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(Stock Exchange Code 2760)
June 1, 2021

To Shareholders with Voting Rights:

Atsushi Tokushige
President & Representative Director
TOKYO ELECTRON DEVICE LIMITED
1-4, Kinko-cho, Kanagawa-ku, Yokohama City,
Kanagawa

**NOTICE OF
THE 36TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to announce that we will hold the 36th Annual General Meeting of Shareholders of TOKYO ELECTRON DEVICE LIMITED (the “Company”). The meeting will be held as described below.

Considering the novel coronavirus disease (COVID-19) risk, we would like to ask our shareholders to refrain from attending the General Meeting of Shareholders as much as possible regardless of the health condition and request our shareholders to exercise voting rights in writing or through the Internet in advance. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your rights no later than 5:30 p.m., Monday, June 21, 2021, Japan time.

- 1. Date and Time:** Tuesday, June 22, 2021 at 10:00 a.m. Japan time
(Reception desk will open at 9:00 a.m.)
- 2. Place:** Nichirin banquet room at 5th Floor, Yokohama Bay Sheraton Hotel & Towers
located at 1-3-23, Kitasaiwai, Nishi-ku, Yokohama City, Kanagawa, Japan
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report, the Consolidated Financial Statements and Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the Company’s 36th Fiscal Year (April 1, 2020 - March 31, 2021)
 2. Non-consolidated Financial Statements for the Company’s 36th Fiscal Year (April 1, 2020 - March 31, 2021)
 - Proposals to be resolved:**
 - Proposal 1:** Election of Nine Corporate Directors
 - Proposal 2:** Election of One Audit & Supervisory Board Member
 - Proposal 3:** Payment of Bonuses to Corporate Directors
 - Proposal 4:** Renewal of the Stock-Based Remuneration Plan as Annual Performance-linked Remuneration for Corporate Directors
 - Proposal 5:** Introduction of a Stock-based Remuneration Plan for Corporate Directors as Medium-term Incentive Remuneration

1. We may take precautionary measures to prevent diseases spreading at the General Meeting of Shareholders. We sincerely appreciate your understanding and co-operation.
2. Any significant changes made in the holding and operating the General Meeting of Shareholders (such as the scheduled start time and the venue of the General Meeting of Shareholders) in light of future circumstances will be posted on the Company’s website*.
3. When you attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Kindly bring this Notice with you for resource saving purposes.
4. “Hybrid Participation-type Virtual Shareholders Meeting” will be introduced to this meeting, whereby shareholders

unable to come to the venue on the day of the meeting can view the live stream of the meeting via the Internet.

5. Should the Reference Documents for the General Meeting of Shareholders require any revisions, the revised versions will be posted on the Company's website*.

*The Company's website: <https://www.teldevice.co.jp/eng/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Nine Corporate Directors

The terms of office of all nine Corporate Directors will expire at the conclusion of the General Meeting of Shareholders. Accordingly, the election of nine Corporate Directors is proposed. The candidates are as follows:

Candidate No.	Name	Gender	Position	Years in office	Attendance at Board of Directors' meetings
1	Atsushi Tokushige	Male	President & Representative Director	14	100% (Ten out of ten meetings)
2	Masami Hasegawa	Male	Representative Director	6	100% (Ten out of ten meetings)
3	Yukio Saeki	Male	Corporate Director	6	100% (Ten out of ten meetings)
4	Akihiro Kamikogawa	Male	Corporate Director	8	100% (Ten out of ten meetings)
5	Kazuki Shinoda	Male	Corporate Director	4	100% (Ten out of ten meetings)
6	Tetsuo Tsuneishi	Male	Corporate Director	8	100% (Ten out of ten meetings)
7	Koichi Kawana (Outside Director) (Independent Director)	Male	Corporate Director	2	100% (Ten out of ten meetings)
8	Hiromi Onitsuka-Baur (Outside Director) (Independent Director)	Female	Corporate Director	1	100% (Eight out of eight meetings)
9	Kei Nishida (Outside Director) (Independent Director)	Male	-	New candidate	-

(Notes)

- There are no special interests between each candidate for Corporate Director and the Company.
- Mr. Koichi Kawana, Ms. Hiromi Onitsuka-Baur, and Mr. Kei Nishida are candidates for Outside Directors. Mr. Koichi Kawana and Ms. Hiromi Onitsuka-Baur are also Independent Directors required by the Tokyo Stock Exchange and will continue to be the Independent Directors if reelected. Additionally, Mr. Kei Nishida meets the criteria for independence required by the Tokyo Stock Exchange and is expected to become an Independent Director, if elected as proposed.
- Ms. Hiromi Onitsuka-Baur has been appointed as a Director at the 35th Annual General Meeting of Shareholders held on June 17, 2020, and the attendance at Board of Directors' meetings represents the number of the Board of Directors' meetings held after she assumed office.
- The current Articles of Incorporation of the Company provides that the Company can enter into an agreement with Corporate Directors (excluding Executive Directors) to limit liability for damages to the Company. The Company entered into a liability limitation agreement with Messrs. Tetsuo Tsuneishi and Koichi Kawana, and Ms. Hiromi Onitsuka-Baur and will renew the respective agreements if their reelection is approved. Additionally, if Mr. Kei Nishida is newly elected as proposed, the Company will enter into the said liability limitation agreement with him. The outline of the liability limitation agreement of the Company is as follows:
 - Corporate Directors (excluding Executive Directors) who have neglected their duties shall be liable to the Company for any damage to the extent of the minimum liability amount as set forth in Article 425, (1) of the Companies Act.
 - The above liability limitation shall be limited to cases where the relevant Corporate Director is without knowledge and is not grossly negligent in performing his/her duties that caused the liability.
- The Company entered into a directors and officers liability insurance contract with an insurance company. The contract covers damage payments to be borne by insured persons arising from litigations. The candidates will be included as insured persons in this insurance contract. The Company plans to renew the contract with the same contents at the next renewal.

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
1	Atsushi Tokushige (November 7, 1963) [57 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>April 2005 Vice President of the Company</p> <p>June 2007 Corporate Director of the Company</p> <p>June 2011 Managing Director, TOKYO ELECTRON DEVICE HONG KONG LTD. (currently TOKYO ELECTRON DEVICE ASIA PACIFIC LTD.)</p> <p>September 2013 CEO, inrevium AMERICA, INC. (currently TOKYO ELECTRON DEVICE AMERICA, INC.)</p> <p>January 2015 President & Representative Director of the Company (to present)</p> <p>[Position and responsibility at the Company] President & Representative Director</p> <p>[Reason for nomination as a candidate for Corporate Director] Since he assumed his position as the President & Representative Director of the Company in January 2015, he has made use of his experience accumulated up to that point, and demonstrated strong leadership skills to lead the management of the Group. We continue to expect him to strengthen the decision-making function of the Board of Directors and to play a central role in overall management to contribute to improving corporate value of the Group, and thus nominate him for Corporate Director.</p>	10,600
2	Masami Hasegawa (September 30, 1965) [55 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>June 2013 President & Representative Director, PAN ELECTRON LIMITED</p> <p>June 2014 Vice President of the Company</p> <p>April 2015 General Manager, Global Sales Business Department of the Company</p> <p>June 2015 Corporate Director of the Company</p> <p>June 2016 Representative Director of the Company (to present)</p> <p>June 2016 Senior Vice President of the Company</p> <p>June 2018 Executive Vice President of the Company (to present)</p> <p>July 2018 General Manager, Global Sales & Operations of the Company (to present)</p> <p>July 2018 General Manager, EC BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Representative Director, Executive Vice President General Manager, Global Sales & Operations General Manager, EC BU</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Electronic Components Business. In addition, since June 2016 he has been leading the management of the Group as Representative Director of the Company and making efforts to promote cross-sectional sales activities toward increasing revenues as a supervisor of sales division. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	8,400

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
3	Yukio Saeki (October 25, 1958) [62 years old]	<p>April 1981 Joined Tokyo Electron Limited</p> <p>February 2012 President & Representative Director, Tokyo Electron BP Limited</p> <p>February 2012 President & Representative Director, Tokyo Electron Agency Limited</p> <p>June 2015 Corporate Director of the Company (to present)</p> <p>June 2015 Vice President of the Company</p> <p>June 2016 Senior Vice President of the Company</p> <p>June 2016 Senior Director, Administration Department of the Company</p> <p>June 2018 Executive Vice President of the Company (to present)</p> <p>July 2018 General Manager, Corporate Administration Division of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Executive Vice President General Manager, Corporate Administration Division In Charge of Internal Control In Charge of Compliance</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Administration Department, etc. In addition, he serves as a committee member of the Remuneration and Nominating Committees, and has been playing an active role in development and training of various types of monitoring and in-house rules as Chairman of the Compliance Committee. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	3,000
4	Akihiro Kamikogawa (November 8, 1963) [57 years old]	<p>April 1986 Joined Tokyo Electron Limited</p> <p>June 2011 Vice President of the Company</p> <p>June 2013 Corporate Director of the Company (to present)</p> <p>April 2015 President of CN Company</p> <p>June 2016 Senior Vice President of the Company (to present)</p> <p>July 2018 General Manager, CN BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Senior Vice President General Manager, CN BU</p> <p>[Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the Computer Network Business. In addition, he has been playing an active role as a committee member of the Nominating Committee in monitoring candidates for management executives for the next generation and examining how to develop personnel for the future, and he also serves as a committee member of the Compliance and Risk Management Committees. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	2,500

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
5	Kazuki Shinoda (October 17, 1965) [55 years old]	<p>April 1988 Joined Tokyo Electron Limited</p> <p>June 2015 Vice President of the Company</p> <p>June 2017 CEO, inrevium AMERICA, INC. (currently TOKYO ELECTRON DEVICE AMERICA, INC.)</p> <p>June 2017 Corporate Director of the Company (to present)</p> <p>June 2017 President of inrevium Company</p> <p>June 2018 Senior Vice President of the Company (to present)</p> <p>July 2018 General Manager, PB BU of the Company (to present)</p> <p>[Position and responsibility at the Company] Corporate Director, Senior Vice President General Manager, PB BU In charge of Risk Management [Reason for nomination as a candidate for Corporate Director] He serves in an important position in charge of the private brand business. In addition, he has been playing an active role as a committee member of the Remuneration Committee in the inquest of a remuneration system and the contents of the remuneration of the President & Representative Director based on medium- to long-term business performance, and also in developing our risk management system as Chairman of the Risk Management Committee since June 2017. We expect him to make use of the knowledge that he has accumulated thus far to contribute to improving the corporate value of the Group and strengthen the supervisory function of the Board of Directors, and thus nominate him for Corporate Director.</p>	5,000
6	Tetsuo Tsuneishi (November 24, 1952) [68 years old]	<p>April 1976 Joined Tokyo Electron Limited</p> <p>June 1992 Corporate Director, Tokyo Electron Limited</p> <p>June 1996 Senior Managing Director, Tokyo Electron Limited</p> <p>June 2003 Deputy Chairman of the Board, Tokyo Electron Limited</p> <p>June 2013 Corporate Director of the Company (to present)</p> <p>June 2015 Chairman of the Board, Tokyo Electron Limited</p> <p>June 2017 Representative Director & Chairman of the Board, Tokyo Electron Limited</p> <p>June 2020 Chairman of the Board, Tokyo Electron Limited (to present)</p> <p>[Significant concurrent position] Chairman of the Board, Tokyo Electron Limited [Position and responsibility at the Company] Corporate Director [Reason for nomination as a candidate for Corporate Director] He attended all Board of Directors' meetings held in the fiscal year ended March 31, 2021 (10 times). In addition, he has also been playing an active role as a committee member of the Remuneration Committee in the inquest of a remuneration system and the contents of the remuneration of the President & Representative Director based on medium- to long-term business performance. We expect him to make use of his experience as an executive manager in stock market listed companies to perform oversight duties from an objective viewpoint by sharing his opinions and advice from the perspective of shareholders, and thus nominate him for Corporate Director.</p>	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
7	Koichi Kawana (April 23, 1958) [63 years old] (Outside Director) (Independent Director)	<p>April 1982 Joined JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>July 1997 General Manager, Abu Dhabi Office and Kuwait Office, Business Development Division, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>July 2001 General Manager, London Office, Marketing Department, No. 1 Project Division, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>August 2007 Executive Officer, General Manager, New Business Promotion Department, Global Marketing Division, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>July 2009 Managing Director, General Manager, Global Marketing Division, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>July 2010 Representative Director, Senior Executive Vice President, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>July 2011 Representative Director, President and Chief Operating Officer, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>June 2017 Director, Vice Chairman, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>June 2018 Vice Chairman, JGC CORPORATION (currently JGC HOLDINGS CORPORATION)</p> <p>June 2019 Corporate Director of the Company (to present)</p> <p>June 2019 Outside Director, BANDAI NAMCO Holdings Inc. (to present)</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Members), COMSYS Holdings Corporation (to present)</p> <p>June 2020 Outside Director, RENOVA Inc. (to present)</p> <p>[Significant concurrent position] Outside Director, BANDAI NAMCO Holdings Inc. Outside Director (Audit and Supervisory Committee Members), COMSYS Holdings Corporation Outside Director, RENOVA Inc.</p> <p>[Reason for nomination as a candidate for Outside Director and outline of expected roles] He attended all Board of Directors' meetings held in the fiscal year ended March 31, 2021 (10 times) as Independent Director (Outside Director). In addition, he has also been playing an active role as a committee member of the Nominating Committee in monitoring candidates for management executives for the next generation and evaluating a way to develop personnel for the future. We expect him to make use of his experience as a corporate manager of a listed company, as well as broad knowledge from global perspective, to perform oversight duties from an objective viewpoint by sharing his opinions and advice from the perspective of shareholders, and thus nominate him for Corporate Director. Mr. Koichi Kawana will have been in office for a total of two years at the conclusion of this General Meeting of Shareholders.</p>	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
8	Hiromi Onitsuka- Baur (April 19, 1952) [69 years old] (Outside Director) (Independent Director)	<p>April 1976 Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)</p> <p>April 2005 General Manager, Clinical Laboratory Systems Division, Toshiba Medical Systems Corporation (currently CANON MEDICAL SYSTEMS CORPORATION)</p> <p>June 2009 Vice President, Chief Marketing Executive and General Manager, Clinical Laboratory Systems Division, Toshiba Medical Systems Corporation (currently CANON MEDICAL SYSTEMS CORPORATION)</p> <p>April 2010 Vice President, Chief Marketing Executive and General Manager, Corporate Audit Department, Toshiba Medical Systems Corporation (currently CANON MEDICAL SYSTEMS CORPORATION)</p> <p>June 2011 Temporary Advisor, Toshiba Medical Systems Corporation (currently CANON MEDICAL SYSTEMS CORPORATION)</p> <p>June 2012 Outside Audit and Supervisory Board Member, Yahoo Japan Corporation (currently Z Holdings Corporation)</p> <p>June 2015 Outside Director (Audit and Supervisory Committee Member), Yahoo Japan Corporation (currently Z Holdings Corporation)</p> <p>June 2018 Audit & Supervisory Board Member, eBook Initiative Japan Co., Ltd. (to present)</p> <p>October 2019 Auditor, Yahoo Japan Corporation (to present)</p> <p>June 2020 Corporate Director of the Company (to present)</p> <p>[Significant concurrent position] Audit & Supervisory Board Member, eBook Initiative Japan Co., Ltd. Auditor, Yahoo Japan Corporation External Director, JVCKENWOOD Corporation *</p> <p>* Scheduled to assume the position in June 2021.</p> <p>[Reason for nomination as a candidate for Outside Director and outline of expected roles] She attended all Board of Directors' meetings (8 times) held after she assumed office in June 2020 as Independent Director (Outside Director). In addition, she has also been playing an active role as a committee member of the Remuneration Committee in the inquest of a remuneration system and the contents of the remuneration of the President & Representative Director based on medium- to long-term business performance. We expect her to make use of her knowledge in the electronics and IT industries, as well as, her experience as Audit and Supervisory Board Member, and Outside Director (Audit and Supervisory Committee Member) in a stock market listed company, to provide her advice and opinions on the management of the Company from an objective viewpoint, and thus nominate her as a candidate for Outside Director. Ms. Hiromi Onitsuka-Baur will have been in office for a total of one year at the conclusion of this General Meeting of Shareholders.</p>	-

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of the Company shares held
9	Kei Nishida (July 8, 1954) [66 years old] (New Candidate) (Outside Director) (Independent Director)	<p>April 1977 Joined Japan Storage Battery Co., Ltd. (currently GS Yuasa International Ltd.)</p> <p>July 2007 General Manager of Corporate Strategy Management Division and Head of Public Relations Office, GS Yuasa Corporation</p> <p>June 2008 Corporate Officer of GS Yuasa Corporation</p> <p>June 2009 Director of GS Yuasa Corporation</p> <p>April 2010 Head of Corporate Office of GS Yuasa Corporation</p> <p>June 2012 Managing Director of GS Yuasa Corporation</p> <p>June 2015 Representative Director, Senior Managing Director of GS Yuasa Corporation</p> <p>June 2018 Representative Director, Executive Vice President of GS Yuasa Corporation</p> <p>June 2020 Advisor of GS Yuasa Corporation (to present)</p> <p>[Significant concurrent position] Advisor of GS Yuasa Corporation</p> <p>[Reason for nomination as a candidate for Outside Director and outline of expected roles] We expect him to make use of his management experience at a stock market listed company and knowledge in the electronics industry to provide his advice and opinions on the management of the Company from an objective viewpoint, and thus nominate him as a candidate for Outside Director.</p>	-

Proposal 2: Election of One Audit & Supervisory Board Member

Of incumbent Audit & Supervisory Board Members, the term of office of Mr. Hisami Fukumori will expire at the conclusion of the General Meeting of Shareholders. Accordingly, the election of one Audit & Supervisory Board Member is proposed.

The Audit & Supervisory Board has previously given its approval to this proposal.

The candidate is as follows:

Name (Date of birth)	Past experience and significant concurrent positions	Number of the Company shares held
Norika Yuasa (August 18, 1974) [46 years old] (New Candidate) (Outside Audit & Supervisory Board Member) (Independent Audit & Supervisory Board Member)	<p>September 2003 Registered as an attorney at law</p> <p>August 2011 Registered as an attorney at law in New York State</p> <p>September 2017 Part-time Professor of Waseda Law School (to present)</p> <p>January 2019 Partner Attorney at law of Miura & Partners (to present)</p> <p>June 2019 Outside Director of KOSÉ Corporation (to present)</p> <p>[Significant concurrent position]</p> <p>Partner Attorney at law of Miura & Partners</p> <p>Outside Director of KOSÉ Corporation</p> <p>Outside Director, SAINT-CARE HOLDING CORPORATION*</p> <p>* Scheduled to assume the position in June 2021.</p> <p>[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member]</p> <p>After serving as an attorney at law in China and other places, she currently serves as Partner Attorney of Miura & Partners and has abundant experience and professional knowledge. We expect her to make use of these experiences and professional knowledge to secure appropriateness of the Company's audit objectively, and thus nominate her as a candidate for Outside Audit & Supervisory Board Member. Although she has never been involved in the management of a company except as Outside Director, the Company judges her capable of appropriately fulfilling duties as Outside Audit & Supervisory Board Member based on the above reasons.</p>	-

(Notes)

1. There are no special interests between the candidate for Outside Audit & Supervisory Board Member and the Company.
2. Ms. Norika Yuasa is a candidate for Outside Audit & Supervisory Board Member. Additionally, Ms. Norika Yuasa meets the criteria for independence required by the Tokyo Stock Exchange and is expected to become an Independent Audit & Supervisory Board Member, if elected as proposed originally.
3. The current Articles of Incorporation of the Company provides that the Company may enter into an agreement with Audit & Supervisory Board Members to limit liability for damages to the Company.
If Ms. Norika Yuasa is newly elected as proposed originally, the Company will enter into the said liability limitation agreement with her. The outline of the liability limitation agreement of the Company is as follows:
 - Audit & Supervisory Board Members who have neglected their duties shall be liable to the Company for any damage to the extent of the minimum liability amount as set forth in Article 425, (1) of the Companies Act.
 - The above liability limitation shall be limited to the case where the relevant Audit & Supervisory Board Member is without knowledge and is not grossly negligent in performing his/her duties that caused the liability.
4. The Company entered into a Directors and Officers liability insurance contract with an insurance company. The contract covers damage payments to be borne by insured persons arising from litigations.
The candidate will be included as an insured person in this insurance contract. The Company plans to renew the contract with the same contents at the next renewal
5. Ms. Norika Yuasa's name on her family register is Norika Kunii.

(Reference) If Ms. Norika Yuasa is elected as proposed, the constituent members of the Audit & Supervisory Board of the Company will be as follows:

Name	Gender	Position	Years in office	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings
Nobuo Kawai	Male	Audit & Supervisory Board Member (full-time)	5	100% (10/10)	100% (7/7)
Katsuyuki Matsui	Male	Audit & Supervisory Board Member (full-time)	2	100% (10/10)	100% (7/7)
Yoshinori Nishimura	Male	Audit & Supervisory Board Member	2	100% (10/10)	100% (7/7)
Norika Yuasa	Female	Audit & Supervisory Board Member	-	-	-

(Reference: Proposals 1 and 2)

[Policy and procedure for nominating candidates for Corporate Directors]

To nominate candidates for Corporate Directors, the Nominating Committee reviews and proposes the candidates to the Board of Directors based on their qualities such as from their knowledge and experience to qualifications as Corporate Director as well as the balance and diversity of knowledge, experience, and capabilities of the Board of Directors as a whole. Upon approval of the Board of Directors, the approved candidates are presented to the General Meeting of Shareholders for approval.

In addition to the requirements under the Companies Act, the Company has the following policies for electing Outside Directors: The Company, in principle, recruits candidates whose corporation, etc. as well as candidates themselves have no special interests with the Company; and who are independent and free from any conflict of interest with general shareholders of the Company.

[Policy and procedure for nominating candidates for Audit & Supervisory Board Members]

To nominate candidates for Audit & Supervisory Board Members, President & Representative Director proposes the candidates to the Audit & Supervisory Board based on their knowledge, experience, qualifications, diversity, etc. Upon review based on the check points for selection of candidates, the Audit & Supervisory Board presents the approved candidates to the Board of Directors, which will propose them to the General Meeting of Shareholders upon its approval.

In addition to the requirements under the Companies Act, the Company has the following policies for electing Outside Audit & Supervisory Board Members: The Company, in principle, recruits candidates whose corporation, etc. as well as candidates themselves have no special interests with the Company; and who are independent and free from any conflict of interest with general shareholders of the Company.

[Outline of criteria for electing Independent Directors/Auditors]

The Company elects Independent Directors/Audit & Supervisory Board Members from among Outside Directors or Outside Audit & Supervisory Board Members ("Outside Officers") who do not fall under any of the following:

1. Related party of the Company Group; 2. Major shareholder; 3. Related party of major business partner/customer; and 4. Other

Outside Officers of the Company may be reelected up to a total of eight years of office.

[Numeric criteria]

(1) "Major shareholder" refers to a shareholder who holds more than 10% of total voting rights through direct and/or indirect ownership.

(2) "Related party of major business partner/customer" refers to a party with a history of transactions worth 2% or more of consolidated net sales of the Company during the relevant fiscal year or a financial institution providing loans worth 5% or more of consolidated total assets of the Company.

<In reference to Proposal 3, Proposal 4 and Proposal 5>

The Proposals 3, 4 and 5 are proposals associated with remuneration for Corporate Directors.

The remuneration plan for Corporate Directors of the Company is outlined as below.

As a basic policy, remuneration for Corporate Directors is determined by placing emphasis on the following:

- (1) Competitiveness in the level and system to secure superior management resources in Japan
- (2) Strong link to the increase in corporate value in a medium- to long-term to achieve both short-term performance and sustainable growth
- (3) Securing transparency and fairness in the remuneration determination process, as well as appropriateness of remuneration

In line with the above policy, remuneration for Corporate Directors (excluding Outside Directors and part-time Corporate Directors) has consisted of “monthly fixed remuneration” and “performance-linked remuneration” linked to annual performance.

As the VISION 2020 medium-term management plan with the 36th fiscal term (the fiscal year ended March 31, 2021) as the final year is coming to an end, and as we start VISION 2025, a new medium-term management plan, we will add a “medium-term incentive remuneration” that is more linked to an increase in corporate value in a medium- to long-term. Through achieving the medium-term management plan, we aim to increase corporate value in a medium- to long-term. In VISION 2025, the new medium-term management plan, our vision is set as an evolution into a manufacturer with technology trading company functions. In order for the Company to compete in a field of semiconductor and IT, a business domain of increased attention and importance in a Society 5.0, we believe the four years from now will be a pivotal period in which the Company must achieve a transformation into a manufacturer that can create and offer products and services with higher added value, that is, higher profitability.

Remuneration for Outside Directors and part-time Corporate Directors consists of “monthly fixed remuneration” only.

[Remuneration system for Corporate Directors]

Monthly fixed remuneration	+	Annual performance-linked remuneration		+	Medium-term incentive remuneration (New)		
		Cash bonus	Stock-based remuneration				
*1 A 65% portion of annual performance-linked remuneration is paid in a form of cash bonus after obtaining approval at Annual General Meeting of Shareholders every fiscal year.							
*2 A 35% portion of annual performance-linked remuneration is paid in a form of stock-based remuneration upon retirement of each Corporate Director.							
*3 Outside Directors and part-time Corporate Directors are not eligible.							
*4 Annual performance-linked remuneration is set at within 5% of “net income attributable to owners of parent.”							
* Outside Directors and part-time Corporate Directors are not eligible.							

Proposal 3: Payment of Bonuses to Corporate Directors

Of the amount of performance-linked remuneration, which was calculated based on a performance-linked remuneration table using the amount of “net income attributable to owners of parent” of the current fiscal year (hereinafter, “net income”) and ratio of net income to net sales as indicators, a 65% portion is proposed to be paid to five full-time Corporate Directors as of the end of the current fiscal year in a form of cash bonus for a total of ¥68,373 thousand. No bonuses will be paid to part-time Corporate Directors including Outside Directors.

Payment of bonuses to full-time Corporate Directors has been deemed to be appropriate due to its conformity to “Policy for the Determination of Contents of Remuneration, etc. for Individual Corporate Directors.”

Proposal 4: Renewal of the Stock-Based Remuneration Plan as Annual Performance-linked Remuneration for Corporate Directors

1. Reason for the proposal and reasons for deeming such remuneration to be appropriate

The performance-linked stock-based remuneration plan (the “Plan”) for Corporate Directors (excluding Outside Directors and part-time Corporate Directors; hereinafter the same) was approved under the agenda of “Determination of the Amount and Details of the Performance-linked Stock-based Remuneration for Corporate Directors” at the 29th Annual General Meeting of Shareholders held on June 18, 2014. And its renewal was approved under the agenda of “Renewal of the Performance-linked Stock-based Remuneration for Corporate Directors” at the 34th Annual General Meeting of Shareholders held on June 19, 2019. The renewal of the Plan is proposed upon making changes to the target period of the Plan, the maximum amount of remuneration to be paid and the maximum number of shares to be delivered.

The Plan further clarifies the links between the remuneration of the Corporate Directors, the Company’s business performance and shareholders’ value, and aims to enhance the incentive toward continuously improving business performance and the awareness toward contributing to the increase in shareholders’ value, and thus the renewal of the Plan has been deemed to be appropriate.

In this proposal, it is proposed that a stock-based remuneration be paid to Corporate Directors separately from the maximum amount of remuneration of Corporate Directors (not more than ¥22.0 million per month) approved at the 34th Annual General Meeting of Shareholders held on June 19, 2019, as well as from Proposal 3 “Payment of Bonuses to Corporate Directors” and Proposal 5 “Introduction of Stock-based Remuneration Plan for Corporate Directors as Medium-term Incentive Remuneration.”

If Proposal 1 “Election of Nine Corporate Directors” is approved as proposed originally, the number of the Corporate Directors subject to this Plan shall be five.

2. Amount and details of remuneration, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock-based remuneration plan under which the Company’s shares are acquired through a trust using the Corporate Directors’ remuneration contributed by the Company as funds, and the Company’s shares are delivered to the Corporate Directors of the Company in accordance with the level of achievement of performance.

Item	Overview of the Plan
(i) Persons subject to the delivery of the Company’s shares under the Plan	Corporate Directors of the Company (excluding Outside Directors and part-time Corporate Directors)
(ii) Target period of the Plan (as described in (2) below)	Four fiscal years (hereinafter, “Target Period”)
(iii) Maximum amount of cash contributed by the Company (as described in (3) below)	¥300 million per Target Period (four fiscal years)
(iv) Maximum number of the Company’s shares (points) to be delivered to Corporate Directors (as described in (4) below)	71,000 shares (71,000 points) per Target Period (four fiscal years)
(v) Acquisition method of the Company’s shares (as described in (3) below)	The Company’s shares will be acquired from the stock market (Shares required during this Target Period will be acquired through purchase at the stock market, hence the Plan does not cause a dilution of the Company’s shares.)
(vi) Conditions for achievement of performance (as described in (4) below)	Fluctuates in accordance with the levels of achievement of the amount of net income attributable to owners of parent and the ratio of net income attributable to owners of parent every fiscal year
(vii) Timing of delivery of the Company’s shares (as described in (5) below)	Upon retirement of each Corporate Director

(2) Target period of the Plan

The Plan after renewal will target the four fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2025 (the “Target Period”).

(3) Maximum amount of cash contributed by the Company

The Company contributes money not exceeding ¥300 million as remuneration to Corporate Directors of the Company for the Target Period and establishes a trust (“Trust”) with Corporate Directors who meet the beneficiary requirements as beneficiaries, of which trust period is four years. The trust to be established is identical to the one under the stock-based remuneration plan as a medium-term incentive remuneration, which is subject to shareholders’ approval in Proposal 5.

The Trust will acquire the Company’s shares from the stock market using trust funds contributed by the Company in accordance with the instructions of the trust administrator. The Company grants points (as described in (4) below) to Corporate Directors during the Target Period, and the Trust will deliver the Company’s shares that correspond to the points to be granted.

(4) Method of calculating the Company’s shares to be delivered to the Corporate Directors and the maximum number thereof

The Company shall, at a given period each year during the trust period, grant points to the Corporate Directors in accordance with the level of achievement of performance (*) during the fiscal year ending March 31 of that year. Points shall be granted every year during the trust period.

At the retirement of each Corporate Director, the cumulative value of points (the “Cumulative Number of Points”) shall be calculated and the shares corresponding to the Cumulative Number of Points shall be granted.

One point shall equal one share of the Company’s common stock. However, in the event that circumstances occur during the trust period whereby an adjustment to the Cumulative Number of Points is deemed reasonable, such as a share split or a consolidation of shares, adjustments shall be made according to such split ratio, consolidation ratio, etc.

(*) The level of achievement of performance shall be determined using “amount of net income attributable to owners of parent” and “ratio of net income attributable to owners of parent” as indicators.

Total number of the Company’s shares to be delivered to Corporate Directors during the Target Period shall be up to 71,000 shares. The total number of shares to be delivered is determined based on the maximum amount of money contributed to the Trust as described in (3) above, in reference to past stock prices, etc., and has been deemed to be appropriate in light of the current levels of remuneration paid to Corporate Directors of the Company and the number of Corporate Directors of the Company along with the future outlook thereof, as well as the Company’s stock price level, among others.

(5) Timing of delivery of the Company’s shares to Corporate Directors

Corporate Directors who meet the beneficiary requirements shall receive delivery of the Company’s shares, after the retirement in principle, which corresponds to the Cumulative Number of Points calculated based on (4) above. Upon receiving, Corporate Directors shall receive the Company’s shares corresponding to a certain portion of the Cumulative Number of Points and money equivalent to the Company’s shares corresponding to the remaining Cumulative Number of Points, upon conversion into cash within the Trust.

(6) Treatment of dividends associated with the Company's shares held in the Trust

The distribution of dividends associated with the Company's shares held in the Trust shall be received by the Trust and appropriated to the trust fees and trust expenses for the Trust. Any residual amount at the eventual termination of the Trust after the aforementioned appropriation to the trust fees and trust expenses will be donated to organizations with no interest in the Company and its Corporate Directors.

(7) Clawback system, etc.

In the event that there has been a serious fraud or violation committed by an eligible Corporate Director, the Company may request the forfeiture of the right to receive the shares that were scheduled to be delivered under the Plan (malus) or the refund of money equivalent to the shares that have already been delivered (clawback) to the Corporate Director.

(8) Voting rights for the Company's shares

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(9) Other details of the Plan

Other details concerning the Plan shall be determined at the Board of Directors’ meetings.

Proposal 5: Introduction of a Stock-based Remuneration Plan for Corporate Directors as Medium-term Incentive Remuneration

1. Reason for the proposal and reasons for deeming such remuneration to be appropriate

The remuneration for Corporate Directors of the Company (excluding Outside Directors and part-time Corporate Directors; hereinafter the same) consists of fixed remuneration and annual performance-linked remuneration. This proposal requests approval for the introduction of a new medium-term performance-linked stock-based remuneration plan for Corporate Directors (the “Plan”) as an incentive plan that links to the levels of achievement of financial targets under the Medium-term Management Plan.

The Plan aims to enhance the awareness toward contributing to the increase in corporate value in the medium- to long-term by achieving the Medium-term Management Plan, and thus the introduction of the Plan has been deemed to be appropriate.

This proposal requests approval for the payment of stock-based remuneration for Corporate Directors, separately from the maximum amount of remuneration of Corporate Directors (not more than ¥22.0 million per month) approved at the 34th Annual General Meeting of Shareholders held on June 19, 2019, as well as from Proposal 3 “Payment of Bonuses to Corporate Directors” and Proposal 4 “Renewal of the Stock-based Remuneration Plan as Annual Performance-linked Remuneration for Corporate Directors.”

If Proposal 1 “Election of Nine Corporate Directors” is approved as proposed originally, the number of the Corporate Directors subject to this Plan shall be five.

The Company plans to introduce an incentive plan similar to the Plan, which links to the levels of achievement of financial targets under the Medium-term Management Plan, for Corporate Directors of subsidiaries of the Company, as well as for Vice Presidents and Managers of the Company and its subsidiaries.

2. Amount and details of remuneration, etc. under the Plan

(1) Overview of the Plan

The Plan is a stock-based remuneration plan under which the Company’s shares are acquired through a trust using the Corporate Directors’ remuneration contributed by the Company as funds, and the Company’s shares are delivered to the Corporate Directors of the Company in accordance with the level of achievement of financial targets of the Medium-term Management Plan.

Item	Overview of the Plan
(i) Persons subject to the delivery of the Company’s shares under the Plan	Corporate Directors of the Company (excluding Outside Directors and part-time Corporate Directors)
(ii) Target period of the Plan (as described in (2) below)	Four fiscal years (hereinafter, “Target Period”)
(iii) Maximum amount of cash contributed by the Company (as described in (3) below)	¥260 million per Target Period (four fiscal years)
(iv) Maximum number of the Company’s shares to be delivered to Corporate Directors (as described in (4) below)	61,000 shares per Target Period (four fiscal years)
(v) Acquisition method of the Company’s shares (as described in (3) below)	The Company’s shares will be acquired from the stock market (Shares required during this Target Period will be acquired through purchase at the stock market, hence the Plan does not cause a dilution of the Company’s shares.)
(vi) Conditions for achievement of performance (as described in (4) below)	Fluctuates within 0% to 125% in accordance with the levels of achievement of performance targets (consolidated ordinary income ratio and consolidated ROE) every fiscal year during the VISION 2025 Medium-term Management Plan period
(vii) Timing of delivery of the Company’s shares (as described in (5) below)	After the Target Period

(2) Target period of the Plan

The Plan will target the four fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2025, which corresponds to the period of the Medium-term Management Plan “VISION 2025” (the “Target Period”).

(3) Maximum amount of cash contributed by the Company

The Company contributes money not exceeding ¥260 million as remuneration to Corporate Directors of the Company for the Target Period and establishes a trust (“Trust”) with Corporate Directors who meet the beneficiary requirements as beneficiaries, of which trust period is four years. The trust to be established is identical to the one under the annual performance-linked remuneration plan, which is subject to shareholders’ approval in Proposal 4.

The Trust will acquire the Company’s shares from the stock market using trust funds contributed by the Company in accordance with the instructions of the trust administrator. The Company grants points (as described in (4) below) to Corporate Directors, and the Trust will deliver the Company’s shares that correspond to the points to be granted.

(4) Method of calculating the Company’s shares to be delivered to Corporate Directors and the maximum number thereof

The number of the Company’s shares to be delivered to Corporate Directors shall be calculated based on the number of points, which will be obtained based on the following formula:

(Calculation formula of the points for stock delivery)

Right points *1 × Payment ratio by achievement level *2

*1. Right points shall be calculated by dividing the base amount predetermined by position and other factors by the stock price at the time of acquisition of the Company’s shares by the Trust.

*2. Payment ratio by achievement level fluctuates within the range of 0% to 125% according to the level of achievement of consolidated ordinary income ratio and consolidated ROE, which are the target figures of VISION 2025 as determined by the Board of Directors. The payment ratio shall remain 0% unless a certain degree of achievement is attained.

One point shall equal one share of the Company’s common stock. However, in the event that circumstances occur during the trust period whereby an adjustment to the number of points is deemed reasonable, such as a share split or a consolidation of shares, adjustments shall be made according to such split ratio, consolidation ratio, etc.

Total number of the Company’s shares to be delivered to Corporate Directors during the Target Period shall be up to 61,000 shares. The total number of shares to be delivered is determined based on the maximum amount of money contributed to the Trust as described in (3) above, in reference to past stock prices, etc., and has been deemed to be appropriate in light of the current levels of remuneration paid to Corporate Directors of the Company and the number of Corporate Directors of the Company along with the future outlook thereof, as well as the Company’s stock price level, among others.

(5) Timing of delivery of the Company’s shares to Corporate Directors

Corporate Directors who meet the beneficiary requirements shall receive delivery of the Company’s shares, after the Target Period is ended, which corresponds to the number of delivered points calculated based on (4) above. Upon receiving, Corporate Directors shall receive the Company’s shares corresponding to a certain portion of the delivered points and money equivalent to the Company’s shares corresponding to the remaining number of points, upon conversion into cash within the Trust.

(6) Treatment of dividends associated with the Company's shares held in the Trust

The distribution of dividends associated with the Company's shares held in the Trust shall be received by the Trust and appropriated to the trust fees and trust expenses for the Trust. Any residual amount at the eventual termination of the Trust after the aforementioned appropriation to the trust fees and trust expenses will be donated to organizations with no interest in the Company and its Corporate Directors.

(7) Clawback system, etc.

In the event that there has been a serious fraud or violation committed by an eligible Corporate Director, the Company may request the forfeiture of the right to receive the shares that were scheduled to be delivered under the Plan (malus) or the refund of money equivalent to the shares that have already been delivered (clawback) to the Corporate Director.

(8) Voting rights for the Company's shares

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(9) Other details of the Plan

Other details concerning the Plan shall be determined at the Board of Directors' meetings.