-Etsu Polymer Singapore Pte. Ltd.</p> <p>Feb. 2014      Managing Director of Shin-Etsu Polymer (Thailand) Ltd. (current position)</p> <p>Sep. 2014      Managing Director of Shin-Etsu Polymer India Pvt. Ltd. (current position)</p> <p>Feb. 2018      Managing Director of Shin-Etsu Polymer (Malaysia) Sdn. Bhd.</p> <p>Jan. 2019      Managing Director of Hymix Co., Ltd.</p> <p>June 2021      Executive Officer and General Manager, Accounting &amp; Finance Department of the Company (current position)</p> <p>June 2023      General Manager of Corporate Planning Department (current position)</p> <p>Aug. 2023      Chief Executive Officer of Shin-Etsu Polymer Singapore Pte. Ltd. (current position)</p> <p>(Significant concurrent positions outside the Company) Chief Executive Officer of Shin-Etsu Polymer Singapore Pte. Ltd.</p>	16,400 shares
<p>Reasons for nomination as candidate for Director</p> <p>Osamu Kowada has been mainly engaged in accounting operations and excels in knowledge on accounting, finance, etc. He also possesses abundant experience and knowledge, taking charge of manufacturing and sales bases in the ASEAN and Indian region for many years. Currently, he takes charge of the Company's accounting and finance department and corporate planning department. It was determined that he could continue to contribute to the enhancement of the Company's corporate value, and therefore, the Company has nominated him as a candidate for Director.</p>			
4	Osamu Miyashita (December 18, 1954) (Male)  Reelection Outside Independent  Attendance at meetings of the Board of Directors 14/14 Tenure 7 years	<p>Apr. 1978      Joined Mitsubishi Corporation</p> <p>Apr. 2010      Senior Vice President and Deputy General Manager of Kansai Branch</p> <p>Apr. 2011      Senior Vice President and Division COO, Retail &amp; Healthcare Division</p> <p>Apr. 2015      Representative Director and President of MC Healthcare, Inc.</p> <p>Apr. 2019      Advisor</p> <p>June 2019      Director of the Company (current position)</p> <p>(Significant concurrent positions outside the Company) No significant concurrent positions outside the Company.</p>	-
<p>Reasons for nomination as candidate for outside Director</p> <p>The Company has nominated Osamu Miyashita as a candidate for outside Director because he possesses abundant experience and insight mainly in the area of the medical products business in a general trading company, and it was determined that he is capable of fully serving the role expected as an outside Director including providing objective and appropriate supervision of the Company's management from such a perspective. Furthermore, Osamu Miyashita is currently an outside Director of the Company. His tenure since assuming office as outside Director has been seven years.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	Tamami Murata (January 18, 1960) (Female)  Reelection Outside Independent  Attendance at meetings of the Board of Directors 10/10 Tenure -	<p>Apr. 1988 Registered as a lawyer at DAINI TOKYO BAR ASSOCIATION Joined Tokyo Yaesu Law Offices (currently Asahi Law Offices)</p> <p>Aug. 2001 Representative of Murata Law Office (current position)</p> <p>Apr. 2008 Vice Chair of DAINI TOKYO BAR ASSOCIATION</p> <p>Apr. 2009 Member of the Committee of Tokyo Family Court</p> <p>Apr. 2013 Member of Radio Regulatory Council, the Ministry of Internal Affairs and Communications</p> <p>June 2014 Outside Director of Sompo Holdings, Inc.</p> <p>Apr. 2021 Member of Administrative Complaint Review Board, the Ministry of Internal Affairs and Communications (current position)</p> <p>June 2025 Director of the Company (current position) (Significant concurrent positions outside the Company) Representative of Murata Law Office</p>	-
<p>Reasons for nomination as candidate for outside Director</p> <p>The Company has nominated Tamami Murata as a candidate for outside Director because she possesses diverse experience and deep insight in the area of law gained by practicing law for many years as well as years of knowledge and experience accumulated through her work at committees of public offices, and it was determined that based on her such experience and expertise she is capable of fully serving the role expected as an outside Director including supervising the decision-making by the Company's Board of Directors and Directors' performance of duties from an objective and professional perspective.</p> <p>Although Tamami Murata has not engaged in corporate management in other ways than serving as a company's outside director, the Company has determined that she is capable of duly performing the duties of the Company's outside Director for reasons stated above. Furthermore, Tamami Murata is currently an outside Director of the Company. Her tenure since assuming office as outside Director has been one year. She is serving as Representative of Murata Law Office, but there is no special interest between the law office and the Company.</p>			

- Notes:
1. There is no special interest between any of the candidates and the Company.
  2. The position and responsibility of the candidates who have served as persons executing business at Shin-Etsu Chemical Co., Ltd., the parent company of the Company, and its subsidiaries, etc. in the past ten years are provided in the "Career summary, and position and responsibility in the Company" section above.
  3. Osamu Miyashita and Tamami Murata are candidates for outside Director.
  4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Osamu Miyashita and Tamami Murata have been appointed as independent officers. If the reelection of Osamu Miyashita and Tamami Murata is approved at this Meeting, the Company plans to continue their designation as independent officers.
  5. Limited liability agreements with candidates  
The Company has set forth in its Articles of Incorporation that it may enter into an agreement with outside Directors limiting their liability to the scope set forth in the provisions of Article 427, paragraph 1 of the Companies Act.  
The Company has entered into agreements with outside Director candidates Osamu Miyashita and Tamami Murata limiting their liabilities according to the provisions of Article 427, paragraph 1 of the Companies Act. If Osamu Miyashita and Tamami Murata are reelected as outside Directors, the Company plans to renew the aforementioned limited liability agreements with them. The details of the limited liability agreement are summarized as follows:  
The maximum amount of liability for damages under the agreement shall be the minimum liability amount provided for under laws and regulations.
  6. The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. If the reelection of a candidate for Director is approved, he/she will continue to be included in the policy as the insured. The insured does not bear the cost of insurance premiums.  
The policy covers damages and litigation expenses, etc. incurred by the insured in the event that a claim for damages is brought by a shareholder or a third party against the insured due to an act (including omission) committed by the insured concerning his or her duties as an officer of the Company or a subsidiary of the Company.  
In addition, when the policy is renewed, the Company plans to renew it with the same terms.

**Proposal No. 3:** Issuance of Stock Acquisition Rights as Stock Options to Executive Officers and Employees

The Company asks for the shareholders' approval to delegate to the Board of Directors of the Company the determination of the subscription requirements for stock acquisition rights to be issued as stock options to Executive Officers and employees of the Company in accordance with the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Reasons for issuing stock acquisition rights with particularly favorable terms and conditions:

For the purpose of further enhancing the willingness and morale to contribute to the long-term increase of corporate value of the Company's group, and thus increasing the corporate value of the Company's group, the Company would like to issue stock acquisition rights to Executive Officers and employees of the Company without requiring any payment of money.

2. Features and the maximum number of stock acquisition rights, etc. for which the Board of Directors will be authorized to determine subscription requirements, based on the matters to be determined at this Meeting:

(1) The maximum number of stock acquisition rights for which the Board of Directors will be authorized to determine subscription requirements based on the delegation

The maximum number of stock acquisition rights specified in item (3) below shall be four thousand (4,000). The maximum total number of shares of common stock of the Company to be delivered upon exercise of stock acquisition rights shall be four hundred thousand (400,000). If the number of shares to be granted is adjusted as prescribed in item (3) below, however, the adjusted number of shares to be granted shall be the product of the number of shares to be granted after adjustment multiplied by the above-mentioned maximum number of stock acquisition rights.

(2) No payment of money shall be required for the stock acquisition rights for which the Board of Directors will be authorized to determine subscription requirements based on the delegation.

(3) Features of stock acquisition rights for which the Board of Directors will be authorized to determine subscription requirements based on the delegation

(a) Class and number of shares underlying stock acquisition rights

The class of shares underlying stock acquisition rights shall be common stock and the number of shares underlying each stock acquisition right (hereinafter referred to as the "Number of Shares to Be Granted") shall be one hundred (100).

If, however, the Company either effects a share split of its common stock (including allotment of its shares of common stock without contribution; the same shall apply to the share split described hereinafter) or effects a consolidation of its shares of common stock, after the date of resolution of the Meeting of Shareholders (hereinafter referred to as the "Resolution Date"), the Number of Shares to Be Granted shall be adjusted according to the formula described below. Fractions of less than one (1) share resulting from such adjustments shall be rounded down.

$$\text{Number of Shares to Be Granted after adjustment} = \frac{\text{Number of Shares to Be Granted before adjustment}}{\text{Ratio of share split or share consolidation}} \times$$

In addition to the above, if, after the Resolution Date, any event that would force the Company to adjust the Number of Shares to Be Granted occurs, the Company shall make appropriate adjustments to the Number of Shares to Be Granted within a reasonable range.

(b) Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon the exercise of each stock acquisition right shall be the amount obtained by multiplying the amount to be paid in for one (1) share to be delivered upon exercise of stock acquisition rights (hereinafter referred to as the "Exercise Price") by the Number of Shares to Be Granted.

The Exercise Price shall be the higher of either the amount obtained by multiplying 1.025 by the average of daily closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange (hereinafter referred to as the "Closing Price") during the month (excluding dates on which no trade is made) immediately prior to the month containing the date on which stock acquisition rights are allotted (hereinafter referred to as the "Allotment Date"), with any fractions of less than ¥1 to be rounded up; or the Closing Price on the Allotment Date (or in the event that there is no Closing Price on that date, the Closing Price on the immediately preceding day on which the Company's common stock was traded).

If the Company effects either a share split or a consolidation of its shares of common stock after the Allotment Date, the Exercise Price shall be adjusted according to the formula described below. Fractions of less than ¥1 resulting from such adjustments shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

If, after the Allotment Date, the Company issues new shares of common stock or disposes of shares of treasury stock thereof at a price lower than the market price (excluding the sale of shares of treasury stock pursuant to the provisions of Article 194 of the Companies Act [“Demand for Sale of Shares Less than One Unit by Holders of Shares Less than One Share Unit”]), the conversion of securities that shall or may be converted to shares of common stock of the Company, and the exercise of stock acquisition rights with which the delivery of shares of common stock of the Company can be requested [including bonds with stock acquisition rights]), the Exercise Price shall be adjusted according to the formula described below. Fractions of less than ¥1 resulting from such adjustments shall be rounded up.

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \text{Number of issued shares} + \frac{\text{Number of newly issued shares} \times \text{Payment amount per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of newly issued shares}}$$

In the formula above, “Number of issued shares” is the total number of shares of common stock issued by the Company excluding the number of treasury shares of common stock owned by the Company. In the case of the Company’s disposal of treasury stock, “Number of newly issued shares” shall be replaced with “Number of shares of treasury stock to be disposed of.”

In addition to the above, if, after the Allotment Date, any event that would force the Company to adjust the Exercise Price occurs, the Company shall make appropriate adjustments to the Exercise Price within a reasonable range.

- (c) Period during which stock acquisition rights may be exercised  
From the day following the 2-year anniversary of the Allotment Date to March 31, 2032
- (d) Matters concerning increases in capital and capital reserves when shares are issued upon exercise of stock acquisition rights
  - i. The amount by which capital is to be increased by the issuance of shares upon exercise of stock acquisition rights shall be one-half of the maximum amount of increase in capital etc., which is calculated in accordance with Article 17, paragraph 1 of the Corporate Accounting Rules. Fractions of less than ¥1 resulting from such calculation shall be rounded up.
  - ii. The amount by which capital reserves are to be increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by subtracting the amount by which capital is to be increased as prescribed in (i) above from the maximum amount of increase in capital etc. described in (i) above.
- (e) Restriction on acquisition of stock acquisition rights by transfer  
Any acquisition of stock acquisition rights by transfer shall be subject to the approval by a resolution of the Board of Directors.
- (f) Conditions for exercise of stock acquisition rights
  - i. If a person granted stock acquisition rights or his or her heir has waived the stock acquisition rights, the stock acquisition rights cannot be exercised.
  - ii. If a person granted stock acquisition rights no longer falls under any of the following items, the person granted stock acquisition rights may exercise stock acquisition rights not yet exercised only until the earlier of the date two years after the person no longer falls under any of the following items or March 31, 2032.
    - a. A Director or Audit & Supervisory Board member, Executive Officer, employee, adviser, counselor [consultant] or temporary employee of the Company
    - b. A director or audit & supervisory board member or employee of a subsidiary of the Company or a subsidiary of the Company’s parent company

- iii. An heir of a person granted stock acquisition rights may exercise the stock acquisition rights for only six months (up until March 31, 2032) from the day the stock acquisitions rights were succeeded to in accordance with the provisions of the Civil Code.
  - iv. Other conditions are as set forth in the agreement for allotment of stock acquisition rights concluded between the Company and the person granted stock acquisition rights, based on a resolution made by the Board of Directors of the Company.
- (g) Provisions for acquisition of stock acquisition rights
- i. In the event that a proposal for a merger agreement under which the Company will not be the surviving company, a proposal for a company split agreement or company split plan under which the Company will split, or a proposal for a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary is approved at a shareholders' meeting of the Company (or, in any of the above cases, when approval at a shareholders' meeting of the Company is not required and approval at a Board of Directors' meeting is granted), the Company may acquire the stock acquisition rights without consideration on the date separately specified by the Board of Directors of the Company.
  - ii. If a person granted stock acquisition rights or his or her heir can no longer exercise the stock acquisition rights pursuant to (f) above, the Company may acquire the stock acquisition rights without consideration on the date separately specified by the Board of Directors of the Company.
- (h) In the event where the Company engages in a merger (limited to the case where the Company ceases to exist after the merger), absorption-type company split, incorporation-type company split, share exchange or share transfer (hereinafter collectively referred to as the "Reorganization Actions"), the Company shall deliver to the holders of the remaining stock acquisition rights at the time the Reorganization Action takes effect (hereinafter referred to as the "Remaining Stock Acquisition Rights") the stock acquisition rights of the relevant stock companies listed in Article 236, paragraph 1, item (viii) - (a) through (e) of the Companies Act (hereinafter referred to as the "Reorganized Company"), in each case in accordance with the conditions set forth below. In this event, the Remaining Stock Acquisition Rights shall become extinct and new stock acquisition rights in the Reorganized Company shall be issued. However, the foregoing shall be on the condition that delivery of such stock acquisition rights by the Reorganized Company in accordance with the following conditions is included in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan.
- i. Number of stock acquisition rights of the Reorganized Company to be delivered  
The same number of such stock acquisition rights as the number of the Remaining Stock Acquisition Rights possessed by each holder of the Company's stock acquisition rights shall be delivered.
  - ii. Class of shares of the Reorganized Company underlying stock acquisition rights  
The class of shares underlying stock acquisition rights shall be common stock of the Reorganized Company.
  - iii. Number of shares of the Reorganized Company underlying stock acquisition rights  
The number of shares shall be determined in the same manner as (a) above taking into consideration the conditions and other factors concerning the Reorganization Actions.
  - iv. Amount of assets to be contributed upon exercise of stock acquisition rights  
The amount of assets to be contributed upon exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the amount to be paid in after reorganization, which is adjusted taking into consideration the conditions and other factors concerning the Reorganization Actions, by the number of shares underlying the relevant stock acquisition rights as determined in accordance with (iii) above.
  - v. Period during which stock acquisition rights may be exercised  
This period shall commence either on the starting date of the period for exercising stock acquisition rights specified in (c) above or on the date on which the Reorganization Action comes into effect, whichever is later, and end on the expiry date of the period for exercising stock acquisition rights specified in (c) above.

- vi. Matters concerning increases in capital and capital reserves when shares are issued upon exercise of stock acquisition rights  
These matters shall be determined in the same manner as (d) above.
- vii. Restriction on acquisition of stock acquisition rights by transfer  
Any acquisition of stock acquisition rights by transfer shall be subject to the approval by resolution of the Board of Directors of the Reorganized Company.
- viii. Conditions for exercise of stock acquisition rights  
These conditions shall be determined in the same manner as (f) above.
- ix. Provisions for acquisition of stock acquisition rights  
These provisions shall be determined in the same manner as (g) above.
- (i) In cases where the number of shares to be delivered to the holders of the stock acquisition rights who have exercised the stock acquisition rights includes any fractions of less than one (1) share, such fractions shall be rounded down.
- (j) Other details with respect to stock acquisition rights  
Other matters concerning stock acquisition rights and particulars not stipulated in the above shall be established by means of a resolution at a separately held Board of Directors' meeting.

< Shareholder Proposal >

Proposal No. 4 has been submitted by one (1) shareholder. The substance of the proposed agenda item and the reasons for the proposal are set forth below as submitted in their original form.

**Proposal No. 4:** Amendments to the Articles of Incorporation

**1. Summary of the Proposed Amendment**

Article 22 of the Company’s Articles of Incorporation shall be amended as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Representative Directors and Directors with Specific Titles)</p> <p>Article 22 The Representative Director(s) shall be elected by resolution of the Board of Directors.</p> <p>2. The Director and Chairman, the Director and Vice Chairman, the Director and President, the Director and Vice President, Senior Managing Director, Managing Director, and Advisory Director shall be determined by resolution of the Board of Directors.</p>	<p>(Representative Directors and Directors with Specific Titles)</p> <p>Article 22 <u>Two (2) or more</u> Representative Directors shall be elected by resolution of the Board of Directors.</p> <p>2. The Director and Chairman, the Director and Vice Chairman, the Director and President, the Director and Vice President, Senior Managing Director, Managing Director, and Advisory Director shall be determined by resolution of the Board of Directors.</p>

**2. Reasons for the Proposal**

Under the current Articles of Incorporation, no specific number of Representative Directors is prescribed. During the 66th fiscal year, two (2) persons—the Chairman of the Board and the President—were designated as Representative Directors; whereas, for the 67th fiscal year, the number of the Presidents was reduced to one (1), the President, with such change attributed to a review of the management structure. Given that the Company’s business operations are becoming increasingly diversified and its scale of operations is expanding, I believe that it is essential to have two (2) or more Representative Directors in order to allocate roles between internal and external duties, expedite operations, and conduct business efficiently. Furthermore, from a corporate governance perspective, concentrating authority in a single Representative Director carries the risk of an undue concentration of power and unilateral decision-making, which may give rise to concerns about fairness and result in biased management. To prevent this, the Company should designate two (2) or more Representative Directors.

**3. Opinion of the Board of Directors of the Company**

The Board of Directors of the Company **opposes** this Shareholder Proposal.

**Reasons for Opposition to this Shareholder Proposal**

**(1) The amendment to the Articles of Incorporation as proposed by this Shareholder Proposal may deprive the Company of flexibility in its management strategy and organizational structure.**

If the Articles of Incorporation were amended pursuant to this Shareholder Proposal to require “Two (2) or more” Representative Directors, the number of Representative Directors would become a constraint under the Articles of Incorporation, and under any future management or business environment, it would be impossible to adopt a structure with only one (1) Representative Director without again amending the Articles of Incorporation by resolution of a General Meeting of Shareholders. The number of Representative Directors is a management matter that should be determined flexibly and swiftly by the Board of Directors in light of management strategy, organizational structure, and the status of human resources. Accordingly, the amendment to the Articles of Incorporation proposed by this Shareholder Proposal would inevitably deprive the Company of such flexibility and agility.

Currently, the Company operates with one (1) Representative Director. The reasons for adopting such a structure include the clarification of management accountability, the acceleration of decision-making, and the establishment of an efficient management structure, and this judgment is considered to be reasonable.

**(2) The diversification of the Company’s business operations does not constitute grounds for fixing the number of Representative Directors at two (2) or more in the Articles of Incorporation.**

While the Company’s business is diversified, the Company has not adopted a so-called internal company system or an independent divisional system—that is, a “vertically-segmented” organizational structure by business area—but rather an organizational structure based on functions that are core to its operations as a manufacturer, such as sales, research and development, and production engineering. Each organization has a director or executive officer assigned as the responsible person, and these individuals make day-to-day decisions while sharing their respective roles. The Representative Director oversees the Company as a whole to ensure the consistency and cohesion of the Company’s operations.

Under such an organizational structure, there is little need to appoint multiple Representative Directors, with each Representative Director serving as the responsible person for a designated division or business area, simply because the Company’s business is diversified. On the contrary, having multiple Representative Directors divide responsibilities by designated division or business area could, in fact, undermine the consistency and cohesion of the Company’s operations.

**(3) The Company has mechanisms in place to prevent the “undue concentration of power” and “biased management” by the Representative Director referred to in this Shareholder Proposal.**

As mechanisms for decision-making and supervision of important business matters, the Company holds monthly and extraordinary meetings of the Board of Directors, as well as regular meetings of executive officers and others. Individual directors and executive officers execute their respective assigned duties, and statutory auditors, including outside statutory auditors, conduct audits. Furthermore, the Company provides multilayered supervision and auditing of business execution through the Board of Directors and the Board of Statutory Auditors. Of the five (5) members of the Board of Directors, two (2) are independent outside directors, and of the four (4) statutory auditors, two (2) are independent outside statutory auditors, thereby ensuring the objectivity and neutrality of supervision by the Board of Directors and auditing by the Board of Statutory Auditors.

In addition, the remuneration of directors of the Company is determined in accordance with the recommendations of the Nomination and Compensation Committee, which the Company has voluntarily established. Independent outside directors constitute half of the members of the Nomination and Compensation Committee, a structure that also functions to restrain any undue concentration of authority in the Representative Director.

As described above, the Company has mechanisms in place to prevent “undue concentration of power” and “biased management” by the Representative Director as indicated in this Shareholder Proposal, regardless of the number of Representative Directors. Accordingly, the Board of Directors does not recognize the necessity of amending the Articles of Incorporation to require two (2) or more Representative Directors on the grounds of such “risks.”

**(4) Maintaining the current Articles of Incorporation will not cause any impediment to the Company’s operations.**

Even in the unlikely event of an accident befalling the Representative Director (the President), the Company has established a system whereby other directors and others can smoothly carry out their duties in accordance with the Articles of Incorporation and internal regulations. In this regard as well, the Board of Directors does not recognize the necessity of fixing the number of Representative Directors to be two (2) or more in the Articles of Incorporation.

After careful deliberation and consideration of this Shareholder Proposal, the Board of Directors of the Company opposes this Shareholder Proposal for the foregoing reasons.

It should also be noted that, in the above “2. Reasons for the Proposal,” it is stated that “during the 66th fiscal year, two (2) individuals—the Chairman of the Board and the President—were appointed as Representative Directors, whereas during the 67th fiscal year the number was reduced to one (1), namely the President...”; however, actually the Company had two Representative Directors during the 65th fiscal year, and the structure was changed to a single Representative Director from the 66th fiscal year onward.

**(Reference)**

**Independence Criteria for Outside Officers**

The Company stipulates that the criteria for determining independence of the Company's outside officers is that they are persons who do not fall under any of the items listed below.

1. Persons executing business (meaning Directors (excluding outside Directors), Executive Officers, Corporate Officers, the equivalents thereof and employees; the same applies hereinafter) of the Company or the parent company, subsidiaries and associates (including sister subsidiaries; the same applies hereinafter) of the Company
2. Audit & Supervisory Board Members of the Company's parent company
3. The Company's major business partners and persons for whom the Company is a major business partner (in the case of a corporation, etc., persons executing business of said corporation, etc.)
4. Persons who receive a large sum of remuneration for providing specialized services or consulting services related to law, finance, tax, etc. (in the case of a corporation, etc., persons who belong to said corporation, etc.)
5. Persons who have received a large sum of donations from the Company (in the case of a corporation, etc., persons executing business of said corporation, etc.)
6. Persons who have recently fallen under items 1 through 5 above
7. Relatives within the second degree of kinship of the persons listed below (limited to important persons (Note))
  - (1) Persons executing business of the Company or the parent company, subsidiaries and associates of the Company (including accounting advisors of a subsidiary in the case an outside Audit & Supervisory Board Member is designated as an independent officer)
  - (2) Persons listed in items 2 through 5 above
  - (3) Persons who have recently fallen under items (1) or (2) above

Notes: "Important persons" are:

- (a) In the case of persons executing business, Directors (excluding outside Directors), Executive Officers, Corporate Officers and employees in senior management positions of General Manager or higher.
- (b) Certified Public Accountants who belong to an audit firm or an accounting firm, attorneys who belong to a law firm, and council members, directors, auditors, etc. who belong to an incorporated foundation, an incorporated association, and educational corporation or other corporation.

**(Reference)**

**Composition of the Board of Directors after this General Meeting (tentative) and Skill Matrix**

	Name	Attributes	Main knowledge, experience, abilities, etc.						
			Corporate Management	Global	Technology and Manufacturing	Marketing	Finance and Accounting	Legal and Governance	Human Capital Management
Director	Yoshiaki Ono		○	○	○				○
	Toshiaki Deto		○	○		○			○
	Osamu Kowada		○	○	○		○		○
	Osamu Miyashita	Outside Independent	○	○		○			
	Tamami Murata	Outside Independent						○	
Audit & Supervisory Board Member	Hideaki Hirasawa			○			○	○	
	Yoshiaki Torimaru			○		○		○	
	Tatsuo Yoshihara	Outside Independent	○	○	○				
	Tomoko Moriya	Outside Independent					○	○	

Note: This does not represent all the knowledge, experience, abilities, etc. possessed by each officer.