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(Securities code: 3708)

(June 5, 2023)

To Our Shareholders

Yuji Matsuda, President and Chief Executive Officer
Tokushu Tokai Paper Co., Ltd.
4379 Mukaijima-cho, Shimada-shi, Shizuoka, JAPAN

Notice of the 16th Annual General Meeting of Shareholders

It is a pleasure to inform you that the 16th Annual General Meeting of Shareholders of Tokushu Tokai Paper Co., Ltd. (the “Company”) will be held as indicated below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of “Reference Documents for the General Meeting of Shareholders,” etc. (matters for which measures for providing information in electronic format are to be taken) 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.tt-paper.co.jp/ir/meeting/> (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 access the following website to view 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 “Tokushu Tokai Paper” in “Issue name (company name)” or the Company’s securities code “3708” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

You may exercise your voting rights via the internet or in writing (postal mail) in lieu of attending the meeting in person. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:40 p.m. on Tuesday, June 27, 2023 (JST).

- 1. Date and Time:** Wednesday, June 28, 2023, at 10:00 a.m. (JST) (Reception will open at 9:15 a.m.)
- 2. Venue:** Concert Hall Shizuoka AOI, 7th Floor Auditorium
1-9, Kurogane-cho, Aoi-ku, Shizuoka-shi, Shizuoka Prefecture
Please be aware that there will be no gifts for shareholders who attend the General Meeting of Shareholders in person.
Thank you for your understanding.

3. Meeting Agenda:

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 16th fiscal year (April 1, 2022 to March 31, 2023) and Audit Results of Consolidated Financial Statements by Financial Auditor and the Audit & Supervisory Board
2. Non-consolidated Financial Statements for the 16th fiscal year (April 1, 2022 to March 31, 2023)

Matters to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Amendment to the Articles of Incorporation |

- Proposal No. 3** Election of Eight (8) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)
- Proposal No. 4** Election of Three (3) Directors Who Are Members of the Audit & Supervisory Committee
- Proposal No. 5** Election of One (1) Substitute Director Who is a Member of the Audit & Supervisory Committee
- Proposal No. 6** Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)
- Proposal No. 7** Setting of the Amount of Compensation for Directors Who Are Members of the Audit & Supervisory Committee
- Proposal No. 8** Determination of the Amount of Compensation, etc. in Stock Options for Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee), and the Details Thereof

4. Matters to be Resolved in Convening the General Meeting of Shareholders (Guide to Exercising Voting Rights):

- (1) For shareholders opting to exercise their voting rights in writing (by post) using the Voting Rights Exercise Form, any voting right exercised without indicating approval or disapproval for a particular proposal will be treated as an intention of approval.
- (2) For shareholders exercising their voting rights more than once via the Internet, the last voting right exercised shall be deemed valid.
- (3) If any voting right is exercised both by mail and via the Internet, the voting right exercised via the Internet shall be deemed to be the valid exercise of the voting right.
- (4) If you intend to vote by proxy, you may appoint another shareholder with voting rights to vote on your behalf as proxy. Please note, however, that written proof of their right of proxy must be submitted.

- When you attend the meeting in person, please submit the Voting Form to the reception desk at the venue.
- For this General Meeting of Shareholders, paper-based documents stating Electronic Provision Measures Matters are sent to all shareholders, regardless of whether or not they have made a request for delivery of such documents. However, those documents do not include the following matters in accordance with the provisions of laws and regulations and Article 16 of the Company's Articles of Incorporation.
 - (i) Systems for ensuring the properness of business activities and outline of the operation of the systems
 - (ii) Statement of changes in equity and notes to consolidated financial statements
 - (iii) Statement of changes in equity and notes to financial statements
 Please note that the business reports, consolidated financial statements and financial statements described in this document are part of the documents audited by the Audit & Supervisory Board Members and the Financial Auditor in the course of preparing the Audit Report or Accounting Audit Report.
- If there are any revisions to the matters subject to measures for electronic provision, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned Company website and the TSE website.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

Year-end dividends

The Group regards the return of profit to its shareholders as an important management theme and maintains a basic policy of paying stable dividends aiming for a dividend payout ratio of 30% while giving comprehensive consideration to factors, including strengthening the financial base for the future business environment and returning profit by way of purchasing its own shares.

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay fiscal year-end dividends as follows. Accordingly, the annual dividend including the interim dividend will be ¥100 per share.

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property to shareholders and the aggregate amount
¥50 per common share of the Company, Total payment: ¥594,715,000
- (3) Effective date of dividends of surplus
June 29, 2023

Proposal No. 2 Amendment to the Articles of Incorporation

1. Reasons for the proposal

The Company seeks to transition to a Company with an Audit & Supervisory Committee to strengthen auditing functions by shifting to a monitoring-oriented Board of Directors, further enhance transparency and objectivity by increasing the ratio of Outside Directors, and further strengthen corporate governance. In accordance with this, the Company proposes the addition of new provisions concerning the Audit & Supervisory Committee and its members, and the removal of provisions concerning Audit & Supervisory Board Members and the Audit & Supervisory Board, in addition to amendments to Article numbers and other necessary changes. Further, the proposed amendments shall take effect upon the conclusion of the General Meeting of Shareholders.

2. Details of amendments

The details of the proposed amendments to the Articles of Incorporation are as follows.

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Articles 1 to 3 (Article text omitted)</p> <p>Article 4 (Bodies) In addition to the General Meeting of Shareholders and Directors, the Company is comprised of the following bodies. (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Financial Auditor</p> <p>Articles 5 to 18 (Article text omitted)</p> <p style="text-align: center;">Chapter 4 Directors and the Board of Directors</p> <p>Article 19 (Number of Members) 1 The Company shall have up to 15 Directors. <Newly established></p> <p>Article 20 (Selection Process) 1 Directors shall be elected by a resolution at the General Meeting of Shareholders. 2 (Article text omitted) 3 (Article text omitted)</p> <p>Article 21 (Term of Office) 1 The term of office for Directors shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one (1) year of their appointment. <Newly established></p>	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Articles 1 to 3 (Unchanged)</p> <p>Article 4 (Bodies) In addition to the General Meeting of Shareholders and Directors, the Company is comprised of the following bodies. (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> <Deleted> (3) Financial Auditor</p> <p>Articles 5 to 18 (Unchanged)</p> <p style="text-align: center;">Chapter 4 Directors and the Board of Directors</p> <p>Article 19 (Number of Members) 1 The Company shall have up to 15 Directors. 2 <u>Of the Directors described in the preceding paragraph, up to five (5) Directors shall be members of the Audit & Supervisory Committee.</u></p> <p>Article 20 (Selection Process) 1 Directors shall be <u>distinguished between Directors who are members of the Audit & Supervisory Committee, and non-members of said Committee</u>, and shall be elected by a resolution at the General Meeting of Shareholders. 2 (Unchanged) 3 (Unchanged)</p> <p>Article 21 (Term of Office) 1 The term of office for Directors (<u>excluding Directors who are members of the Audit & Supervisory Committee</u>) shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within one (1) year of their appointment. 2 <u>The term of office for Directors who are members of the Audit & Supervisory Committee shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within two (2) years of their appointment.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;"><Newly established></p> <p>Article 22 (Dismissal) Resolutions to dismiss Directors must be passed with two-thirds of the vote, with at least one-third of shareholders eligible to vote in attendance.</p> <p>Article 23 (Representative Director and Directors with Roles) 1 Representative Director shall be elected by a resolution of the Board of Directors. 2 The Board of Directors may elect a Chairman of the Board of Directors, a President, and several Vice Presidents, Senior Managing Directors, and Managing Directors by a resolution of the Board of Directors.</p> <p>Article 24 (Article text omitted)</p> <p>Article 25 (Notice of Meetings of the Board of Directors) 1 Notices of meetings of the Board of Directors shall be issued to each Director <u>and Audit & Supervisory Board Member</u> at least three days before the day of the meeting. However, this period may be shortened where urgency is needed. 2 Meetings of the Board of Directors may be held without notice procedures with the consent of all Directors <u>and Audit & Supervisory Board Members</u>.</p> <p>Article 26 (Article text omitted)</p>	<p><u>3 The term of office for Directors who are members of the Audit & Supervisory Committee that are elected as a substitute for a Director who is a member of the Audit & Supervisory Committee who is resigning their post prior to the completion of their term of office shall be until the completion of the term of office of the resigning Director who is a member of the Audit & Supervisory Committee.</u></p> <p>Article 22 (Dismissal) Resolutions to dismiss Directors <u>(excluding Directors who are members of the Audit & Supervisory Committee)</u> must be passed with two-thirds of the vote, with at least one-third of shareholders eligible to vote in attendance.</p> <p>Article 23 (Representative Director and Directors with Roles) 1 Representative Director shall be elected <u>among Directors (excluding Directors who are members of the Audit & Supervisory Committee)</u> by a resolution of the Board of Directors. 2 The Board of Directors may elect a Chairman of the Board of Directors, a President, and several Vice Presidents, Senior Managing Directors, and Managing Directors <u>among Directors (excluding Directors who are members of the Audit & Supervisory Committee)</u> by a resolution of the Board of Directors.</p> <p>Article 24 (Unchanged)</p> <p>Article 25 (Notice of Meetings of the Board of Directors) 1 Notices of meetings of the Board of Directors shall be issued to each Director at least three days before the day of the meeting. However, this period may be shortened where urgency is needed. 2 Meetings of the Board of Directors may be held without notice procedures with the consent of all Directors.</p> <p>Article 26 (Unchanged)</p>
<p style="text-align: center;"><Newly established></p> <p>Article <u>27</u> (Article text omitted)</p> <p>Article <u>28</u> (Compensation, etc.) Director compensation, bonuses, and other property benefits received from the Company as compensation for the execution of duties (hereafter collectively referred to as "Compensation, etc.") shall be determined by a resolution of the General Meeting of Shareholders.</p>	<p><u>Article 27 (Delegation of Decisions Concerning the Execution of Important Business Matters)</u> <u>Pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate decisions concerning the execution of important business matters (excluding matters prescribed in each item of paragraph (5) of the same Article), in whole or in part, to Directors.</u></p> <p>Article <u>28</u> (Unchanged)</p> <p>Article <u>29</u> (Compensation, etc.) Director compensation, bonuses, and other property benefits received from the Company as compensation for the execution of duties (hereafter collectively referred to as "Compensation, etc.") shall be determined by a resolution of the General Meeting of Shareholders, <u>with Directors who are members of the Audit & Supervisory Committee distinguished from non-members.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 29</u> (Exemption from Liability of Directors)</p> <p>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with Directors (excluding Executive Directors, etc.) to limit their liability for damages in the event he or she fails to perform his or her duties. However, the limit of liability in the agreement shall be a predetermined amount of 1 million yen or more, or the minimum liability limit stipulated by laws and regulations, whichever is higher.</p>	<p><u>Article 30</u> (Exemption from Liability of Directors)</p> <p>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with Directors (excluding Executive Directors, etc. <u>as prescribed in Article 2, item (15) (a) of the Companies Act</u>) to limit their liability for damages in the event he or she fails to perform his or her duties. However, the limit of liability in the agreement shall be a predetermined amount of 1 million yen or more, or the minimum liability limit stipulated by laws and regulations, whichever is higher.</p>
<p><u>Chapter 5 Audit & Supervisory Board Members and the Audit & Supervisory Board</u></p>	<p><Deleted></p>
<p><u>Article 30</u> (Number of Members)</p> <p><u>The Company shall have up to 4 Audit & Supervisory Board Members.</u></p>	<p><Deleted></p>
<p><u>Article 31</u> (Selection Process)</p> <p>1 <u>Audit & Supervisory Board Members shall be elected by a resolution at the General Meeting of Shareholders.</u></p> <p>2 <u>Resolutions for the election of Audit & Supervisory Board Members shall be made in the presence of shareholders who hold one-third or more of the voting rights of shareholders who are eligible to exercise their voting rights and by a majority of those voting rights.</u></p>	<p><Deleted></p>
<p><u>Article 32</u> (Term of Office)</p> <p>1 <u>The term of office for Audit & Supervisory Board Members shall be until the conclusion of the Annual General Meeting of Shareholders for the final fiscal year ending within four (4) years of their appointment.</u></p> <p>2 <u>The term of office for Audit & Supervisory Board Members appointed as a substitute to an Audit & Supervisory Board Member resigning before the end of his or her term of office shall be until the end of the term of office of the resigning Audit & Supervisory Board Member.</u></p>	<p><Deleted></p>
<p><u>Article 33</u> (Full-time Audit & Supervisory Board Members)</p> <p><u>The Audit & Supervisory Board shall elect full-time Audit & Supervisory Board Members from the Audit & Supervisory Board Members elected by a resolution of the Audit & Supervisory Board.</u></p>	<p><Deleted></p>
<p><u>Article 34</u> (Notice of Meetings of the Audit & Supervisory Board)</p> <p>1 <u>Notices of meetings of the Audit & Supervisory Board shall be issued to each Audit & Supervisory Board Member at least three days before the day of the meeting. However, this period may be shortened where urgency is needed.</u></p> <p>2 <u>Meetings of the Audit & Supervisory Board may be held without notice procedures with the consent of all Audit & Supervisory Board Members.</u></p>	<p><Deleted></p>
<p><u>Article 35</u> (Rules of the Audit & Supervisory Board)</p> <p><u>Matters concerning the Audit & Supervisory Board shall be governed in accordance with the Rules of the Audit & Supervisory Board determined by the Audit & Supervisory Board, in addition to the laws and regulations and these Articles of Incorporation.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 36 (Compensation, etc.)</u> <u>Audit & Supervisory Board Member compensation, etc. shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	<p><Deleted></p>
<p><u>Article 37 (Exemption from Liability of Audit & Supervisory Board Members)</u> <u>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may enter into an agreement with Audit & Supervisory Board Members to limit their liability for damages in the event he or she fails to perform his or her duties. However, the limit of liability in the agreement shall be a predetermined amount of 1 million yen or more, or the minimum liability limit stipulated by laws and regulations, whichever is higher.</u></p>	<p><Deleted></p>
<p style="text-align: center;"><Newly established> <Newly established></p>	<p style="text-align: center;"><u>Chapter 5 Audit & Supervisory Committee</u> <u>Article 31 (Full-time Audit & Supervisory Committee Members)</u> <u>The Audit & Supervisory Committee may appoint full-time members of the Audit & Supervisory Committee from the Audit & Supervisory Committee members elected by a resolution of the Audit & Supervisory Committee.</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 32 (Notice of Meetings of the Audit & Supervisory Committee)</u> 1 <u>Notices of meetings of the Audit & Supervisory Committee shall be issued to each member of the Audit & Supervisory Committee at least three days before the day of the meeting. However, this period may be shortened where urgency is needed.</u> 2 <u>Meetings of the Audit & Supervisory Committee may be held without notice procedures with the consent of all members of the Audit & Supervisory Committee.</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 33 (Method of Resolution by the Audit & Supervisory Committee)</u> <u>Resolutions by the Audit & Supervisory Committee shall be enacted by majority vote with over half of all members of the Audit & Supervisory Committee eligible to vote in attendance, except in special circumstances otherwise prescribed by laws and regulations.</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 34 (Minutes of Meetings of the Audit & Supervisory Committee)</u> <u>The minutes of meetings of the Audit & Supervisory Committee shall be prepared in writing or in electronic format as provided for in laws and regulations, and signed in writing, or by digital signature, by each member of the Audit & Supervisory Committee in attendance.</u></p>
<p style="text-align: center;"><Newly established></p>	<p><u>Article 35 (Rules of the Audit & Supervisory Committee)</u> <u>Matters concerning the Audit & Supervisory Committee shall be governed in accordance with the Rules of the Audit & Supervisory Committee determined by the Audit & Supervisory Committee, in addition to the laws and regulations and these Articles of Incorporation.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 6 Financial Auditor</p> <p>Articles <u>38</u> to <u>39</u> (Article text omitted)</p> <p>Article <u>40</u> (Compensation, etc. for Financial Auditor) Compensation, etc. for the Financial Auditor shall be determined by Representative Directors with the consent of <u>the Audit & Supervisory Board</u>.</p> <p>Articles <u>41</u> to <u>45</u> (Article text omitted)</p> <p style="text-align: center;"><Newly established> <Newly established></p>	<p style="text-align: center;">Chapter 6 Financial Auditor</p> <p>Articles <u>36</u> to <u>37</u> (Unchanged)</p> <p>Article <u>38</u> (Compensation, etc. for Financial Auditor) Compensation, etc. for the Financial Auditor shall be determined by Representative Directors with the consent of <u>the Audit & Supervisory Committee</u>.</p> <p>Articles <u>39</u> to <u>43</u> (Unchanged)</p> <p style="text-align: center;"><u>(Supplementary Provisions)</u></p> <p>Article 1 <u>(Transitional Measures Concerning the Exemption of Liability for Audit & Supervisory Board Members)</u> <u>Agreements to limit the liability for damages of Audit & Supervisory Board Members in accordance with Article 423, paragraph (1) of the Companies Act concerning acts by Audit & Supervisory Board Members (including persons who previously served as Audit & Supervisory Board Members) prior to the conclusion of the 16th General Meeting of Shareholders held June 2023 shall be governed in accordance with Article 37 of the Articles of Incorporation prior to the amendments made to the Articles of Incorporation by resolution at said General Meeting of Shareholders.</u></p>

Proposal No. 3 Election of Eight (8) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)

The Company will transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and as such, at the conclusion of this General Meeting of Shareholders, the terms of office of all nine Directors will expire. Therefore, the Company proposes the election of eight candidates to the posts of Directors as follows.

Candidate No.	Name	Position and responsibility in the Company	Attributes	Attendance at Board of Directors Meetings
1	Yuji Matsuda	President and Chief Executive Officer, and Head of the Growth Strategy Center	Re-election	14/14
2	Katsuhiko Watanabe	Director, Managing Executive Officer Head of the Core Business Center and General Manager of the Households Products Business Headquarter	Re-election	14/14
3	Michiaki Sano	Director, Managing Executive Officer, and Head of the Corporate Center	Re-election	14/14
4	Toyohisa Mouri	Director, Executive Officer, and General Manager of the FIBLIC Business Headquarter	Re-election	14/14
5	Hiroyuki Onuma	Director, Executive Officer, and General Manager of the Specialty Materials Business Headquarter	Re-election	14/14
6	Akira Isogai	Outside Director	Re-election Outside Independent	14/14
7	Yuzo Ishikawa	Outside Director	Re-election Outside Independent	11/12
8	Ritsue Miyashita	–	New election Outside Independent Female	–

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="363 510 512 568">Yuji Matsuda (June 10, 1962)</p> <p data-bbox="379 607 496 629">Re-election</p> <p data-bbox="293 667 580 725">Number of years in office: 12 years</p> <p data-bbox="316 763 558 822">Attendance at Board of Directors Meetings 14/14</p>	<p data-bbox="612 264 1238 450">Mar. 1985 Joined Tokushu Paper Mfg. Co., Ltd. Mar. 2006 Senior General Manager, Deputy General Manager of the Sales Division, and Manager of the Sales Planning Department President and CEO of Tokushu Paper Trading Co., Ltd. (currently TT TRADING CO., LTD.)</p> <p data-bbox="612 461 1238 577">Jun. 2009 Executive Officer of the Company Executive Officer and General Manager of the Sales Development Division of Tokushu Paper Mfg. Co., Ltd.</p> <p data-bbox="612 589 1238 705">Jun. 2011 Director, Deputy Head of the Specialty Materials Business Group, and General Manager of the Sales Development Division of the Company</p> <p data-bbox="612 716 1238 869">Jun. 2012 Director, Deputy Head of the Comprehensive Development Center, General Manager of the Research and Development Division, and General Manager of the Overseas Business Promotion Department</p> <p data-bbox="612 880 1238 943">Jun. 2014 Director, Managing Executive Officer, and Head of Specialty Materials Business Group</p> <p data-bbox="612 954 1238 1016">Apr. 2016 President and Chief Executive Officer (current position)</p> <p data-bbox="612 1028 1238 1066">Apr. 2023 Head of the Growth Strategy Center (current position)</p>	4,546 shares
<p data-bbox="277 1077 772 1099">[Reasons for nomination as candidate for Director]</p> <p data-bbox="277 1111 1442 1357">Mr. Matsuda has a wealth of knowledge and experience in research and development and sales in the Specialty Materials Business, and has successively held positions such as the head of related sectors, Head of a Business Group, and President of a Group company. Seven years have passed since he took office as President and Chief Executive Officer of the Company, and during his term of office he has delivered positive results including achieving record-high consolidated ordinary income three times. He has been engaged in the development of new products and expanding into new growth fields in his role as Head of the Growth Strategy Center during the 6th Medium Term Management Plan that the Company has embarked on from April this year, and is therefore expected to make a significant contribution to continually enhancing corporate value. Accordingly, we propose his re-election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
2	<p>Katsuhiko Watanabe (October 6, 1960)</p> <p>Re-election</p> <p>Number of years in office: 9 years</p> <p>Attendance at Board of Directors Meetings 14/14</p>	<p>Apr. 1983 Joined Canon Inc.</p> <p>Apr. 1999 Joined Tokai Pulp & Paper Co., Ltd.</p> <p>Jun. 2010 Executive Officer, Manager of Shimada Mill in Industrial Materials Business Group, and General Manager of Pulp & Power Department of the Company</p> <p>Jul. 2013 Managing Director and General Manager of the Corporate Planning Department of the President Office</p> <p>Jun. 2014 Director, Executive Officer, and Head of the Comprehensive Development Center</p> <p>Apr. 2016 Director, Executive Officer, and CEO of Industrial Materials Company</p> <p>Jul. 2017 Director, Executive Officer, and COO of Household Products Company</p> <p>Jun. 2018 Director, Executive Officer, and CEO of Household Products Company</p> <p>President of TRY-FU CO., LTD. (current position)</p> <p>Apr. 2020 Director, Executive Officer, and General Manager of the Households Products Business Headquarter of the Company</p> <p>Jul. 2021 In charge of Package Division</p> <p>Jul. 2022 Director, Managing Executive Officer, Head of the Core Business Center, and General Manager of the Households Products Business Headquarters of the company (current position)</p>	900 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Watanabe has held positions as the head of mills, corporate planning and technical development divisions, and has extensive insight and experience in management. He currently presides over the industrial materials and specialty materials businesses as the Head of the Core Business Center, and supervises the Household Products Business Headquarters as the General Manager. He also serves as President of TRY-FU CO., LTD. that handles paper towels and laminates, and is expected to bring further growth in the paper manufacturing business with the leadership he has demonstrated from his achievements and experience. Accordingly, we propose his re-election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	<p style="text-align: center;">Michiaki Sano (January 31, 1966)</p> <p style="text-align: center;">Re-election</p> <p style="text-align: center;">Number of years in office: 7 years</p> <p style="text-align: center;">Attendance at Board of Directors Meetings 14/14</p>	<p>Apr. 1989 Joined Daishowa Paper Manufacturing Co., Ltd.</p> <p>Dec. 2004 Joined Tokushu Paper Mfg. Co., Ltd.</p> <p>Jun. 2010 Executive Officer and Manager of Mishima Mill in Specialty Materials Business Group of the Company</p> <p>Jun. 2014 Executive Officer and General Manager of the Corporate Planning Division of the President Office</p> <p>Jun. 2015 Executive Officer, Deputy Head of Industrial Materials Business Group, and Manager of Shimada Mill</p> <p>Jun. 2016 Director, Executive Officer, COO of Industrial Materials Company, Manager of Shimada Mill, General Manager of Minami Alps Business of the Corporate Planning & Administration Office</p> <p>Oct. 2016 Director, Executive Officer, General Manager of Minami Alps Business of the Corporate Planning & Administration Office President of Shin Tokai Paper Co., Ltd.</p> <p>Jul. 2017 Director, Executive Officer, CEO of Industrial Materials Company, and General Manager of Minami Alps Business of the President Office of the Company</p> <p>Jun. 2019 Director, Executive Officer, and CEO of Industrial Materials Company</p> <p>Apr. 2020 Director, Executive Officer, General Manager of the Industrial Materials Business Headquarter, and in charge of Resource Reuse Division</p> <p>Jul. 2021 Director, Executive Officer, and General Manager of the Corporate Planning Division</p> <p>Jul. 2022 Director, Managing Executive Officer Head of the Corporate Center General Manager of the Practical-Use of Natural Environment Division</p> <p>Apr. 2023 Director, Managing Executive Officer Head of the Corporate Center (current position)</p>	400 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Sano has extensive knowledge and experience in the fields of production technology and paper manufacturing and processing, and has contributed greatly to improving production and quality, served as a Mill Manager of the Specialty Materials Business and Industrial Materials Business and as President of Shin Tokai Paper Co. Ltd., which handles containerboard and kraft paper. He is therefore expected to leverage his knowledge, experience, and management skills as the current Head of the Corporate Center to make a significant contribution to enhancing group governance compliance and corporate value and maximizing human capital value. Accordingly, we propose his re-election as a Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
4	<p>Toyohisa Mouri (June 21, 1966)</p> <p>Re-election</p> <p>Number of years in office: 9 years</p> <p>Attendance at Board of Directors Meetings 14/14</p>	<p>Mar. 1991 Joined Tokushu Paper Mfg. Co., Ltd.</p> <p>Mar. 2006 Senior General Manager and Manager of the Specialty Functional Paper Department</p> <p>Apr. 2007 Executive Officer, Manager of Mishima Mill in the Production Division</p> <p>Jun. 2010 Executive Officer, General Manager of the Research and Development Division of the Comprehensive Development Center, and Head of Basic Research Laboratories of the Company</p> <p>Jun. 2014 Director, Executive Officer, and General Manager of the FIBLIC Business Headquarter</p> <p>Jul. 2017 Director, Executive Officer, Deputy Manager of New Business Promotion Office, and General Manager of the FIBLIC Business Headquarter</p> <p>Apr. 2020 Director, Executive Officer, and General Manager of the FIBLIC Business Headquarter (current position)</p>	1,246 shares
		<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Mouri has a wealth of knowledge and experience in the field of research and development, as well as experience and knowledge in management as he served as the head of the research sector and Mill Manager in the Specialty Materials Business. His efforts in establishing new businesses associated with the development of new high-functional sheets have led to the commercialization of FIBLIC, a separator for lithium-ion rechargeable batteries. He is therefore expected to make FIBLIC one of the main businesses in the future, while also uncovering and developing new businesses. Accordingly, we propose his re-election as a Director.</p>	
5	<p>Hiroyuki Onuma (February 23, 1965)</p> <p>Re-election</p> <p>Number of years in office: 7 years</p> <p>Attendance at Board of Directors Meetings 14/14</p>	<p>Mar. 1987 Joined Tokushu Paper Mfg. Co., Ltd.</p> <p>Jul. 2013 General Manager of the Sales Division of Specialty Materials Business Group of the Company</p> <p>Jun. 2014 Executive Officer and General Manager of the Sales Division of Specialty Materials Business Group</p> <p>Apr. 2016 Executive Officer and CEO of Specialty Materials Company</p> <p>Jun. 2016 Director, Executive Officer, and CEO of Specialty Materials Company</p> <p>Apr. 2020 Director, Executive Officer, Deputy General Manager of the Specialty Materials Business Headquarter, and Head of Core Business Center</p> <p>Jul. 2021 Director, Executive Officer, and General Manager of the Specialty Materials Business Headquarter (current position)</p>	873 shares
		<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Onuma has a wealth of sales experience and knowledge in the Specialty Materials Business, and as the head of the Specialty Materials Business division he has worked on measures aimed at developing and expanding sales of environmentally friendly products, and better streamlining production and sales of existing products, he is expected to make a significant contribution to enhancing corporate value. Accordingly, we propose his re-election as a Director.</p>	

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares owned
6	Akira Isogai (October 19, 1954)	Sept. 1985	Doctoral Research Fellow of the Chemistry Department of The Institute of Paper Chemistry	100
	Re-election Outside Independent	Sept. 1986	Hired at the Faculty of Agriculture of the University of Tokyo	
	Number of years in office: 3 years	May 2003	Professor at Graduate School of Agricultural and Life Sciences	
	Attendance at Board of Directors Meetings 14/14	Apr. 2020	Special Professor (current position)	
		Jun. 2020	Outside Director of the Company (current position)	
		[Significant concurrent positions outside the Company]		
		Special Professor at the University of Tokyo		
	[Reasons for nomination as candidate for outside Director and overview of expected roles]			
	Mr. Isogai has long been involved in research and development related to cellulose and paper at universities, and has a high level of expertise. In recent years, he has established a manufacturing method for cellulose nanofibers (CNF), and his accomplishments have been recognized with numerous prestigious awards both domestically and internationally. Although he has not been involved in corporate management in the past, he provides advice and recommendations based on his knowledge, and has appropriately carried out duties as an outside Director. Based on his wealth of knowledge and experience, he is not only expected to advise and contribute to the training of researchers for the Company's research and development, but also provide opinions at the Board of Directors based on his own knowledge and experience. Accordingly, we propose his re-election as an outside Director.			
7	Yuzo Ishikawa (October 19, 1956)	Sept. 1985	Joined DDI CORPORATION (currently KDDI CORPORATION)	200
	Re-election Outside Independent	Jun. 2016	Executive Vice President, Representative Director of KDDI CORPORATION	
	Number of years in office: 1 year	Jun. 2019	Chairman of the Board, Representative Director of JCOM Co., Ltd.	
	Attendance at Board of Directors Meetings 11/12	Jun. 2020	President, Representative Director	
		Apr. 2022	Special Advisor	
		Jun. 2022	Outside Director of the Company (current position)	
		Jul. 2022	Advisor of KDDI CORPORATION (current position)	
		[Significant concurrent positions outside the Company]		
		Advisor of KDDI CORPORATION		
	[Reasons for nomination as candidate for outside Director and overview of expected roles]			
	Mr. Ishikawa has vast and extensive experience, knowledge, and insight in all aspects of corporate management as he has successively held positions such as a representative director of KDDI CORPORATION and JCOM Co., Ltd. He is therefore expected to not only supervise decision-making processes and business execution in the Company's group management, but also to continue providing suitable proposals with a lot of advice and recommendations for enhancing corporate value. Accordingly, we propose his re-election as an outside Director.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
8	Ritsue Miyashita (May 3, 1962) New election Outside Independent Female	Apr. 1986 Joined JAL Information Technology Co., Ltd. Jul. 2001 Manager of Corporate Planning Department Oct. 2015 Executive Officer, Application Business Department of Airline Business Division Oct. 2018 Director of Brighton Consulting, Inc. Dec. 2018 Established Eternaria Co., Ltd., President (current position) Jun. 2022 Outside Director, ENDO Lighting Corp. (current position) [Significant concurrent positions outside the Company] President, Eternaria Co., Ltd. Outside Director, ENDO Lighting Corp.	—
[Reasons for nomination as candidate for outside Director and overview of expected roles] Ms. Miyashita is a former Executive Officer at JAL Information Technology Co., Ltd. and has a wealth of experience and knowledge, having successfully completed large-scale IT projects being involved with mission critical systems at Japan Airlines, including a large-scale system renewal, and is therefore expected to contribute to enhancing IT and implementing DX at the Company. In her current independent role, she has played an extensive role promoting the advancement of women in fields other than IT and supporting the implementation of SDGs and GX (green transformation). We propose her election as an outside Director in the expectation that she can supervise efforts to enhance corporate value from an objective standpoint.			

- Notes:
- 1 There is no special interest between any of the candidates and the Company.
 - 2 Mr. Isogai, Mr. Ishikawa, and Ms. Miyashita are candidates for outside Director.
 - 3 Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Mr. Isogai and Mr. Ishikawa to limit their liability for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages based on this agreement is ¥1 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act, whichever is higher. If the re-election of Mr. Isogai and Mr. Ishikawa is approved at this General Meeting of Shareholders, the Company plans to renew the agreement with them. If the election of Ms. Miyashita is approved, the Company also plans to enter into such agreement with her under the same terms and conditions.
 - 4 The Company has entered into a directors and officers liability insurance agreement with an insurance company. If the re-election and election of each candidate are approved, each candidate will be included in the insured of this agreement. The Company plans to renew the insurance agreement at the next renewal under the same terms and conditions.
 - 5 The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Isogai and Mr. Ishikawa satisfy requirements for an independent officer as provided for by the exchange and the Company. If the re-election of both candidates is approved, the Company plans for their designation as independent officers to continue. If the election of Ms. Miyashita is approved, the Company also plans to submit notification to the exchange concerning her designation as an independent officer.

Proposal No. 4 Election of Three (3) Directors Who Are Members of the Audit & Supervisory Committee

The Company will transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved.

Therefore, the Company proposes the election of three Directors Who Are Members of the Audit & Supervisory Committee.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for Directors Who Are Members of the Audit & Supervisory Committee are as follows.

Candidate No.	Name	Position and responsibility in the Company	Attributes	Attendance at Board of Directors Meetings
1	Takashi Nagasaka	Outside Director	New election Outside Independent	14/14
2	Naoto Higaki	Outside Audit & Supervisory Board Member	New election Outside Independent	12/12
3	Kayoko Yamato	—	New election Outside Independent Female	—

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p>Takashi Nagasaka (January 13, 1957)</p> <p>New election Outside Independent</p> <p>Number of years in office: 1 year</p> <p>Attendance at Board of Directors Meetings 14/14</p>	<p>Apr. 1979 Joined Chuo Audit Corporation</p> <p>Jun. 1981 Registered as a certified public accountant</p> <p>Jul. 1998 Senior Partner of Chuo Audit Corporation</p> <p>May 2005 General Manager, Audit Department of Chuo Aoyama Audit Corporation</p> <p>Aug. 2007 Managing Director of Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)</p> <p>Aug. 2010 Senior Partner</p> <p>Jun. 2019 Representative of Nagasaka Takashi Certified Public Accountant Office (current position)</p> <p>Jan. 2020 Outside Director of PARK24 CO., LTD.</p> <p>May 2020 Outside Director of AEON Financial Service Co., Ltd. (current position)</p> <p>Jun. 2022 Outside Director of the Company (current position)</p> <p>Nov. 2022 Outside Director (Audit and Supervisory Committee Member) of PARK24 CO., LTD. (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative of Nagasaka Takashi Certified Public Accountant Office</p> <p>Outside Director (Audit and Supervisory Committee Member) of PARK24 CO., LTD.</p> <p>Outside Director of AEON Financial Service Co., Ltd.</p>	100
<p>[Reasons for nomination as candidate for outside Director and overview of expected roles]</p> <p>Mr. Nagasaka has advanced knowledge, insight and experience as a certified public accountant and with financial audits and internal controls.</p> <p>After serving as an independent outside Audit & Supervisory Board Member for the Company, he became an independent Director and monitors management and proactively provides recommendations to promote the enhancement of governance, and as the Chairperson of the Nomination and Compensation Committee that is the advisory body to the Board of Directors, he contributes to the development of institutional design and officer's compensation system for achieving continued corporate growth. We propose his election as an outside Director Who is a Member of the Audit & Supervisory Committee in the expectation that he can continue providing suitable proposals from an objective standpoint.</p>			
2	<p>Naoto Higaki (December 11, 1968)</p> <p>New election Outside Independent</p> <p>Attendance at Board of Directors Meetings 12/12</p>	<p>Oct. 2002 Attorney at law (current position)</p> <p>Apr. 2008 Established Higaki General Law Office (current position)</p> <p>Jun. 2022 Outside Audit & Supervisory Board Member of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Attorney at law</p>	—
<p>[Reasons for nomination as candidate for outside Director and overview of expected roles]</p> <p>Mr. Higaki has advanced knowledge and insight and a wealth of experience as an attorney at law, and although he has not been involved in corporate management in the past, he provides suitable advice for supervising the directors; duty of care and the Company's compliance and corporate governance. We have determined that he is capable of making a significant contribution to strengthening auditing functions into the future, and thus propose his election as an outside Director Who is a Member of the Audit & Supervisory Board Committee.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
3	Kayoko Yamato (January 9, 1976)	Oct. 2006 Attorney at law (current position) Oct. 2006 Joined Miwa & Yamazaki Law Office (current Miwa Sogo Law Office) Jan. 2015 Joined Mitoshiro Law Office, Partner Feb. 2016 Joined Shinjuku Law Office, Partner (current position) Jun. 2019 Outside Director (Audit and Supervisory Committee Member) of HABA Laboratories Inc. (current position)	-
	New election Outside Independent Female	[Significant concurrent positions outside the Company] Attorney at law Partner, Shinjuku Law Office Outside Director (Audit and Supervisory Committee Member) of HABA Laboratories Inc.	
[Reasons for nomination as candidate for outside Director and overview of expected roles] Ms. Yamato has a wealth of experience and achievements, and extensive knowledge and insight as an attorney at law, and also has insight into diversity from her role as Deputy Director of the Center for Gender Equality Promotion at the Tokyo Bar Association. Although she has never been directly involved in corporate management in the past, she is expected to provide recommendations and advice on strengthening auditing and monitoring of the Board of Directors, and enhance the compliance and corporate governance system based on her specialist standpoint, and thus propose her election as an outside Director Who is a Member of the Audit & Supervisory Committee.			

- Notes:
- 1 There is no special interest between any of the candidates and the Company.
 - 2 Mr. Nagasaka, Mr. Higaki and Ms. Yamato are candidates for outside Director.
 - 3 Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into an agreement with Mr. Nagasaka and Mr. Higaki to limit their liability for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages based on this agreement is ¥1 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act, whichever is higher. If the election of both candidates is approved at this General Meeting of Shareholders, the Company plans to renew the agreement with them. If the election of Ms. Yamato is approved, the Company also plans to enter into such agreement with her under the same terms and conditions.
 - 4 The Company has entered into a directors and officers liability insurance agreement with an insurance company. If the election of each candidate is approved, they will be included in the insured of this agreement. The Company plans to renew the insurance agreement at the next renewal under the same terms and conditions.
 - 5 The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Nagasaka and Mr. Higaki satisfy requirements for an independent officer as provided for by the exchange and the Company. If the election of both candidates is approved, the Company plans for their designation as independent officers to continue. If the election of Ms. Yamato is approved, the Company also plans to submit notification to the exchange concerning her designation as an independent officer.

Proposal No. 5 Election of One (1) Substitute Director Who is a Member of the Audit & Supervisory Committee

The Company will transition to a Company with an Audit & Supervisory Committee provided that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company requests approval for the election of one substitute Director Who is a Member of the Audit & Supervisory Committee to be ready to fill a vacant position should the number of Audit & Supervisory Committee Members fall below the number required by laws and regulations.

In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidates for substitute Directors Who Are Members of the Audit & Supervisory Committee are as follows.

Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company’s shares owned
Hiroaki Himeno (August 4, 1964) Outside Independent	Nov. 2000 Attorney at law (current position) Apr. 2018 Professor, Faculty of Business Sciences at University of Tsukuba (current position) Apr. 2019 Lecturer, Law School at Meiji University (current position) [Significant concurrent positions outside the Company] Attorney at law	-
	[Reasons for nomination as candidate for substitute outside Director and overview of expected roles] Although Mr. Himeno has not been involved in company management in the past, having judged that based on the experience and knowledge that he has cultivated as an attorney at law, he is capable of ensuring soundness of corporate management and adequately contributing to the enhancement of compliance practices and the strengthening of functions for monitoring the legality in business execution across the Company, we propose his election as a substitute Director Who is a Member of the Audit & Supervisory Committee.	

- Notes:
- 1 There is no special interest between the candidate and the Company.
 - 2 Mr. Himeno is a candidate for substitute outside Director.
 - 3 If the election of Mr. Himeno is approved, the Company plans to enter into an agreement with him, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, to limit his liabilities for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages based on this agreement is ¥1 million or the amount stipulated in Article 425, paragraph (1) of the Companies Act, whichever is higher.
 - 4 The Company has entered into a directors and officers liability insurance agreement with an insurance company. If the candidate becomes as an outside Director, he will be included in the insured of this agreement. The Company plans to renew the insurance agreement at the next renewal under the same terms and conditions.
 - 5 Mr. Himeno satisfies requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc. and the Company. If he became an outside Director, the Company plans to submit notification to the exchange concerning his designation as an independent officer.

[Reference 1]

Significant experience and expertise of candidates for Directors
(including Audit & Supervisory Committee Members)

Name	Corporate management	Global	Research and development	Sales and marketing	Manufacturing and technology	Finance and accounting	Legal affairs Compliance	IT/DX	Sustainability ESG
Yuji Matsuda	●	●	●	●					
Katsuhiro Watanabe	●				●				
Michiaki Sano	●				●				
Toyohisa Mouri	●		●		●				
Hiroyuki Onuma	●			●					
Akira Isogai			●						
Yuzo Ishikawa	●	●		●				●	
Ritsue Miyashita	●							●	●
Takashi Nagasaka	●					●			
Naoto Higaki	●						●		
Kayoko Yamato							●		●

Note: The table above does not indicate all of the experiences and expertise possessed by each candidate.

[Reference 2]

Independence Standards for Independent Outside Officers

In the independence standards for the Company's independent outside officers, it is set out that they shall not fall under the following criteria.

1. Persons who currently execute business at the Company and its subsidiaries (hereinafter the "Group") or have done so in the last ten years
2. Persons who belong to or execute business at a company, etc. (in case of a subsidiary, it is limited to an important one) that is a major shareholder of the Company
3. Persons who belong to or execute business at a company, etc. that is a main business partner of the Group
4. Persons who belong to or execute business at a company, etc. whose main business partner is the Group
5. Consultants, attorneys at law, certified public accountants, or certified public tax accountants who receive a large amount of money or other property other than executive remuneration from the Group
6. Persons who receive a large amount of donations from the Group or who are executives belonging to an organization that receives a large amount of donations from the Group
7. Spouses or relatives within the second degree of kinship of persons who execute business at the Group
8. Notwithstanding any of the preceding paragraphs, persons who cause a conflict of interest with the Company

- Notes:
- 1 "Persons who execute business" shall mean Executive Director, Executive Officer, General Manager or above, or any other person equivalent thereto.
 - 2 "A major shareholder" shall mean a person or an entity that directly or indirectly holds 10% or more of the Company's total voting rights.
 - 3 "A main business partner" shall mean a business partner with which payments of 2% or more of consolidated net sales were made to or from the Group over the past three years.
 - 4 "A large amount of money or other property" shall mean that the total value of money and property is ¥10 million or more per year on average over the past three years, and in the case of an organization, it exceeds 2% of consolidated net sales.
 - 5 "A large amount of donations" shall mean donations worth more than ¥10 million per year on average over the past three years.

Proposal No. 6 Setting of the Amount of Compensation for Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)

The Company will transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved.

The amount of compensation for the Company’s Directors was resolved at the 2nd Annual General Meeting of Shareholders held on June 23, 2009, to be no more than ¥450 million per year (of which, no more than ¥50 million for Outside Directors), which has been in effect to this day. Following the transition to a Company with an Audit & Supervisory Committee and pursuant to the provisions of Article 361, paragraphs (1) and (2) of the Companies Act, the Company proposes to abolish this limit and establish a new compensation amount for Directors (excluding Directors Who Are Members of the Audit & Supervisory Committee). The amount of compensation is proposed to be no more than ¥350 million (of which, no more than ¥50 million for Outside Directors). As in the past, the amount of compensation for Directors shall not include the employee’s salary of Directors who concurrently serve as employees.

If this proposal is approved, the Company plans to amend the terminology in its policy for determining the details of individual compensation, etc. for Directors due to the transition to a Company with an Audit & Supervisory Committee. The Company believes that the content of this proposal is necessary and rational for determining the details of individual remuneration, etc. for Directors in line with the amended policy. Furthermore, the Board of Directors has judged this proposal as appropriate as it was decided after consultation with the voluntary Nomination and Compensation Committee and discussion with the Board of Directors.

The current number of Directors is nine (9) (including four (4) Outside Directors), but if Proposal 2, “Amendment to the Articles of Incorporation” and Proposal 3 “Election of Eight (8) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)” is approved as proposed, the number of Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee) will be eight (8) (including three (3) Outside Directors).

The items under this proposal shall take effect subject to the amendments to Proposal 2 “Amendment to the Articles of Incorporation” coming into force.

Proposal No. 7 Setting of the Amount of Compensation for Directors Who Are Members of the Audit & Supervisory Committee

The Company will transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved.

Accordingly, the Company proposes the amount of compensation for Directors Who are Members of the Audit & Supervisory Committee to be up to ¥60 million per year pursuant to the provisions of Article 361, paragraphs (1) and (2) of the Companies Act.

This Proposal determined the amount of compensation for Directors Who are Members of the Audit & Supervisory Committee, taking into consideration the roles and responsibilities of Directors Who are Members of the Audit & Supervisory Committee and the payment level of compensation for Directors Who are Members of the Audit & Supervisory Committee, and is deemed appropriate.

The amount of compensation for Audit & Supervisory Board Members for the Company with an Audit & Supervisory Board was resolved in the stock exchange agreement at the general shareholders meeting for Tokai Pulp & Paper Co., Ltd. and Tokushu Paper Mfg. Co., Ltd. held on February 21, 2007, where the amount of compensation for Audit & Supervisory Board Members was approved to be no more than ¥50 million per year.

If Proposal 2 “Amendment to the Articles of Incorporation” and Proposal 4 “Election of Three (3) Directors Who Are Members of the Audit & Supervisory Committee” are approved as originally proposed, the number of Directors Who Are Members of the Audit & Supervisory Committee will be three (3).

This proposal shall take effect subject to the amendments to Proposal 2 “Amendment to the Articles of Incorporation” coming into force.

Proposal No. 8 Determination of the Amount of Compensation, etc. in Stock Options for Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee), and the Details Thereof

The Company will transition to a Company with an Audit & Supervisory Committee on the condition that Proposal No. 2 “Amendment to the Articles of Incorporation” is approved. In order to enhance corporate value by further bolstering the motivation and morale of the Company’s Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee), the Company proposes granting stock options as share acquisition rights of no more than ¥30 million per year separate from monetary remuneration for Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee).

The amount of compensation separate from monetary remuneration for Directors for the Company with an Audit & Supervisory Board was approved to be no more than ¥75 million per year (including ¥3 million per year for Outside Directors) for granting stock options as share acquisition rights at the 2nd general shareholders meeting held on June 23, 2009, which remains in effect to this day. Following the transition to a Company with an Audit & Supervisory Committee, the Company will also expand this allotment to include Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee after taking into consideration various societal and other circumstances.

If this proposal is approved, the Company plans to amend the terminology in its policy for determining the details of individual compensation, etc. for Directors due to the transition to a Company with an Audit & Supervisory Committee. The Company believes that the content of this proposal is necessary and rational for determining the details of individual remuneration, etc. for Directors in line with the amended policy. Furthermore, the Board of Directors has judged this proposal as appropriate as it was decided after consultation with the voluntary Nomination and Compensation Committee and discussion with the Board of Directors.

The current number of Directors is nine (9) (including four (4) Outside Directors), but if Proposal 3 “Election of Eight (8) Directors (Excluding Directors Who Are Members of the Audit & Supervisory Committee)” is approved as proposed, the number of Directors (including three (3) Outside Directors, excluding Directors Who Are Members of the Audit & Supervisory Committee) will be eight (8).

Details of the granted share acquisition rights are as follows.

1. Reason of share acquisition rights as remuneration

Share acquisition rights have been allocated as share-based stock options to Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee) as a way of further strengthening the link between the Company’s business performance and the stock price, and to share not only the benefits of an increase in the stock price but also the risks of a decline in the stock price with the shareholders, thereby increasing the motivation and morale of Directors in terms of continually improving business performance and raising the stock price over the medium to long term.

2. Details of share acquisition rights

(1) Class and number of shares to be issued for share acquisition rights

The class of shares subject to share acquisition rights shall be common shares of the Company. The number of shares to be issued as share acquisition rights allocated to Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee) within one year after the date of the General Meeting of Shareholders in each fiscal year is a maximum of 15,000 upon exercising the share acquisition rights.

If the Company declares a share split or consolidation, the number of the shares to be issued shall be adjusted according to the following formula. Note that such adjustment shall be made to the number of the share to which share acquisition rights have not been exercised at the time of such adjustment, and that any fraction less than one share shall be discarded.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment x Ratio of split or consolidation

In addition to the above, if any inevitable event arises where the number of shares must be adjusted after the resolution date, the Company will adjust the number of shares necessary to a reasonable extent.

(2) Total number of share acquisition rights

The maximum number of shares to be issued as share acquisition rights to Directors (Excluding Outside Directors and Directors Who Are Members of the Audit & Supervisory Committee) within one year after the date of the Company's General Meeting of Shareholders in each fiscal year is a maximum of 150. The number of shares to be issued upon exercise of each share acquisition right will be 100 shares (the "Allotted Number of Shares") (in the event of adjustment stipulated in (1) above, the same adjustment to the number of granted shares shall be made).

(3) Amount of assets to be paid upon exercise of share acquisition rights

The amount of the assets to be paid upon the exercise of the share acquisition rights shall be calculated by multiplying the price of ¥1 per share to be delivered through the exercise of the share acquisition rights by the number of granted shares.

(4) Exercise period

The exercise period shall be up to a maximum of 20 years starting on the day immediately following the Allotment Date.

(5) Restrictions on acquisition of share acquisition rights by transfer

Acquisition of the share acquisition rights by means of transfer shall be subject to the approval of the Board of Directors.

(6) Conditions for exercise of share acquisition rights

- (i) The Holder of Share Acquisition Rights may only exercise their share acquisition rights during a period until the day on which 10 days have elapsed from the day immediately following the day on which a Director or Audit & Supervisory Board Member of the Company or its subsidiary ceases to hold any such positions.
- (ii) In the case where holders of share acquisition rights deceases, their heir shall be able to exercise those share acquisition rights. The conditions for exercising the share acquisition rights by such eligible heirs are stipulated in the contract outlined in (iii) below.
- (iii) The other conditions shall be specified in the 'Contract for the Allotment of Share Acquisition Rights' to be concluded between the Company and the holders of the share acquisition rights, based on a resolution at a meeting of the Board of Directors.