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(Securities Code: 7466)

May 29, 2020

To our shareholders:

Kyoichiro Oki,
President
SPK Corporation
5-4 Fukushima 5-chome, Fukushima-ku,
Osaka

Notice of the 149th Annual Meeting of Shareholders

Please take notice that the 149th Annual Meeting of Shareholders of SPK Corporation (the “Company”), which will be held as indicated below.

However, taking into account the situation of the novel coronavirus disease (COVID-19), in order to prevent the spread of COVID-19, you are encouraged to exercise your voting rights in writing if at all possible. Please review the attached Reference Documents for the Annual Meeting of Shareholders and indicate your approval or disapproval of each proposal on the enclosed voting form, and return it so that your vote is received by Monday, June 22, 2020, at 5:00 p.m. (JST).

- 1. Date and Time:** Tuesday, June 23, 2020, at 10:00 a.m. (JST)
- 2. Venue:** “The Terrace Room,” 4F, The Ritz-Carlton Osaka
5-25 Umeda 2-chome, Kita-ku, Osaka

3. Purpose of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 149th fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Auditors
2. The Non-consolidated Financial Statements for the 149th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

- Proposal No. 1:** Partial Revision of Articles of Incorporation
- Proposal No. 2:** Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Three Directors Who Are Audit and Supervisory Committee Members
- Proposal No. 4:** Determination of Amount of Remuneration, Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 5:** Determination of Amount of Remuneration, Etc. for Directors Who Are Audit and Supervisory Committee Members

When you attend the meeting, you are kindly requested to present the enclosed voting form at the reception.
If any changes are made to items in the Reference Documents for the Annual Meeting of Shareholders and the Business Report, or to Consolidated Financial Statements and Non-consolidated Financial Statements, such changes will be posted on the Company’s website (<http://www.spk.co.jp/>).

Reference Documents for the Annual Meeting of Shareholders

Proposals and References

Proposal No. 1: Partial Revision of Articles of Incorporation

1. Reasons for the proposal

- (1) The Company would like to change from being a Company with a Board of Auditors to a Company with an Audit and Supervisory Committee to strengthen the supervisory function of the Board of Directors by having Directors who are Audit and Supervisory Committee Members with voting rights at the Board of Directors meetings, to improve the efficiency of management and to further enhance corporate governance. Therefore, the Company intends to newly establish regulations concerning Audit and Supervisory Committee Members and the Audit and Supervisory Committee necessary to change to a Company with an Audit and Supervisory Committee as well as delete regulations concerning Auditors and the Board of Auditors, etc.

- (2) The Company proposes to add new provisions to the effect that Directors may be granted an exemption from part of their liabilities by a resolution of the Board of Directors within the scope of the legal limit allowed by the applicable laws and regulations with the aim of ensuring that the Directors can fully demonstrate their capabilities as expected in their roles, and that the Company may enter into limited liability agreements with Directors who are not Executive Directors, etc. In addition, the consent of each Auditor has been obtained for these revisions to the Articles of Incorporation. (Proposed revision to Article 33)

Apart from these, the Article numbers will be revised, and wording will be corrected, arranged and revised due to each of the aforementioned revisions.

2. Details of the revision

The Articles of Incorporation will be revised as follows.

Note that the revisions to the Articles of Incorporation in this proposal shall take effect at the conclusion of this annual meeting of shareholders.

(Revised section is underlined)

Current Articles of Incorporation	Proposed revision
Chapter I General Provisions	Chapter I General Provisions
Article 1 through 3 (Organs) Article 4 The Company shall have, in addition to the Annual Meeting of Shareholders and Directors, the following organs: (1) Board of Directors (2) <u>Auditors</u> (3) <u>Board of Auditors</u> (4) Financial Auditor	Article 1 through 3 (Organs) Article 4 The Company shall have, in addition to the Annual Meeting of Shareholders and Directors, the following organs: (1) Board of Directors (2) <u>Audit and Supervisory Committee</u> (Deleted) (3) Financial Auditor
Article 5 (Omitted)	Article 5 (Unchanged)

Current Articles of Incorporation	Proposed revision
<p style="text-align: center;">Chapter II Shares</p> <p>Article 6 through 10 (Omitted)</p>	<p style="text-align: center;">Chapter II Shares</p> <p>Article 6 through 10 (Unchanged)</p>
<p style="text-align: center;">Chapter III Annual Meeting of Shareholders</p> <p>Article 11 through 16 (Omitted)</p>	<p style="text-align: center;">Chapter III Annual Meeting of Shareholders</p> <p>Article 11 through 16 (Unchanged)</p>
<p style="text-align: center;">Chapter IV Directors and Board of Directors</p> <p>(Number of Directors)</p> <p>Article 17</p> <p>The Company shall have not more than <u>ten</u> Directors.</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter IV Directors, Board of Directors, and <u>Audit and Supervisory Committee</u></p> <p>(Number of Directors)</p> <p>Article 17</p> <p>1. The Company shall have not more than <u>eight</u> Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u>.</p> <p>2. <u>The Company shall have not more than four Directors who are Audit and Supervisory Committee Members.</u></p>
<p>(Election of Directors)</p> <p>Article 18</p> <p>1. Directors shall be elected at an annual meeting of shareholders.</p> <p>2 through 3 (Omitted)</p>	<p>(Election of Directors)</p> <p>Article 18</p> <p>1. Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> and <u>Directors who are Audit and Supervisory Committee Members</u> shall be elected at an annual meeting of shareholders, <u>distinguishing between Audit and Supervisory Committee Members and other Directors.</u></p> <p>2 through 3 (Unchanged)</p>
<p>(Term of Office of a Director)</p> <p>Article 19</p> <p>The term of office of a Director shall <u>expire at</u> the conclusion of the annual meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p>(Term of Office of a Director)</p> <p>Article 19</p> <p>1. The term of office of a Director <u>(excluding a Director who is an Audit and Supervisory Committee Member)</u> shall <u>last until</u> the conclusion of the annual meeting of shareholders for the last business year out of the business years terminating within one year after the election of the Director.</p> <p>2. <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the annual meeting of shareholders for the last business year out of the business years terminating within two years after the election of the Director who is an Audit and Supervisory Committee Member.</u></p> <p>3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member who is elected as the substitute for a Director who was an Audit and Supervisory Committee Member who retired from office before the expiration of the term of office shall continue until the time the term of office of the Director who was an Audit and Supervisory Committee Member who retired from office is to expire.</u></p>

Current Articles of Incorporation	Proposed revision
<p>Article 20 through 21 (Omitted) (Remuneration, Etc. of Directors)</p> <p>Article 22 Remuneration, bonuses and other economic benefits that Directors receive from the Company as consideration for the execution of their duties (hereinafter referred to as the “Remuneration, Etc.”) shall be determined by resolution of an annual meeting of shareholders.</p> <p>Article 23 (Omitted) (<u>Convening Meeting of the Board of Directors</u>)</p> <p>Article 24 1. (Omitted) 2. <u>When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director and Auditor at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> (Newly established)</p> <p>(Newly established)</p> <p>Article 25 (Omitted) (Omission of Resolutions of the Board of Directors)</p> <p>Article 26 If all the Directors indicate their consent to a proposal, which is the subject of a resolution by the Board of Directors, either in writing or in electronic or magnetic form, the Company shall deem such proposal as having been approved by the Board of Directors. <u>However, this is not limited to when an objection is raised by an Auditor.</u> (Newly established)</p>	<p>Article 20 through 21 (Unchanged) (Remuneration, Etc. of Directors)</p> <p>Article 22 Remuneration, bonuses and other economic benefits that Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> and <u>Directors who are Audit and Supervisory Committee Members</u> receive from the Company as consideration for the execution of their duties (hereinafter referred to as the “Remuneration, Etc.”) shall be determined by resolution of an annual meeting of shareholders, <u>distinguishing between Audit and Supervisory Committee Members and other Directors.</u></p> <p>Article 23 (Unchanged) (<u>Convener and Chairmanship of Meeting of the Board of Directors</u>)</p> <p>Article 24 1. (Unchanged) (Deleted)</p> <p>(<u>Notice of Meeting of the Board of Directors</u>)</p> <p><u>Article 25</u> <u>When convening a meeting of the Board of Directors, a notice shall be dispatched to each Director at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> (<u>Notice of Meeting of the Audit and Supervisory Committee</u>)</p> <p><u>Article 26</u> <u>When convening a meeting of the Audit and Supervisory Committee, a notice shall be dispatched to each Audit and Supervisory Committee Member at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u></p> <p>Article 27 (Unchanged) (Omission of Resolutions of the Board of Directors)</p> <p>Article 28 If all the Directors indicate their consent to a proposal, which is the subject of a resolution by the Board of Directors, either in writing or in electronic or magnetic form, the Company shall deem such proposal as having been approved by the Board of Directors. (<u>Resolutions of the Audit and Supervisory Committee</u>)</p> <p><u>Article 29</u> <u>Resolutions of the Audit and Supervisory Committee shall be made by a majority of the Audit and Supervisory Committee Members present at such meeting where more than half of the Audit and Supervisory Committee Members at such meetings are present.</u></p>

Current Articles of Incorporation	Proposed revision
<p>(Newly established)</p>	<p><u>(Delegation to Directors)</u> <u>Article 30</u> <u>In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by a resolution of the Board of Directors, delegate the decision on the execution of significant business operations (excluding matters listed in each item of Paragraph 5 of the Article) to Directors.</u></p>
<p>(Regulations of the Board of Directors) <u>Article 27</u> Matters concerning the Board of Directors shall be governed by the “Regulations of the Board of Directors” established by the Board of Directors, <u>unless otherwise provided for by</u> applicable laws and regulations and these Articles of Incorporation.</p>	<p>(Regulations of the Board of Directors) <u>Article 31</u> Matters concerning the Board of Directors shall be governed by the “Regulations of the Board of Directors” established by the Board of Directors, <u>in addition to</u> applicable laws and regulations and these Articles of Incorporation.</p>
<p>(Newly established)</p>	<p><u>(Regulations of the Audit and Supervisory Committee)</u> <u>Article 32</u> <u>Matters concerning the Audit and Supervisory Committee shall be governed by the “Regulations of the Audit and Supervisory Committee” established by the Audit and Supervisory Committee, in addition to applicable laws and regulations and these Articles of Incorporation.</u></p>
<p>(Newly established)</p>	<p><u>(Exemption of Directors From Liability)</u> <u>Article 33</u> <u>1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, by resolution of the Board of Directors, exempt a Director (including a person who was formerly a Director) from his/her liability for damages arising from neglecting his/her duties to the extent permitted by laws and regulations.</u> <u>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with a Director (excluding those who is an executive director, etc.) limiting his/her liability for damages arising from neglecting his/her duties; provided, however, that the maximum liability for damages under such agreement shall be an amount as prescribed by laws and regulations.</u></p>
<p style="text-align: center;"><u>Chapter V</u> <u>Auditors and the Board of Auditors</u> <u>(Number of Auditors)</u> <u>Article 28</u> <u>The Company shall have not more than four Auditors.</u> <u>(Election of Auditors)</u> <u>Article 29</u> <u>1. Auditors shall be elected at an annual meeting of shareholders.</u> <u>2. Resolutions on the election of an Auditor shall be made by a majority of the votes of the shareholders present at such meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u></p>	<p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p> <p style="text-align: center;">(Deleted)</p>

Current Articles of Incorporation	Proposed revision
<p><u>(Term of Office of an Auditor)</u> <u>Article 30</u> 1. <u>The term of office of an Auditor shall expire at the conclusion of the annual meeting of shareholders for the last business year out of the business years terminating within four years after the election of the Auditor</u> 2. <u>The term of office of an Auditor who is elected as the substitute for an Auditor who retired from office before the expiration of the term of office shall continue until the time the term of office of the Auditor who retired from office is to expire.</u></p>	(Deleted)
<p><u>(Full-Time Auditors)</u> <u>Article 31</u> <u>The Board of Auditors shall appoint full-time Auditor(s) by its resolution.</u></p>	(Deleted)
<p><u>(Remuneration, Etc. of Auditors)</u> <u>Article 32</u> <u>The Remuneration, Etc. to Auditors shall be determined by resolution of an annual meeting of shareholders.</u></p>	(Deleted)
<p><u>(Convening Meeting of the Board of Auditors)</u> <u>Article 33</u> 1. <u>When convening a meeting of the Board of Auditors, a notice shall be dispatched to each Auditor at least three days before the day of the meeting; provided, however, that this period may be reduced in case of urgent needs.</u> 2. <u>With the consent of all Auditors, a meeting of the Board of Auditors may be held without following the convening procedures.</u></p>	(Deleted)
<p><u>(Resolutions of the Board of Auditors)</u> <u>Article 34</u> <u>Resolutions of the Board of Auditors shall be made by a majority of the Auditors unless otherwise provided for by applicable laws and regulations.</u></p>	(Deleted)
<p><u>(Regulations of the Board of Auditors)</u> <u>Article 35</u> <u>Matters concerning the Board of Auditors shall be governed by the "Regulations of the Board of Auditors" established by the Board of Auditors, unless otherwise provided for by applicable laws and regulations and these Articles of Incorporation.</u></p>	(Deleted)
<p style="text-align: center;">Chapter <u>VI</u> Financial Auditor</p> <p>Article <u>36</u></p> <p>1. (Omitted)</p> <p>2. The term of office of a Financial Auditor shall <u>expire</u> at the conclusion of the Annual Meeting of Shareholders for the last business year which ends within one year after the election of the Financial Auditor.</p> <p>3. (Omitted)</p>	<p style="text-align: center;">Chapter <u>V</u> Financial Auditor</p> <p>Article <u>34</u></p> <p>1. (Unchanged)</p> <p>2. The term of office of a Financial Auditor shall <u>last until</u> the conclusion of the Annual Meeting of Shareholders for the last business year which ends within one year after the election of the Financial Auditor.</p> <p>3. (Unchanged)</p>

Current Articles of Incorporation	Proposed revision
<p>(Remuneration, Etc.) Article <u>37</u> Remuneration, Etc. of the Financial Auditor shall be determined by the President with consent of the <u>Board of Auditors</u>.</p> <p style="text-align: center;">Chapter <u>VII</u> Accounts</p> <p>Article <u>38</u> through <u>41</u> (Omitted)</p>	<p>(Remuneration, Etc.) Article <u>35</u> Remuneration, Etc. of the Financial Auditor shall be determined by the President with consent of the <u>Audit and Supervisory Committee</u>.</p> <p style="text-align: center;">Chapter <u>VI</u> Accounts</p> <p>Article <u>36</u> through <u>39</u> (Unchanged)</p>

Proposal No. 2: Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Subject to the approval of Proposal No. 1 “Partial Revision of Articles of Incorporation,” the Company will change its governance structure to a Company with an Audit and Supervisory Committee. The terms of office of all six Directors will expire at the conclusion of this meeting. Therefore, the Company proposes the election of six Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter with respect to this proposal).

This proposal shall come into effect, subject to the effect of the revision of Articles of Incorporation in Proposal No. 1 “Partial Revision of Articles of Incorporation.”

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1 Reelection Inside Director	Kyoichiro Oki (September 22, 1959)	<p>Apr. 1982 Joined ITOCHU Corporation</p> <p>May 2002 Joined the Company General Manager of Sales Strategy Office, Domestic Sales Division</p> <p>Apr. 2007 Deputy General Manager of Domestic Sales Division</p> <p>June 2009 Director</p> <p>Apr. 2011 General Manager of Overseas Business Division</p> <p>Apr. 2015 Managing Director</p> <p>Apr. 2018 President (current position)</p>	40,200
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company has judged that Kyoichiro Oki is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value by utilizing his extensive experience, achievements, and insight as a manager, because, since 2007, he has served as Deputy General Manager of Domestic Sales Division, General Manager of Overseas Business Division, and then he assumed President of the Company in April 2018 and because he has extensive experience, achievements, and insight related to the Company's domestic sales and overseas businesses. Accordingly, the Company has nominated him as a candidate for Director.</p>			
2 Reelection Inside Director	Shuji Fujii (April 16, 1956)	<p>Apr. 1980 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>Apr. 2008 Executive Managing Officer of Resona Bank, Limited</p> <p>Apr. 2012 Director and Vice President of Resona Kessai Service Co., Ltd.</p> <p>Sept. 2013 Joined the Company General Manager of Corporate Planning Office</p> <p>Apr. 2014 General Manager of Administration Division (current position)</p> <p>June 2014 Director</p> <p>Apr. 2015 Managing Director</p> <p>Apr. 2018 Senior Managing Director (current position)</p>	24,600
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company has judged that Shuji Fujii is qualified to strengthen the Group's corporate governance because he has extensive experience at financial institutions and insight related to corporate management, and has served as General Manager of Administration Division of the Company since 2014. Accordingly, the Company has nominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3 Reelection Inside Director	Misao Imoto (September 15, 1960)	Apr. 1985 Joined the Company	4,000
		Apr. 2001 Manager of Kagoshima Sales Office, Domestic Sales Division	
Apr. 2008 Manager of Sendai Sales Office, Domestic Sales Division			
Apr. 2018 General Manager of Domestic Sales Division (current position)			
June 2018 Director (current position)			
[Reasons for nomination as candidate for Director] The Company has judged that Misao Imoto is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value because he has served as Manager of Kagoshima Sales Office and then as Manager of Sendai Sales Office, Domestic Sales Division of the Company since 2001 and because he has extensive experience, achievements, and insight related to the Company's domestic sales business. Accordingly, the Company has nominated him as a candidate for Director.			
4 Reelection Inside Director	Masahiro Doi (January 31, 1961)	Apr. 1984 Joined Matsushita Electric Trading Co., Ltd (currently Panasonic Corporation)	11,000
		Oct. 2009 President of Panasonic Automotive Systems Asia Pacific (Thailand) Co., Ltd.	
Apr. 2010 President of Panasonic Automotive Systems India (concurrent with the above positions)			
June 2015 Director of Ficosa International Spain in charge of Co-operation with Panasonic Corporation			
Oct. 2017 Joined the Company Deputy General Manager of Machinery Equipment Division			
Apr. 2018 General Manager of Machinery Equipment Division (current position)			
June 2019 Director (current position)			
[Reasons for nomination as candidate for Director] The Company has judged that Masahiro Doi is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value because he has served as General Manager of Machinery Equipment Division since he joined the Company in 2017 and because he has extensive experience, achievements, and insight related to the Company's overseas business. Accordingly, the Company has nominated him as a candidate for Director.			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5 New Election Inside Director	Akira Kimura (February 25, 1962)	<p>Apr. 1985 Joined Nichimen Corporation (currently Sojitz Corporation)</p> <p>Nov. 2002 Joined Toyota Tsusho Corporation</p> <p>Apr. 2014 President of Toyota Adria D.O.O.</p> <p>Apr. 2017 Joined the Company Manager of Business Development Department, Overseas Business Division</p> <p>Oct. 2017 Deputy General Manager of Overseas Business Division</p> <p>Apr. 2018 Executive Officer (current position)</p> <p>Apr. 2020 General Manager of Overseas Business Division (current position)</p>	2,600
<p>[Reasons for nomination as candidate for Director]</p> <p>The Company has judged that Akira Kimura is qualified to assist in the pursuit of further sustainable increases to the Group's corporate value because he has served as Manager of Business Development Department, Overseas Business Division and Deputy General Manager of Overseas Business Division since he joined the Company in 2017 and because he has extensive experience, achievements, and insight related to overseas business of trading companies. Accordingly, the Company has nominated him as a candidate for Director.</p>			
6 Reelection Outside Director Independent officer	Koji Nishijima (May 15, 1949)	<p>Apr. 1973 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>Oct. 2003 Director, Vice President and Representative Executive Officer of Resona Bank, Limited</p> <p>June 2006 President and Representative Director of Dia Kensetsu Co., Ltd. (currently Daiwa Jisyo Co., Ltd.)</p> <p>June 2013 Outside Audit & Supervisory Board Member of SODA NIKKA CO., LTD.</p> <p>June 2015 Director of the Company (current position)</p> <p>June 2015 Outside Director of SODA NIKKA CO., LTD.</p> <p>June 2019 Resigned as Outside Director of SODA NIKKA CO., LTD.</p>	2,000
<p>[Reasons for nomination as candidate for outside Director]</p> <p>The Company has judged that Koji Nishijima is qualified to improve the functions of the Company's Board of Directors by supervising the execution of duties undertaken by Directors, etc., from an independent standpoint, because he has extensive experience at financial institutions and insight related to corporate management. Accordingly, the Company has nominated him as a candidate for outside Director.</p>			

- Notes:
1. There is no special interest between any of the candidates for Director and the Company.
 2. Koji Nishijima is a candidate for outside Director.
 3. At the conclusion of this meeting, Koji Nishijima's tenure as outside Director will have been five years.
 4. Subject to the approval of Proposal No. 1 "Partial Revision of Articles of Incorporation" and this proposal as proposed, the Company plans to enter into an Agreement with Koji Nishijima to limit his liability for damages as per Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. Such agreement shall be to the effect that in the event such Outside Director causes damage to the Company arising from the negligence of his duties, the maximum liability of such Outside Director is set at the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the duties were executed in good faith and without gross negligence.
 5. The Company has submitted notification to the Tokyo Stock Exchange that Koji Nishijima has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Mr. Nishijima is approved, the Company plans for his appointment as an independent officer to continue.
 6. The Company has conducted a two-for-one common share split with the effective date of April 1, 2020, so the number of the Company's shares presented are based on shares after the share split.

Proposal No. 3: Election of Three Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 1 “Partial Revision of Articles of Incorporation” the Company will change its governance structure to a Company with an Audit and Supervisory Committee. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

In addition, the consent of the Board of Auditors has been obtained for this proposal.

This proposal shall come into effect, subject to the effect of the revision of Articles of Incorporation in Proposal No. 1 “Partial Revision of Articles of Incorporation.” The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Toshio Shimizu (February 6, 1955)	Mar. 1977 Joined the Company	2,200
		Apr. 1999 Manager of Internal Audit Office	
Apr. 2014 Manager of Shipping & Administration Department, Overseas Business Division			
June 2015 Auditor (current position)			
New Election	[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member]		
Inside Director	The Company has judged that Toshio Shimizu is qualified to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member because he has served for many years for the Company as Manager of Internal Audit Office, as Manager of Shipping & Administration Department, Overseas Business Division, and as Auditor and because he has knowledge and experience required for the sound and appropriate operation of the Company. Accordingly, the Company has nominated him as a candidate for Director who is an Audit and Supervisory Committee Member.		
2	Naoko Nakatsukasa (April 8, 1965)	Apr. 1994 Registered as an attorney at law	200
		Apr. 1994 Joined Chuo Sogo Law Office (currently Professional Corporation, Chuo Sogo Law Office)	
		June 2002 Auditor of the Company (current position)	
		Apr. 2008 Adjunct Instructor of Kyoto University Law School (current position)	
		June 2012 External Corporate Auditor of Nakabayashi Co., Ltd.	
New Election		June 2015 External Director (Audit and Supervisory Committee Member) of Nakabayashi Co., Ltd. (current position)	
Outside Director	[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]		
Independent officer	The Company has judged that Naoko Nakatsukasa should be able to provide advice and supervision for overall management because she is an attorney at law, familiar with corporate law and has been engaged in legal issues and management guidance for numerous companies. Accordingly, the Company has nominated her as a candidate for outside Director who is an Audit and Supervisory Committee Member. Although she does not have past experience in corporate management other than having served as an external director, the Company has judged that she will be able to appropriately fulfill her duties as outside Director who is an Audit and Supervisory Committee Member due to the above reasons.		

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3 New Election Outside Director	Susumu Yoshida (April 24, 1956)	Apr. 1981 Joined Mitsubishi Gas Chemical Company, Inc. June 2012 Executive Officer June 2016 Managing Executive Officer, Administrative Management of Compliance, Administrative Management of Internal Audit Division and Corporate Planning Division, and Chairman of Internal Control Promotion Committee Apr. 2017 Director, Managing Executive Officer, and President of Specialty Chemicals Company June 2019 Resigned as Director, Managing Executive Officer	-
Independent officer	<p>[Reasons for nomination as candidate for outside Director who is an Audit and Supervisory Committee Member]</p> <p>The Company has judged that Susumu Yoshida should be able to provide advice and supervision for overall management because of his wealth of experience at a chemical manufacturer and his insight into business management. Accordingly, the Company has nominated him as a candidate for outside Director who is an Audit and Supervisory Committee Member.</p>		

- Notes:
1. There is no special interest between any of the candidates for Directors who are Audit and Supervisory Committee Members and the Company.
 2. Both Naoko Nakatsukasa and Susumu Yoshida are candidates for outside Directors.
 3. At the conclusion of this meeting, Naoko Nakatsukasa's tenure as outside Auditor will have been eighteen years.
 4. Subject to the approval of Proposal No. 1 "Partial Revision of Articles of Incorporation" and this proposal as proposed, the Company plans to enter into Agreements with both Naoko Nakatsukasa and Susumu Yoshida to limit their liabilities for damages as per Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. Such agreements shall be to the effect that in the event such Outside Director causes damage to the Company arising from the negligence of his/her duties, the maximum liability of such Outside Director is set at the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the duties were executed in good faith and without gross negligence.
 5. Both Naoko Nakatsukasa and Susumu Yoshida meet the criteria for an independent officer as defined by the Tokyo Stock Exchange. If their elections are approved, the Company plans to designate them independent officers.
 6. The Company has conducted a two-for-one common share split with the effective date of April 1, 2020, so the number of the Company's shares presented are based on shares after the share split.

Proposal No. 4: Determination of Amount of Remuneration, Etc. for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of remuneration, etc. for the Company's Directors was approved for a total maximum amount of 200 million yen per fiscal year (excluding employee salaries) at the 135th Annual Meeting of Shareholders convened on June 21, 2006, which remains in effect to this day.

Subject to the approval of Proposal No. 1 "Partial Revision of Articles of Incorporation," the Company will change its governance structure to a Company with an Audit and Supervisory Committee. Therefore, the Company will abolish the current provisions related to the amount of remuneration for Directors, and it is proposed, in accordance with Article 361, Paragraph 1 and Article 361, Paragraph 2 of the Companies Act, taking into consideration the various factors such as economic conditions, that the total maximum amount of remuneration, etc. be set at 200 million yen per fiscal year for Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter with respect to this proposal) (with a maximum amount of 20 million yen per fiscal year for Outside Directors) with the decisions on the specific amounts for each Director and payment periods, etc. to be resolved by the Board of Directors.

The amount of remuneration, etc. for Directors does not include wage salaries of Directors concurrently serving as employee.

There are currently six Directors (including one Outside Director). When Proposal No. 1 "Partial Revision of Articles of Incorporation" and Proposal No. 2 "Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)" become effective, there will be six Directors (including one Outside Director).

This proposal shall come into effect, subject to the effect of the revision of Articles of Incorporation in Proposal No. 1 "Partial Revision of Articles of Incorporation."

Proposal No. 5: Determination of Amount of Remuneration, Etc. for Directors Who Are Audit and Supervisory Committee Members

Subject to the approval of Proposal No. 1 “Partial Revision of Articles of Incorporation,” the Company will change its governance structure to a Company with an Audit and Supervisory Committee. Therefore, it is proposed, in accordance with Article 361, Paragraph 1 and Article 361, Paragraph 2 of the Companies Act, taking into consideration the various factors such as economic conditions, that the total maximum amount of remuneration, etc. be set at 24 million yen per fiscal year for Directors who are Audit and Supervisory Committee Members with the decisions on the specific amounts for each Director and payment periods, etc. to be resolved through discussion by the Directors who are Audit and Supervisory Committee Members.

When Proposal No. 1 “Partial Revision of Articles of Incorporation” and Proposal No. 3 “Election of Three Directors Who Are Audit and Supervisory Committee Members” become effective, there will be three Directors who are Audit and Supervisory Committee Members.

This proposal shall come into effect, subject to the effect of the revision of Articles of Incorporation in Proposal No. 1 “Partial Revision of Articles of Incorporation.”