

Reference Documents for General Meeting of Shareholders

Proposals and references

Proposal No. 1 Distribution of Surplus

Company has long concentrated on returning profits to all our shareholders. Company aims a consolidated dividend payout ratio of approximately 40% as our mid-term goal, taking the level of retained earnings and stable and continuous remission of profits into consideration. Retained earnings are to be allocated for capital investment and R&D investment in growth businesses to enhance the value of Company.

Based on this policy, Company proposes the distribution of surplus for this fiscal year as follows.

1. Matters related to the year - end dividend

(1) The kind of Dividend Property

Cash

(2) The matters regarding the assignment of Dividend Property to shareholders and the total amount

Dividends	15 yen per common share
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Total amount	2,561,997,000 yen
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(3) Effect date of distribution of surplus ;

June 26, 2020

As Company has paid interim cash dividend of 15 yen per common share for second quarter, total amount of dividend for this fiscal year will result in 30 yen per common share.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reason for the Amendment

With the effective date of October 1, 2020 (planned), the manufacturing and sales business of components for liquid crystal display, components for liquid crystal projector, etc. of our consolidated subsidiary Polatechno Co., Ltd. (hereinafter referred to as “Polatechno”) will be absorbed.

Upon succession by the Company by the method, the business operated by Polatechno and its subsidiaries will be added to the Article 2 (purpose) of the current Articles of Incorporation of the Company.

2. Amendment details

The contents of the amendments are as follows:

(Changes are underlined.)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Omitted) (Proposes)	Article 1. (Unchanged) (Proposes)
Article 2. The purpose of the Company shall be to engage in the following businesses: 1.-11. (Omitted) (New Provision)	Article 2. The purpose of the Company shall be to engage in the following businesses: 1.-11. (Unchanged) <u>12. Manufacture, processing and sales of polarizing films, components for electronic devices and analytical instrument</u>
<u>12.-27.</u> (Omitted)	<u>13.-28.</u> (Unchanged)
Article 3.-37 (Omitted)	Article 3.-37 (Unchanged)

Proposal No. 3 Election of Ten (10) Directors

The terms of office of all nine(9) Directors will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose to elect ten(10) Directors, who consist of nine(9) candidates for re-election and one(1) candidate for new election, including three(3) outside Directors, in order to enhance the function of management supervision.

(The list of candidates for Directors)

Candidate number	Name	Current Position and Responsibilities in Company	Attributes Information for Company (New Election) (Independent) (Outside)	Attendance at Board of Directors meeting during the fiscal year
1	Atsuhiko Wakumoto	President Representative Director		14 of 14 meetings (100%)
2	Yukio Tachibana	Representative Director Senior Managing Director		14 of 14 meetings (100%)
3	Tomoo Shibuya	Managing Director Member of board of Directors		14 of 14 meetings (100%)
4	Masaru Oizumi	Managing Director Member of board of Directors		14 of 14 meetings (100%)
5	Hiroshi Mikami	Managing Director Member of board of Directors		14 of 14 meetings (100%)
6	Yoshitsugu Ishida	Managing Director Member of board of Directors		11 of 11 meetings (100%)
7	Kazuto Koizumi	Managing Director Member of board of Directors		11 of 11 meetings (100%)
8	Yoh Ota	Outside Director Member of board of Directors	(Independent) (Outside)	14 of 14 meetings (100%)
9	Yasuyuki Fujishima	Outside Director Member of board of Directors	(Independent) (Outside)	14 of 14 meetings (100%)
10	Seiichi Fusamura	—	(New) (Independent) (Outside)	—

(Notice) The records of attendance of Mr. Yoshitsugu Ishida and Mr. Kazuto Koizumi are based on only the Board of Directors meetings held after he assumed his office of Director on June 25, 2019.

(Independence Standards and Qualification for Outside Officers)

Company has set for the following independence standards of outside officers (Outside Directors and Outside Audit & Supervisory Board Members). The outside officer concerned is judged to be independent of Company if he or she does not constitute any of the following:(Company has revised the independence standards on March 31, 2020)

- (1) A supplier who sees Company and important subsidiaries of Company (hereafter, “Company Group”) as a main customer, or a person who is an executive director, executive officer, or other employee of the parent company or main subsidiaries of that supplier (hereafter “Executive”);
- (2) A main customer of Company or an Executive at that customer;
- (3) An Executive at a main financial institution from which Company borrows or the parent or a subsidiary of that financial institution;
- (4) An attorney, certified public accountant (CPA), licensed tax accountant or other consultant who has received funds or other assets exceeding a certain amount, other than officer remuneration, from Company Group (the person affiliated with the group when the entity receiving the assets is a corporation, association, or other group);
- (5) A person who has received donations or aid exceeding 10 million yen a year from Company (an Executive of the group when the entity receiving the donation or aid is a corporation, association, or other group);
- (6) A main shareholder of Company Group or an Executive of that shareholder;
- (7) A company that has accepted directors from Company Group or an Executive of the parent company or a subsidiary of that company;
- (8) A person who constituted (1) through (7), above, in the past five years;
- (9) The spouse or close relatives within two degrees of relationship of that person when the person who constitutes (1) through (8), above, is a person in an important position; or
- (10) The spouse or close relatives within two degrees of relationship of the person when the person is a director, executive officer, or manager of Company or a subsidiary of Company.

(Notes)

1. “Important subsidiaries of Company” in (1) refer to subsidiaries that comprise 20% or more of any one of Company’s (non-consolidated) sales, total assets, income, or borrowings in the most recent fiscal year.
 “A supplier who sees Company Group as a main customer” in (1) refers to a “supplier who received payment of 2% or more of that entity’s annual consolidated sales for the most recent fiscal year from Company Group.”
2. “A main customer of Company” in (2) refers to “a customer who paid Company 2% or more of Company’s annual consolidated sales for the most recent fiscal year.”
3. “Main financial institution” in (3) refers to “an entity that lends an amount equaling 2% or more of Company’s consolidated assets for the most recent fiscal year to Company.
4. “A certain amount” in (4) refers to “10 million yen a year.” or “2% of annual sales of attorneys and others, corporation which attorneys and others belong to, association, or other group, whichever amount is greater.
5. “Main shareholder” in (6) refers to a shareholder who holds 10% or more of the voting rights (including both direct and indirect ownership).
6. “A person in an important position” in (9) refers to employees who are directors (excluding outside directors), executive officers, persons responsible for operational execution, or upper

level management of department manager or above, as well as attorneys qualified to be partner or upper position and affiliated with the law firm; CPAs qualified to be partner, non-representative partner or upper position affiliated with the accounting firm; trustees, directors, auditors, or other officers affiliated with a foundation, incorporated organization, educational corporation or other corporation; and other persons reasonably and objectively judged to be of similar importance.

The candidates for Director are as follows.

(Re-election)

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
1 <u>Re-election</u>	Atsuhiro Wakumoto (March 15, 1957)	April 1979 August 2008 August 2009 August 2010 August 2012 June 2016 June 2018 June 2019	Joined Company General Manager of Global Business Division and Manager of Marketing Dept., Global Business Division and Manager of Marketing Dept., Japan Business Division, Safety Systems Group General Manager of Global Business Division and Manager of Marketing Dept., Global Business Division, Safety Systems Group General Manager of Marketing Division and Manager of Global Marketing Dept., Marketing Division, Safety Systems Group Director General Manager of Marketing Division, Safety Systems Group (current) Member of the board of Directors Managing Director Head of Safety Systems Group President (current) Representative Director (current)	25,200
[Reason for selection as a candidate for Director] Mr. Atsuhiro Wakumoto has been engaged in safety systems business for many years. He currently has been serving as a President and Representative Directors. Company continuously selected him as a candidate for Director since he has extensive experience of global business and advanced knowledge of the overall business of Company.				
2 <u>Re-election</u>	Yukio Tachibana (June 22, 1955)	October 2007 August 2008 August 2011 June 2014 June 2018	Joined Company General Manager of Catalysts Division, Functional Chemicals Group Director Member of the board of Directors Managing Director Head of Functional Chemicals Group (current) Representative Director (current) Senior Managing Director (current)	23,400
[Reason for selection as a candidate for Director] Mr. Yukio Tachibana has been in charge of Functional Chemicals Group and serving as a Member of the Board of Directors, Representative Director, and Senior Managing Director. Company continuously selected him as a candidate for Director since he has extensive experience of global business and advanced knowledge of the overall business of Company.				

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
3 [Re-election]	Tomoo Shibuya (December 15, 1957)	April 1980 September 2005	Joined Company General Manager of Public Relations & Investor Relations Division, Strategic Corporate Planning Group	14,800
		February 2006 August 2007 June 2010 June 2012 June 2013 June 2017 June 2018	General Manager of Corporate Planning Division, Strategic Corporate Planning Group Vice President of LifeSparc Inc. General Manager of Corporate Planning Division, Strategic Corporate Planning Group, Company Member of Board of Directors, Polatechno Co., Ltd. (current) Director, Company Member of the board of Directors (current) Managing Director (current) Head of Strategic Corporate Planning Group, Head of Research & Development Group and Head of Agrochemicals Division Head of Financial Group and General Manager of Finance & Accounting Division, Financial Group Head of Financial Group (current)	
[Reason for selection as a candidate for Director] Mr. Tomoo Shibuya has been engaged in Strategic Corporate Planning Group and Financial Group for many years and currently serving as a Member of the Board of Directors and Managing Director. Company continuously selected him as a candidate for Director since he has been engaged in management of foreign subsidiary and has advanced knowledge of the group business of Company.				
4 [Re-election]	Masaru Oizumi (October 28, 1957)	April 1980 October 2002	Joined Company Director & General Manager, Kayaku Chemical (Wuxi) Co., Ltd	13,900
		March 2007 August 2008 April 2013 June 2014 July 2015 June 2018 January 2020	General Manager of Marketing Dept., Functional Materials Division, Functional Chemicals Group General Manager of Electronic Materials Division, Functional Chemicals Group General Manager of Digital Printing Materials Division, Functional Chemicals Group Director, Company (current) General Manager of Color Materials Division, Functional Chemicals Group (current) Member of the board of Directors (current) Managing Director (current) Head of Strategic Corporate Planning Group, Head of Research & Development Group and Head of Agrochemicals Division Head of Strategic Corporate Planning Group and Head of Agrochemicals Division (current)	
[Reason for selection as a candidate for Director] Mr. Masaru Oizumi has been engaged in Functional Chemicals business for many years and currently serving of Strategic Corporate Planning Group and Research & Development Group as a Member of the Board of Directors and Managing Director. Company continuously selected him as a candidate for Director since he has extensive experience of global business and advanced knowledge of the overall business of Company.				

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
5	Hiroshi Mikami (March 8, 1959)	April 1981	Joined Company	11,300
Re-election		January 2004	General Manager of Management Dept., Asa Plant	
		September 2006	General Manager of Management Dept., Himeji Plant	
		August 2010	Deputy Plant General Manager & General Manager of Management Dept., Himeji Plant	
		July 2011	Manager, Personnel & Payroll Dept., Human Resources Management Division, Administration Group	
		August 2012	General Manager of Human Resources Management Division & Manager, Personnel & Payroll Dept., Human Resources Management Division, Administration Group	
		June 2015	Director, Company	
		June 2017	General Manager of Human Resources Management Division, Administration Group	
June 2018	Member of the board of Directors (current) Managing Director (current) Head of Administration Group and General Manager of Human Resources Management Division, Administration Group (current)			
[Reason for selection as a candidate for Director] Mr. Hiroshi Mikami has been in charge of Management Department at some plants and Human Resources Management Division for many years and currently serving as a Member of the Board of Directors and Managing Director a Director. Company continuously selected him as a candidate for Director since he has extensive experience of group business and advanced knowledge of the overall business of Company.				
6	Yoshitsugu Ishida (September 8, 1958)	April 1981	Joined Company	23,355
Re-election		August 2004	General Manager of Administration Dept., Safety System Division	
		August 2007	General Manager of Planning & Coordination Dept, Safety System Division	
		August 2010	General Manager of Planning & Coordination Dept, Safety System Group	
		June 2016	Director, Company	
		April 2018	General Manager of Strategic Planning Division, Safety System Group	
June 2019	Member of the board of Directors (current) Managing Director (current) Head of Safety Systems Group (current)			
[Reason for selection as a candidate for Director] Mr. Yoshitsugu Ishida has been in charge of Strategic Planning Division, Safety System business for many years and currently serving as a Member of the Board of Directors and Managing Director. Company continuously selected him as a candidate for Director since he has extensive experience of global business and advanced knowledge of the overall business of Company.				

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
7 <u>Re-election</u>	Kazuto Koizumi (January 18, 1960)	April 1982 June 2004 December 2005 June 2011 August 2012 June 2015 June 2017 June 2019	Joined Company General Manager of Technical & Information Dept., International Division, Pharmaceuticals Group General Manager of Manufacture Dept., Takasaki Plant Deputy Plant General Manager, Takasaki Plant Plant General Manager, Takasaki Plant General Manager of Quality & Pharmacovigilance Division, Pharmaceuticals Group Director, Company Member of the board of Directors (current) Managing Director (current) Head of Pharmaceuticals Group (current)	8,200
[Reason for selection as a candidate for Director] Mr. Kazuto Koizumi has been in charge of Pharmaceuticals Group and Plant management for many years and currently serving as a Member of the Board of Directors and Managing Director. Company continuously selected him as a candidate for Director since he has extensive experience and advanced knowledge of the overall business of Company.				
8 <u>Re-election</u> <u>Independent</u> <u>Outside</u>	Yoh Ota (October 3, 1967)	April 1993 February 2001 April 2001 January 2003 August 2004 June 2005 July 2007 April 2013 June 2016 June 2017	Registered lawyer Joined Nishimura Tokiwa Law office Registered lawyer in New York State, USA Appointed Civil Affairs Bureau, the Ministry of Justice (charge of the Commercial Law, the office of counselor) Partner of Nishimura Tokiwa Law office Outside Audit & Supervisory Board Member of Company Outside Director of Denki Kogyo Co., Ltd. (current) Partner of Nishimura Asahi Law office (current) Professor, Graduate Schools for Law and Politics, The University of Tokyo Member of the board of Directors, Company (current) Outside Audit & Supervisory Board Member of Ricoh Co., Ltd. (current)	0
[Reason for selection as a candidate for Outside Director] Mr. Yoh Ota has extensive experience and advanced knowledge as a lawyer. He served as Outside Audit & Supervisory Board Member of Company, and he is well acquainted with Company. Company continuously selected him as a candidate for Outside Director for strengthening supervisory functions of the Board of Directors. The company considers his thorough knowledge of corporate legal affairs including corporate governance as necessary to strengthen corporate governance of Company.				

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
9	Yasuyuki Fujishima (March 25, 1947)	July 1969	Joined Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry).	3,000
		July 1997	Economic Planning Agency Representative to the Economic Planning Agency Bank of Japan Policy Board	
		July 1998	Japan Ambassador Extraordinary and Plenipotentiary to Panama, Ministry of Foreign Affairs	
		June 2002	Managing Executive Officer, Nissho Iwai Corp. (presently Sojitz Corp.)	
		November 2002	Outside Director, Wacom Co., Ltd. (current)	
		April 2003	Senior Managing Executive Officer, Member of Board of Directors, Nissho Iwai Corp.	
		October 2005	Representative Director and Senior Managing Executive Officer, Sojitz Corp.	
		April 2008	Executive Vice President, Sojitz Corp.	
		August 2010	Representative Director, President, Mutual Service Aid Guarantee Corporation	
		June 2016	Member of the board of Directors, Company (current)	
		August 2017	Representative Director, President, Ceremonial Occasions Research Institute, Inc.	
		November 2018	Chairperson of Human Resources Development & Employment Organization (current)	
	[Reason for selection as a candidate for Outside Director] Mr. Yasuyuki Fujishima has extensive experience and knowledge as a management executive of general trading company. Company expects him to make recommendation about overall business of Company. Therefore, Company continuously selected him as a candidate for Outside Director.			

Re-election

Independent

Outside

(New Candidate)

Candidate number	Name (Date of birth)	Brief biographical outlines, position and responsibility in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
10	Seiichi Fusamura (March 18, 1947)	July 1971 June 1998 December 2001 October 2006 December 2009 January 2011 March 2012 April 2012 June 2012 January 2013 August 2013 June 2016	Assistant Judge of Kyoto District Court Director-General of Judicial System and Research Dept., Minister's Secretariat, Ministry of Justice Director-General of the Civil Affairs Bureau, Ministry of Justice President of the Saitama District Court President of the Sendai High Court President of the Nagoya High Court Retired from High Court Public member of Tokyo Metropolitan Government Labor Relations Commission(Deputy Chairperson) Outside Audit & Supervisory Board Member of Nippon Paper Industries Co., Ltd.(current) Registered Lawyer Chairperson of Public Security Examination Commission(current) Chairperson of Tokyo Metropolitan Government Labor Relations Commission(current) Outside Audit & Supervisory Board Member of The Bank of Yokohama, Ltd.(current)	0
<div style="display: flex; justify-content: space-between; border: 1px solid black; padding: 2px;"> New Independent Outside </div> <p>[Reason for selection as a candidate for Outside Director] Mr. Seiichi Fusamura has extensive experience and knowledge as a legal expert at the judicial branch although he has not been involved in the management of Company. Company expects him to make recommendation about overall business of Company. Therefore, Company selected him as a candidate for Outside Director.</p>				

Note:1. There are no special interests between Company and all the Director candidates.

2. Messrs. Yoh Ota , Yasuyuki Fujishima and Seiich Fusamura are candidates for Outside Director as prescribed in Article 2, paragraph (3), item (vii) of the Ordinance for Enforcement of the Companies Act. Company has registered Messrs. Yoh Ota and Yasuyuki Fujishima as Independent Officers stipulated by Securities Listing Regulations of Tokyo Stock Exchange. If Mr. Seiichi Fusamura is elected, Company will register him as Independent Officers on Tokyo Stock Exchange.
3. Messrs. Yoh Ota and Yasuyuki Fujishima will have served as Outside Director of Company for four(4) years until the conclusion of this General Meeting of Shareholders.
4. Messrs. Yoh Ota and Yasuyuki Fujishima have entered into a contract with Company to limit the liability for damages as prescribed in Article 423, paragraph (1) of Companies Act, and such amount of limitation of liability based on such contract shall be amount prescribed in Companies Act and if they are re-elected, Company will continue the contract as before. If Mr. Seiichi Fusamura is elected, Company will enter into the same contract with Company to limit the liability.

(Summary of Contracts for Limitation of Liability)

If such Outside Director, is without knowledge and is not grossly negligent in performing his/her duty, the liability of such Outside Director shall be limited to the amount as prescribed in Article 425, paragraph (1) of Companies Act.

Proposal No. 4 Election of two (2) Members of Audit & Supervisory Board

The terms of office of Messrs. Katsuji Higashi and Yasuhiro Osaki, Audit & Supervisory Board Member, will expire at the close of this Ordinary General Meeting of Shareholders. Accordingly, we hereby propose to elect two (2) Members of Audit & Supervisory Board for re-election.

Company has already obtained the consent of Audit & Supervisory Board with respect to this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

(Re-election)

Name (Date of birth)	Brief biographical outlines, position in Company, and significant concurrent positions		Number of shares of Company owned by Candidate
<p style="text-align: center;">Katsuji Higashi (November 27, 1952)</p> <p style="text-align: center;"> <input type="checkbox"/> Re-election <input checked="" type="checkbox"/> Independent <input type="checkbox"/> Outside </p>	<p>July 1981</p> <p>July 2000</p> <p>July 2001</p> <p>August 2009</p> <p>August 2014</p> <p>September 2014</p> <p>June 2016</p>	<p>Registered certified public account</p> <p>Joined Ota Tetsuzo Auditing Company Office</p> <p>Representative Partner of Ota Showa Century Auditing Company</p> <p>Representative Partner of Shinnihon Auditing Company (The name changed, presently Ernst & Young ShinNihon LLC.)</p> <p>Board of Councilors, Ernst & Young ShinNihon LLC.</p> <p>Retired Ernst & Young ShinNihon LLC.</p> <p>Established Accounting Firm(current)</p> <p>Outside Audit & Supervisory Board Member of Company</p>	0
<p>[Special interests between Company and the above candidate]None</p> <p>[Reason for selection as a candidate for Outside Audit & Supervisory Board Member]</p> <p>Mr. Katsuji Higashi has professional knowledge and experience as Certified Public Account. Company continuously selected him as a candidate for Outside Audit & Supervisory Board Member for utilizing his advanced knowledge on auditing system. Although he has not been involved in the management of Company, Company has judged he will fulfill his vocation of Outside Audit & Supervisory Board Member since he has the thorough knowledge of corporate accounting.</p> <p>[Attendance at Board of Directors meeting during the fiscal year]13 of 14 meeting (92%)</p> <p>[Attendance at Audit & Supervisory Board meeting during the fiscal year]11 of 12 meeting(91%)</p>			
<p style="text-align: center;">Yasuhiro Osaki (November 14, 1954)</p> <p style="text-align: center;"> <input type="checkbox"/> Re-election <input checked="" type="checkbox"/> Independent <input type="checkbox"/> Outside </p>	<p>April 1985</p> <p>April 1992</p> <p>June 2010</p> <p>June 2016</p>	<p>Assistant Professor, School of Law, Waseda University</p> <p>Professor, School of Law, Waseda University</p> <p>Outside Director, NBC Meshtec Inc.</p> <p>Outside Audit & Supervisory Board Member of Company</p>	0
<p>[Special interests between Company and the above candidate] None</p> <p>[Reason for selection as a candidate for Outside Audit & Supervisory Board Member]</p> <p>Mr. Yasuhiro Osaki has professional knowledge and experience as University Professor. Company continuously selected him as a candidate for Outside Audit & Supervisory Board Member for utilizing his advanced knowledge on auditing system. Although he has not been involved in the management of Company, Company has judged he will fulfill his vocation of Outside Audit & Supervisory Board Member since he has the thorough knowledge of corporate law.</p> <p>[Attendance at Board of Directors meeting during the fiscal year]13 of 14 meeting (92%)</p> <p>[Attendance at Audit & Supervisory Board meeting during the fiscal year]11 of 12 meeting(91%)</p>			

- Note: 1. Messrs. Katsuji Higashi and Yasuhiro Osaki are Candidates for Outside Audit & Supervisory Board Member as prescribed in Article 2, paragraph (3), item(viii) of the Ordinance for Enforcement of the Companies Act. If Mr. Katsuji Higashi is re-elected, Company will register him as Independent Officer on Tokyo Stock Exchange. That's because 5 years and 10 months have passed since Mr.Katsuji Higashi retired Earnest & Young ShinNihon LLC., he is judged to be independent of Company according to the independence standards of outside officers listed on page 3. Company has registererd Mr. Yasuhiro Osaki as Independent Officer on Tokyo Stock Exchange.
2. Messrs. Katsuji Higashi and Yasuhiro Osaki will have served as Outside Audit & Supervisory Board Member of Company for four(4) years until the conclusion of this General Shareholders of Meeting.
3. Messrs. Katsuji Higashi and Yasuhiro Osaki have entered into a contract with Company to limit the liability for damages as prescribed in Article 423, paragraph (1) of Companies Act, and such amount of limitation of liability based on such contract shall be amount prescribed in Companies Act and if they are re-elected, Company will continue the contract as before.

(Summary of Contracts for Limitation of Liability)

If such Member of Outside Audit & Supervisory Board, is without knowledge and is not grossly negligent in performing his/her duty, the liability of such Member of Audit & Supervisory Board shall be limited to the amount as prescribed in Article 425, paragraph (1) of Companies Act.

- End -