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Securities Code: 9960

June 6, 2022

To Our Shareholders:

Katsumi Nagao
Representative Director and President
TOTECH CORPORATION
3-11-11, Nihonbashi Honcho, Chuo-ku, Tokyo,
Japan

Notice of the 67th Annual General Meeting of Shareholders

We are pleased to notify you that the 67th Annual General Meeting of Shareholders of TOTECH CORPORATION (the “Company”) will be held as follows.

Instead of attending the meeting, you may exercise your voting rights in writing or via the Internet. You are hereby kindly asked to exercise your voting rights by 5:30 p.m. on Thursday, June 23, 2022 (JST) by either indicating your approval or disapproval on the enclosed Voting Rights Exercise Form and return it to the Company so that it will be received by us by then, or indicating your approval or disapproval on a voting rights exercise website specified by the Company, after reviewing the Reference Documents for the General Meeting of Shareholders mentioned below.

[Response and Requests to Prevent the Spread of COVID-19]

- In order to ensure the safety of shareholders, please exercise your voting rights in writing or via the Internet in advance as much as possible.
- The Company may ask for the cooperation of shareholders visiting the event in taking body temperature, using disinfectant solution, and wearing masks. Please note that if you are not feeling well, the management staff may ask you to refrain from entering or leave the venue.
- Shareholders who are considering attending the meeting are kindly requested to take care of their health condition before the day of the meeting and not to overdo it.

1. Date and Time: Friday, June 24, 2022 at 10:00 a.m. (JST) (Reception starts at 9:30 a.m.)

2. Venue: 3-11-11, Nihonbashi Honcho, Chuo-ku, Tokyo, Japan
10th floor of the Totech Group Headquarters

3. Objective

Items to be reported:

1. The 67th Fiscal Year (from April 1, 2021 to March 31, 2022)
Business Report, Consolidated Financial Statements, and Audit Results of Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The 67th Fiscal Year (from April 1, 2021 to March 31, 2022)
Non-consolidated Financial Statements

Items to be resolved:

- | | |
|-----------------------|--|
| Proposal No. 1 | Appropriation of Surplus |
| Proposal No. 2 | Partial Amendments to the Articles of Incorporation |
| Proposal No. 3 | Election of Eight Directors |
| Proposal No. 4 | Introduction of Performance-Linked Monetary Remuneration Program and Restricted Stock Remuneration Program Targeting Directors (Excluding Outside Directors) |
| Proposal No. 5 | Discontinuation Payment due to Abolition of the Program for Directors' Retirement Benefits |

4. Information on Exercise of Voting Rights, etc.

See Information on Voting Rights Exercise shown on page 4 (Japanese only).

*** Please exercise your voting rights in writing or via the Internet in advance as much as possible in order to ensure the safety of shareholders and prevent the spread of COVID-19.**

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form to the reception desk. In addition, in order to conserve resources, please bring this Notice of Convocation with you.
- In the event of any revision to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, or the Consolidated Financial Statements, the revised items will be posted on the Company's website on the Internet.
- There will be no souvenirs or reception for shareholders attending the General Meeting of Shareholders. Thank you for your understanding.
- Of the documents to be provided at the time of this Notice of Convocation of the General Meeting of Shareholders, the following items are not included in the documents provided in this Notice of Convocation because they are posted on the Company's website on the Internet pursuant to the provisions of laws and regulations and Article 13 of the Articles of Incorporation. Accordingly, the documents provided in this Notice of Convocation are a part of the documents audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing the audit report.
 1. Notes to Consolidated Financial Statements
 2. Notes to Non-consolidated Financial Statements

The Company's website (<https://www.totech.co.jp/>)

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

1. Year-end dividends

The Company has given consideration to matters including the business performance of the fiscal year and future business development, and it proposes to pay year-end dividends of the fiscal year as follows:

- Type of dividend property
Cash
- Allotment of dividend property and their aggregate amount
¥122 per common share of the Company
Total dividends: ¥1,668,449,308
- Effective date of dividends of surplus
June 27, 2022

2. Other appropriation of surplus

The Company proposes internal-reserves as follows in order to strengthen its management base in preparation for future aggressive business development:

- Item of surplus to be decreased and amount of decrease
Retained earnings brought forward: ¥2,000,000,000
- Item of surplus to be increased and amount of increase
General-reserve: ¥2,000,000,000

<Reference>

- The Company's dividend policy

The Company regards a return of profits to shareholders as a significant business management measure, and has a basic policy of distributing results supported by its business performance while working to improve its profitability and bolster its financial structure through an effective business operation. We seek a consolidated dividend payout ratio of 40% as a specific indicator for the policy, and will pay dividends in a continual and steady manner in accordance with our business performance.

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reason for proposal

- (1) Amended provisions in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (law No. 70 of 2019) will come into effect on September 1, 2022, leading us to introduce the system for electronically providing reference materials for the general meeting of shareholders. Accordingly, we hereby propose amending the Articles of Incorporation of the Company as follows.
- (i) We propose establishing Paragraph 1 in Article 13 (Electronic provision measure, etc.) in the proposed amended Articles of Incorporation as we will be obligated to stipulate that the Company shall take measures to electronically provide information contained in reference materials, etc., for general meeting of shareholders.
 - (ii) We propose establishing Paragraph 2 in Article 13 (Electronic provision measure, etc.) in the proposed amended Articles of Incorporation in order to limit information to be stated in documents to be delivered to shareholders who requests delivery of paper-based documents, to a scope provided for under ordinances of the Ministry of Justice, among matters for which an electronic provision measure is taken for information contained in reference materials, etc., for the general meeting of shareholders.
 - (iii) We propose eliminating the provision of Article 13 (Internet disclosure of reference materials, etc., for the general meeting of shareholders and deemed provision) of the current Articles of Incorporation because the provision will become unnecessary once the system for electronically providing reference materials for the general meeting of shareholders is introduced.
 - (iv) We propose establishing supplementary provisions on the effect of the above-mentioned provisions to be established or eliminated. The supplementary provisions will be eliminated after the passage of a specified number of days.
- (2) We propose adopting a system that allows a Director designated by the Board of Directors in advance to serve as Chair of Board of Directors meetings in order to improve our corporate governance (Article 22 of the proposed amended Articles of Incorporation).

2. Description of change

Description of changes are as follows.

(Each underlined part denotes a change.)

Current Articles of Incorporation	Proposed amendment
<p><u>(Internet disclosure of reference materials, etc., for the general meeting of shareholders and deemed provision)</u> <u>Article 13 In convening a general meeting of shareholders, the Company may deem itself to have provided shareholders with reference documents for general meeting of shareholder information on matters required to be stated or shown in reference materials for the general meeting of shareholders, as well as business reports, non-consolidated financial statements, and consolidated financial statements by disclosing such information using the internet pursuant to the Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendment
<p>(Newly established)</p> <p>(Newly established)</p> <p>(Persons authorized to convene Board of Directors meeting and chair)</p> <p>Article 22.</p> <p>1. A Board of Directors meeting shall be convened and chaired by <u>President</u> unless otherwise provided for in applicable laws.</p> <p>2. <u>In the absence or disability of President</u>, a Board of Directors meeting shall be convened and chaired by another Director in an order specified in advance by the Board of Directors.</p> <p>(Newly established)</p>	<p>(Electronic provision measure, etc.)</p> <p><u>Article 13</u></p> <p>1. <u>In convening a general meeting of shareholders, the Company shall take electronic provision measures for information such as reference materials, etc., for the general meeting of shareholders.</u></p> <p>2. <u>In documents to be delivered to shareholders requesting documents by the record date for voting rights exercise, the Company shall be allowed to not state all or parts of matters stipulated in the Ordinance of Ministry of Justice, among matters for which electronic provision measures are taken.</u></p> <p>(Persons authorized to convene Board of Directors meeting and chair)</p> <p>Article 22.</p> <p>1. A Board of Directors meeting shall be convened and chaired by <u>a Director designated by the Board of Directors in advance</u> unless otherwise provided for in applicable laws.</p> <p>2. <u>If the Director set forth in the immediately-preceding paragraph is unable to do so</u>, a Board of Directors meeting shall be convened and chaired by another Director in an order specified in advance by the Board of Directors.</p> <p>(Supplementary Provisions)</p> <p>(Transitional measure for electronic provision of reference materials for general meeting of shareholders)</p> <p><u>Article 1</u></p> <p>1. <u>Elimination of Article 13 (Internet disclosure of reference materials, etc. for general meeting of shareholders and deemed provision) of the current Articles of Incorporation and establishment of Article 13 (Electronic provision measure, etc.) in the proposed amended Articles of Incorporation shall come into effect on September 1, 2022.</u></p> <p>2. <u>Notwithstanding the provision of the immediately preceding paragraph, for a general meeting of shareholders to be held within six months from September 1, 2022, Article 13 (Internet disclosure of reference materials, etc. for general meeting of shareholders and deemed provision) of the current Articles of Incorporation shall still be in effect.</u></p> <p>3. <u>This article shall be eliminated after the later of a date six months from September 1, 2022, or a date three months from a date of the general meeting of shareholders as set forth in the immediately-preceding paragraph.</u></p>

Proposal No. 3 Election of Eight Directors

At the conclusion of this annual general meeting of shareholders, the terms of office of all eight Directors will expire. Therefore, the Company proposes the election of eight Directors, including three outside Directors.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility, etc.	Attribute
1	Tomoyuki Kusano	Director and Chairperson	Re-election
2	Katsumi Nagao	Representative Director and President	Re-election
3	Kiyotaka Kaneko	Director Managing Executive Officer Sales Division General Manager and General Manager of Head of Business Strategy Section	Re-election
4	Kaoru Koyama	Director Managing Executive Officer Instrumentation Division General Manager	Re-election
5	Kazuhiro Kuwano	Director Managing Executive Officer Equipment Division General Manager	Re-election
6	Seiken Saito	Outside Director	Re-election Outside Independent
7	Daichi Kamio	Outside Director Representative Lawyer of Kamio Law Office	Re-election Outside Independent
8	Atsuko Usami	Outside Director Partner of Grant Thornton Yamada & Partners	Re-election Outside Independent

Re-election

Candidate for Director to be re-elected

Outside

Candidate for outside Director

Independent

Independent officer as defined by the securities exchange, etc.

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	Tomoyuki Kusano (May 19, 1932) Re-election Attendance at Board of Directors meetings 16/16 times	July 1955 Established the Company Jan. 1958 Director of the Company May 1965 Executive Director June 1972 Managing Executive Director June 1980 Representative Director and Vice President May 1982 Representative Director and President June 2006 Representative Director and Chairperson June 2021 Director and Chairperson (current position)	392,068
	Reasons for nomination as candidate for Director Since the Company was founded, Tomoyuki Kusano has been involved in the business and the overall business management of it for many years, making him well-versed in its business. Moreover, he has a track record of contributing to establishing the strong business platform of the Group, coupled with extensive experience as a manager. The Company expects him to continue to contribute to enhancing the corporate value of the Company by making business management decisions and supervising the business execution of the Group, and to oversee it by leveraging his extensive personal connections and superior insights, and nominates him as a candidate for Director.		
2	Katsumi Nagao (January 12, 1953) Re-election Attendance at Board of Directors meetings 16/16 times	May 1982 Joined the Company, Mito Sales Office Manager Apr. 1991 Deputy General Manager of Equipment Department I of Head Office Apr. 1994 General Manager of Equipment Department I of Head Office Apr. 2002 Executive Officer and General Manager of Business Development Department of Headquarters June 2003 Director, General Manager of Business Development Department of Headquarters, and Head Office Manager Apr. 2004 Director, General Manager of East Japan Sales Division, and Head Office Manager June 2006 Representative Director and President (current position)	10,000
	Reasons for nomination as candidate for Director Since taking office as Representative Director and President of the Company, Katsumi Nagao has been driving the growth of the Group by utilizing his extensive experience as a manager and his wide range of personal connections and strong leadership. He plays a sufficient role in supervising the execution of business and making decisions on important matters as a Director. The Company has decided that he is the right person to achieve the Group's sustainable growth and mid- to long-term enhancement of the corporate value, and nominates him as a candidate for Director.		

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	Kiyotaka Kaneko (April 24, 1964) Re-election Attendance at Board of Directors meetings 13/13 times	<p>Apr. 1988 Joined Toshiba Corporation</p> <p>Jan. 2011 Seconded to Toshiba Asia Pacific Pte. Ltd. (Singapore)</p> <p>Oct. 2013 General Manager of Global Solution Technology Department of Community Solutions Business Division of Toshiba Corporation</p> <p>Apr. 2016 General Manager of General Engineering Department of Business Development Center</p> <p>July 2018 Joined I.B. Technos Co., Ltd. Executive Officer and Sales Division General Manager</p> <p>Apr. 2019 Representative Director and President</p> <p>Apr. 2021 Joined the Company, Managing Executive Officer, Sales Division General Manager, and General Manager of Head of Business Strategy Section</p> <p>June 2021 Director, Managing Executive Officer, Sales Division General Manager, and General Manager of Head of Business Strategy Section (current position)</p>	100
<p>Reasons for nomination as candidate for Director</p> <p>Kiyotaka Kaneko has been active in fields such as building automation systems and energy conservation solutions for many years in Japan and overseas and has a wealth of business experience. He served as Representative Director and President of I.B. Technos Co., Ltd. of the Group and currently serves as Sales Division General Manager and General Manager of Head of Business Strategy Section of the Company, making efforts to the promotion of the Group's business. The Company expects him to continue to contribute to enhancing the corporate value of the Company by leveraging his business experience and superior insights regarding overall management, and nominates him as a candidate for Director.</p>			
4	Kaoru Koyama (February 27, 1955) Re-election Attendance at Board of Directors meetings 16/16 times	<p>Apr. 1978 Joined the Company</p> <p>Apr. 2001 General Manager of TA System Sales Division of Osaka Branch Office</p> <p>Apr. 2007 General Manager of TA System Management Division of Osaka Branch Office</p> <p>Apr. 2010 Osaka Branch Office Manager</p> <p>Apr. 2014 Executive Officer and Osaka Branch Office Manager</p> <p>July 2016 Senior Executive Officer and Osaka Branch Office Manager</p> <p>Apr. 2018 Senior Executive Officer and Instrumentation Division General Manager</p> <p>June 2018 Director and Instrumentation Division General Manager</p> <p>Apr. 2019 Director, Managing Executive Officer, and Instrumentation Division General Manager (current position)</p>	43,963
<p>Reasons for nomination as candidate for Director</p> <p>Since joining the Company, Kaoru Koyama has been engaged in instrumentation business over years and experienced managerial positions as a leader of important sites and currently oversees Instrumentation Division as Instrumentation Division General Manager, demonstrating excellent business management skills as a responsible person. The Company nominates Kaoru Koyama as a candidate for Director as he is expected to contribute to enhancing the Group's corporate value by leveraging his extensive experience in the instrumentation business field at the Company and management experience accumulated through heading a base.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
5	<p>Kazuhiro Kuwano (May 6, 1958)</p> <p>Re-election</p> <p>Attendance at Board of Directors meetings 13/13 times</p>	<p>Apr. 1979 Joined the Company</p> <p>Apr. 2004 Deputy General Manager of Niigata Branch Office</p> <p>Apr. 2010 Deputy General Manager of Equipment Division of Head Office</p> <p>Apr. 2011 Tohoku Branch Office Manager</p> <p>Apr. 2015 Executive Officer and Head Office Manager</p> <p>Apr. 2016 Executive Officer and Kyushu Branch Office Manager</p> <p>Apr. 2019 Managing Executive Officer and Tokyo Equipment Division Manager</p> <p>Apr. 2020 Managing Executive Officer and Equipment Division General Manager</p> <p>June 2021 Director, Managing Executive Officer, and Equipment Division General Manager (current position)</p>	17,500
		<p>Reasons for nomination as candidate for Director</p> <p>Kazuhiro Kuwano has served as the head of important bases of the Company, including Head Office, and has been engaged in base management for many years. He currently oversees the Equipment Division as Equipment Division General Manager, leading the Company with excellent business management skills as a responsible person. The Company nominates Kazuhiro Kuwano as a candidate for Director as he is expected to contribute to enhancing the Group's corporate value by leveraging his extensive experience in the Company's business and management experience accumulated through heading a number of bases.</p>	
6	<p>Seiken Saito (September 15, 1952)</p> <p>Re-election Outside Independent</p> <p>Attendance at Board of Directors meetings 16/16 times</p>	<p>Apr. 1978 Joined Tokyo Tatemono Co., Ltd.</p> <p>Jan. 2000 General Manager of Development Planning Department</p> <p>Jan. 2002 General Manager of Project Management</p> <p>Mar. 2005 Director and General Manager of Acquisitions</p> <p>Mar. 2007 Managing Director</p> <p>June 2011 Representative Director and President of Tokyo Building Service Co., Ltd.</p> <p>June 2013 Representative Director and President of Tokyo Fudosan Kanri Co., Ltd.</p> <p>June 2016 Outside Director of the Company (current position)</p> <p>Jan. 2020 Advisor of Tokyo Tatemono Co., Ltd.</p>	7,400
		<p>Reasons for nomination as candidate for outside Director and overview of expected roles</p> <p>Seiken Saito has served as a manager of several operating companies engaged in the building maintenance business and a comprehensive real estate company, and provides supervision and advice with respect to the Company's management, leveraging his broad insight. Seiken Saito has been serving as Chair of the Company's Nomination and Compensation Committee inaugurated in December 2021. The Company nominates Seiken Saito as he is expected to provide it with supervision and advice conducive to enhancing governance at the organization more thoroughly than ever before.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
7	Daichi Kamio (February 10, 1980)	Dec. 2009	Registered as an attorney at law	4,800
	Re-election Outside Independent	Jan. 2010	Joined Nomura & Partners	
	Attendance at Board of Directors meetings 16/16 times	June 2013	Outside Audit & Supervisory Board Member of the Company	
		June 2015	Outside Director of the Company (current position)	
		May 2016	Representative Lawyer of Kamio Law Office (current position)	
Reasons for nomination as candidate for outside Director and overview of expected roles Daichi Kamio has been providing the Company with useful recommendations regarding its business management mainly for the legal-related field by leveraging his extensive knowledge as an attorney at law. He has not been involved in the management of a company in any way other than being an outside officer in the past, but the Company expects that he will continue to provide supervision and advice with respect to the Company's management from a professional perspective and that he will be involved in or supervise the improvement of the governance of the Company from an objective and neutral standpoint as a member of the Nomination and Compensation Committee, and nominates him as a candidate for outside Director.				
8	Atsuko Usami (March 9, 1960)	Sept. 1996	Joined Yamada & Partners Accounting Office (currently, Grant Thornton Yamada & Partners)	0
	Re-election Outside Independent	July 2007	Appeals Judge of National Tax Tribunal	
	Attendance at Board of Directors meetings 13/13 times	Jan. 2013	Partner of Grant Thornton Yamada & Partners (current position)	
		Jan. 2019	Representative Partner	
		June 2021	Outside Director of the Company (current position)	
Reasons for nomination as candidate for outside Director and overview of expected roles Atsuko Usami has extensive experience and broad knowledge as a representative partner of a tax accountant corporation and in the National Tax Tribunal, and has been providing the Company with useful recommendations on its business management in addition to commenting as a Certified Public Tax Accountant. The Company expects that she will continue to provide supervision and advice with respect to the Company's management from a professional perspective and that she will be involved in or supervise the improvement of the governance of the Company from an objective and neutral standpoint as a member of the Nomination and Compensation Committee, and nominates her as a candidate for outside Director.				

- Notes:
- There is no special interest between any of the above candidates and the Company.
 - Seiken Saito, Daichi Kamio, and Atsuko Usami are candidates for outside Director.
 - At the conclusion of this meeting, the tenure of Seiken Saito, Daichi Kamio, and Atsuko Usami as outside Director of the Company will have been six years, seven years, and one year respectively.
 - Special notes regarding the candidates for outside Director are as follows:
 - The Company currently has entered into limited liability agreements with Seiken Saito, Daichi Kamio, and Atsuko Usami, and an outline of the contents of such limited liability agreements is described on page 33 (Japanese only). If the re-election of them is approved, the Company plans to renew the aforementioned agreements with them.
 - The Company has submitted notification to the Tokyo Stock Exchange that Seiken Saito, Daichi Kamio, and Atsuko Usami currently have been designated as an independent officer as provided for by the aforementioned exchange. If the re-election of them is approved, the Company plans for their designation as an independent officer to continue.
 - The Company has entered into a liability insurance contract for officers, etc. with an insurance company as prescribed in Article 430-3, paragraph (1) of the Companies Act. Such insurance contract indemnifies damages of the insured person such as compensation for damages and court costs to be borne by the insured person, including Directors of the Company. If each candidate is elected and assumes office as a Director, such candidate shall be an insured person under such insurance contract.

In addition, such insurance contract is also scheduled to be renewed with the same terms and conditions at the time of the next renewal.

<Skill Matrix of Candidate Directors and Audit & Supervisory Board Members>

The Company deems sales and marketing and technologies in its business fields to be skills required to be held by Directors and Audit & Supervisory Board Members, in addition to corporate management and management strategies, global matters, finance and accounting, legal affairs and governance, and sustainability, which together serve as the foundation of corporate business management.

Shown below is a list of the main skills held by the Company's Directors and Audit & Supervisory Board Members in the event of this proposal being resolved. This list is not intended to show all skills held by them.

Name	Position	Corporate management/ Management strategy	Global	Finance/ Accounting	Legal affairs/ Governance	Sustainability	Sales/ Marketing	Technology
Tomoyuki Kusano	Director and Chairperson	✓			✓		✓	✓
Katsumi Nagao	Representative Director and President	✓	✓		✓	✓	✓	✓
Kiyotaka Kaneko	Director and Managing Executive Officer	✓	✓		✓	✓	✓	✓
Kaoru Koyama	Director and Managing Executive Officer	✓					✓	✓
Kazuhiro Kuwano	Director and Managing Executive Officer	✓					✓	✓
Seiken Saito	Outside Director	✓	✓				✓	
Daichi Kamio	Outside Director		✓		✓			
Atsuko Usami	Outside Director		✓	✓		✓		
Masaru Ichikawa	Full-time Audit & Supervisory Board Member			✓	✓		✓	
Takeo Suzuki	Outside Audit & Supervisory Board Member		✓	✓		✓		
Kazuhito Arata	Outside Audit & Supervisory Board Member			✓	✓	✓		

(Reference) Independence Standards for Outside Officers

The Company's outside officers are deemed to be independent from the Company if they do not fall under any of the following categories:

1. An executive (*1) of the Company and its consolidated subsidiaries (hereinafter collectively referred to as the "Group"), or a person who was in such position in the 10 years prior to the assumption of office;
2. A person whose major business partner is the Group (*2) or an executive thereof;
3. A major business partner of the Group (*2) or an executive thereof;
4. An executive of the Group's major lenders (*3);
5. An attorney at law, certified public accountant, tax accountant, consultant, or such like who receives a large amount of money or other property (*4) from the Group other than remuneration for officers;
6. A major shareholder (*5) of the Group or an executive thereof;
7. A person in which the Group is a major shareholder (*5) or an executive thereof;
8. An executive of the party with whom outside officers have a relationship of the mutual assumption of office;
9. A person who falls under "2." through "8." above in the past three fiscal years;
10. A person whose total term of office as an independent officer exceeds 12 years;
11. A spouse or relative within the second degree of kinship of "1." through "10." above; or
12. Any other person who has special circumstances that make it impossible for the person to execute the duties as an independent outside officer, such as a conflict of interest with the Group.

*1: "Executive" means a Director of execution of business, executive person, executive officer, any other person equivalent thereto, and employee of a juridical person or any other organization.

*2: "Major business partner" means a business partner with whom the Group makes or receives payments that exceeded 2% of the Company's annual consolidated net sales in the most recent fiscal year.

*3: "Major lender" means a financial institution from which the Group has loans, the outstanding loans of which exceed 2% of the Group's consolidated total assets as of the end of the Company's fiscal year.

*4: "Large amount of money or other property" means an amount of money or other property that, on average over the past three fiscal years, in the case of an individual, is ¥10 million or more per year, or in the case of an organization such as corporation and partnership, is more than 2% of the consolidated net sales or gross revenue of such organization.

*5: "Major shareholder" means a shareholder who holds 10% or more of the total ratio of voting rights as of the end of the most recent fiscal year.

Proposal No. 4 Introduction of Performance-Linked Monetary Remuneration Program and Restricted Stock Remuneration Program Targeting Directors (Excluding Outside Directors)

As part of revision to its director remuneration program, the Company hereby proposes instituting a director remuneration program, including annual bonus (performance-linked monetary remuneration) and treasury stock remuneration (restricted stock remuneration), for its Directors (excluding outside Directors and hereinafter referred to as “Eligible Directors”) for the purpose of incentivizing Eligible Directors to enhance the Company’s business performance and grow its corporate value in the medium to long term, and to further share value with shareholders.

The upper limit on remuneration in this proposal, the total number of shares of Totech common stock to be issued or disposed of, and the terms and conditions of grant of restricted stock to Eligible Directors in the proposal are thought to be reasonable as they were determined in consideration of various circumstances, such as the purpose mentioned above, the Company’s business performance, and our policy on determination of remuneration, etc., for individual Directors of the Company (if this proposal is resolved, the policy will be revised to one to be stated in a reference section shown later so that it will align with the resolution).

If Proposal No. 3 “Election of eight Directors” is resolved as originally proposed, the number of Directors will remain eight (including three outside Directors).

If Proposal No. 5 “Discontinuation Payment due to Abolition of the Program for Directors’ Retirement Benefits” is resolved as originally proposed, the program will be abolished at the conclusion of this General Meeting of Shareholders.

1. Annual bonus (performance-linked monetary remuneration)

Annual bonus to be introduced under this proposal constitutes monetary remuneration that fluctuates in accordance with the achievement rates for consolidated business performance targets for each fiscal year for the purpose of incentivizing eligible Directors in the short term, and is intended to be paid to them annually.

At the 66th Annual General Meeting of Shareholders held on June 25, 2021, an amount of remuneration for Directors was resolved to be not more than an annual 600 million yen (excluding employee salaries and employee bonuses for Directors concurrently serving as employees). Annual bonus is intended to be paid along with base pay (fixed monetary remuneration) to Eligible Directors as part of such remuneration for Directors.

An amount of annual bonus for each Eligible Director will be calculated on the basis of their achievement rates for consolidated business performance targets, and by reflecting their personal evaluation, based on the business performance of the unit supervised, actions taken on material issues and priority measures, and results. As indicators with which to measure the achievement rates for consolidated business performance targets, we will use consolidated net sales showing the Group’s business size and its share of targeted markets, as well as consolidated ordinary income that points to the Group’s recurring profitability.

The Company has in place a Nomination and Compensation Committee, the majority of which is composed of independent outside Directors, as an advisory body to the Board of Directors in order to secure objectivity and transparency of decision-making for nomination of Directors and their remuneration. Amounts of annual bonus for Eligible Directors will be decided by the Board of Directors after obtaining a recommendation from the Nomination and Compensation Committee.

2. Restricted stock remuneration for Eligible Directors

For treasury stock remuneration to be introduced under the proposal, the Company will allot shares of restricted stock to Eligible Directors each fiscal year, and have them hold the shares over a transfer restriction period to be described later. Specifically, the Company will issue or provide shares of restricted common stock of the Company to Eligible Directors by first executing an agreement on allotment of restricted stock with Eligible Directors (“Allotment Agreement”) to grant them monetary claim by resolution of the Board of Directors before having them deliver all of such claim to the Company as an in-kind contribution.

As described in the “1. Annual bonus (performance-linked monetary remuneration)” section above, remuneration to be paid to Eligible Directors of the Company was resolved to be not more than an annual 600 million (excluding employee salaries and bonuses for Directors concurrently serving as employees). However, in introducing treasury stock remuneration, the Company will set a treasury stock remuneration limit of not more than an annual 100 million yen (excluding employee salaries and bonuses for Directors concurrently serving as employees) as a limit separate from the above-mentioned limit. Specific payment timing and allocation for Eligible Directors will be determined by the Board of Directors by obtaining a recommendation from the Nomination and Compensation Committee.

The total number of shares of restricted stock to be allotted to Eligible Directors each fiscal year will be not more than 40,000 shares. However, in the event of a split or merger of Totech common stock (including gratis allotment

of Totech common stock) on or after the date on which this proposal is resolved, the number will be adjusted to a reasonable extent in accordance with the split ratio or merger ratio on or after the effective date.

We hereby propose that the Board of Directors determine a pay-in amount per share of common stock to be issued or provided to Eligible Directors on the basis of the closing price of Totech common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Director's resolution regarding the issuance or provision (if the stock is not traded on the business day, the closing price on the most recent business day prior to it should apply) and in an amount not particularly advantageous to Eligible Directors subscribing to such common stock shares.

Shown below is an outline of Allotment Agreement to be executed between the Company and Eligible Directors.

[Outline of Allotment Agreement]

(1) Sale restriction period

Eligible Directors may neither sell, nor pledge as security, or otherwise dispose of Totech common shares allotted under Allotment Agreement ("Allotted Shares") from a date on which such shares are allotted under the agreement to immediately after resigning from any of posts specified in advance by the Board of Directors, among posts for officers and employees of the Company or any of its subsidiaries ("Sale Restriction Period") ("Sale Restriction"). Notwithstanding, expiration timing for Sales Restriction Period may be adjusted to a reasonable extent if the date immediately after the resignation precedes a date after three months from a fiscal year containing a date on which Allotted Shares are allotted.

(2) Procedure for an occasion of resignation

If, prior to expiration of a period specified in advance by the Board of Directors ("Service Provision Period"), any Eligible Director resigns from any of the posts specified in advance by the Board of Directors, among posts for officers and employees of the Company or any of its subsidiaries, the Company will acquire the Allotted Shares evidently at no charge with the exception of cases where there is a legitimate reason for the resignation, such as expiration of term of office or death.

(3) Revocation of Sale Restriction

The Company will revoke Sales Restriction for all Allotted Shares at expiration of Sale Restriction Period on the condition that, over Service Provision Period, Eligible Directors consecutively serve in any of posts specified in advance by the Board of Directors, among posts for officers and employees of the Company or any of its subsidiaries. Notwithstanding, the Company will reasonably adjust, as required, the number of Allotted Shares for which the Sale Restriction will be revoked and a date on which to revoke the sale restriction if: i) Eligible Director resigns for a legitimate reason from any of posts specified in advance by the Board of Directors, among posts for officers and employees of the Company or any of its subsidiaries, prior to Service Provision Period expiration; or ii) the Eligible Director prior to expiration of Sale Restriction Period resigns for a reason other than a legitimate reason from any of posts specified in advance by the Board of Directors, among posts for officers and employees of the Company or any of its subsidiaries, even after Service Period Expiration. The Company will acquire, evidently at no charge, Allotted Shares for which sale restriction is yet to be revoked immediately after sale restriction is revoked as stipulated above.

(4) Procedure for reorganization, etc.

Notwithstanding the provision of item (1) above, if a general meeting of shareholders of the Company (the Board of Directors of the Company applies if a proposed reorganization is not required to be resolved by a general meeting of shareholders) during Sale Restriction Period resolves to enter into a merger agreement in which the Company becomes the disappearing entity, a share exchange agreement in which the Company becomes a wholly-owned subsidiary, or resolves a share transfer plan in which the Company becomes a wholly-owned subsidiary or any matter for reorganization, the Company prior to the effective date for the reorganization will revoke, by resolution of the Board of Directors, Sale Restriction for Allotted Shares in a number specified reasonably in consideration of a period from the date on which sale restriction starts to a date on which the reorganization is resolved. If the above-mentioned action is taken, the Company will acquire, evidently at no charge, allotted shares for which sale restriction is yet to be revoked immediately after sale restriction is revoked as stipulated above.

(5) Other matters

Other matters for Allotment Agreement will be determined by the Board of Directors of the Company.

[Reference] Decision policy for Director-by-Director remuneration

If this proposal is resolved, we will revise the decision policy for Director-by-Director remuneration into what is described below to align the policy to the resolution.

1. Basic policy

Our basic policy on director remuneration, etc., is to enhance Directors' enthusiasm to improve the Company's business performance continuously and in the medium to long term, build matters with an aim of contributing to enhancing its corporate value, and set individual Directors' remuneration at appropriate levels in light of their titles and responsibilities in determining such remuneration.

Specifically, standing Directors' remuneration is composed of fixed monetary remuneration as base pay, performance-linked monetary remuneration to be determined in accordance with consolidated business performance for each fiscal year, and restricted stock remuneration to be paid to incentivize Directors to enhance the Company's corporate value in the medium to long term.

By remuneration category, base pay will account for approx. 65% to 75%, performance-linked monetary remuneration approx. 15% to 20%, and restricted stock remuneration approx. 10% to 15%, meaning they were designed so that the higher title is, the higher the proportion of performance-linked monetary remuneration and restricted stock remuneration becomes.

Remuneration for the Company's Directors is set appropriately in accordance with their titles and responsibilities by benchmarking it upon choosing a group of peer companies comparable to the Company in size. This is done by using objective director remuneration data operated by an external specialized agency in order to ensure that remuneration is at a level able to soundly incentivize Directors to enhance the Company's corporate value and achieve its goals on a company-wide basis.

In addition, the Company has a cumulative stock investment program in place in order to keep incentivizing Directors to enhance its corporate value while sharing awareness with shareholders. Thus, we ensure that Directors acquire shares in Totech and keep holding them in ways befitting their titles and responsibilities.

Remuneration for outside Directors serving the function to supervise the Company's business management is paid solely as fixed monetary remuneration in light of their responsibilities.

2. Decision policy for individual fixed monetary remuneration amounts

After being determined at a Board of Directors meeting, fixed monetary remuneration for the Company's Directors is paid in fixed amounts monthly. This is after asking for an opinion of the Nomination and Compensation Committee on an amount calculated in accordance with a percentage shown in the "1. Basic policy" section above.

3. Decision policy for individual amounts of performance-linked monetary remuneration

An amount of performance-linked monetary remuneration for each Eligible Director of the Company will be calculated on the basis of their achievement rates for consolidated business performance targets and by reflecting their personal evaluation, based on the business performance of the unit supervised, actions taken on material issues and priority measures, and results with regard to an amount calculated in accordance with any of the ratios set forth in the "1. Basic policy" section above. As indicators with which to measure the achievement rates for consolidated business performance targets, we will use the Company's consolidated net sales and consolidated ordinary income. Performance-linked monetary remuneration will be decided by the Board of Directors by obtaining a recommendation from the Nomination and Compensation Committee, and will be paid in a lump sum after the end of each fiscal year.

4. Decision policy for individual amounts of restricted stock remuneration

Restricted stock remuneration is granted by the Company in July each year after being determined at a Board of Directors meeting. This is after asking for an opinion of the Nomination and Compensation Committee using a reference value for the number of shares computed by dividing an amount calculated in accordance with a percentage shown in the "1. Basic policy" section above by average stock price for a given period prior to the payment date. Sale Restriction Period is from the date of granting restricted stock shares to the date on which the Eligible Director resigns from the post.

If a given Director holds numerous Totech shares in a certain number or more in the medium to long term, the Company could potentially pay solely fixed monetary remuneration and performance-linked monetary remuneration to the person without granting restricted stock to them, in light of the purpose of performance-linked monetary remuneration and the effect of its function as an incentive. Directors eligible to be granted restricted stock remuneration are determined by the Board of Directors by obtaining a recommendation from the Nomination and Compensation Committee.

Proposal No. 5 Discontinuation Payment due to Abolition of the Program for Directors' Retirement Benefits

At a Board of Directors meeting held on May 20, 2022, the Company resolved to abolish the program for Directors' and Audit & Supervisory Board Members' retirement benefits at the conclusion of this General Meeting of Shareholders in order to institute a new director remuneration program for the purpose of incentivizing Eligible Directors to enhance the Company's business performance and grow its corporate value in the medium to long term, and to further share value with shareholders as proposed in Proposal No. 4 "Introduction of Performance-Linked Monetary Remuneration Program and Restricted Stock Remuneration Program Targeting Directors (Excluding Outside Directors)."

In relation to the abolition, the Company, under a specified standard and in an amount within a reasonable range, will pay discontinuation retirement benefits to 11 officers still in office after the conclusion of this meeting, namely, Directors Tomoyuki Kusano, Katsumi Nagao, Kiyotaka Kaneko, Kaoru Koyama, Kazuhiro Kuwano, Seiken Saito, Daichi Kamio, and Atsuko Usami and Audit & Supervisory Board Members Masaru Ichikawa, Takeo Suzuki, and Kazuhito Arata for the period of their service until the conclusion of the meeting, and as a reward for their service.

Each of these Directors and Audit & Supervisory Board Members will be paid the benefits when resigning from their post. Specific amounts and payment methods for Directors should be left to the discretion of the Board of Directors and those for Audit & Supervisory Board Members should be left to the discretion of the Audit & Supervisory Board Members to be determined through deliberation.

Shown below are the career histories of Directors and Audit & Supervisory Board Members who will be given the discontinuation payments.

Name	Career summary	
Tomoyuki Kusano	Jan. 1958	Director of the Company
	May 1965	Executive Director
	June 1972	Managing Executive Director
	June 1980	Representative Director and Vice President
	May 1982	Representative Director and President
	June 2006	Representative Director and Chairperson
	June 2021	Director and Chairperson (current position)
Katsumi Nagao	June 2003	Director of the Company
	June 2006	Representative Director and President (current position)
Kiyotaka Kaneko	June 2021	Director of the Company (current position)
Kaoru Koyama	June 2018	Director of the Company (current position)
Kazuhiro Kuwano	June 2021	Director of the Company (current position)
Seiken Saito	June 2016	Outside Director of the Company (current position)
Daichi Kamio	June 2015	Outside Director of the Company (current position)
Atsuko Usami	June 2021	Outside Director of the Company (current position)
Masaru Ichikawa	June 2015	Audit & Supervisory Board Member of the Company (current position)
Takeo Suzuki	June 1994	Outside Audit & Supervisory Board Member of the Company (current position)
Kazuhito Arata	June 2015	Outside Audit & Supervisory Board Member of the Company (current position)