

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4540
June 5, 2020

To Our Shareholders:

Terukazu Kato
President, Representative Director and CEO
TSUMURA & CO.
17-11 Akasaka 2-chome, Minato-ku, Tokyo

Notice of the 84th Ordinary General Meeting of Shareholders

We are pleased to announce the 84th Ordinary General Meeting of Shareholders of TSUMURA & CO. (the “Company”), which will be held as indicated below.

In order to prevent the risk of infection with the new coronavirus (COVID-19), we would kindly ask you to refrain from attending this year’s meeting in person as much as possible, and encourage you to exercise your voting rights in writing (and send by post mail) or the Internet.

You may exercise your voting rights either of the following ways. Please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 5:45 p.m. on Thursday, June 25, 2020 (JST).

Exercise of voting rights in writing

Please indicate your approval or disapproval to each proposal on the enclosed voting card, and return it so that it will be received by us no later than the above date and time.

Exercise of voting rights via the Internet

Please access the website for exercising voting rights (<https://evote.tr.mufg.jp/>), follow the directions on the screen, and indicate your approval or disapproval to each proposal no later than the above date and time.

Notice Regarding COVID-19

In order to prevent the risk of infection with COVID-19, we would kindly ask you to refrain from attending this year’s meeting in person as much as possible, and encourage you to exercise your voting rights in writing (and send by post mail) or the Internet.

Shareholders attending the General Meeting of Shareholders in person are requested to take measures to prevent infection. Moreover, Directors and staff running the meeting at the venue for the General Meeting of Shareholders will be taking measures, such as wearing masks, and we ask for your cooperation with infection prevention measures for the safety of shareholders, such as measuring body temperature and wearing masks. In addition, as a measure to prevent further spread of infection, our operating staff may ask those shareholders who appear ill to kindly refrain from entering the venue.

1. **Date and Time:** Friday, June 26, 2020, at 10:00 a.m.
2. **Venue:** “Ho’oh,” 1st floor, THE CAPITOL HOTEL TOKYU
10-3 Nagatacho 2-chome, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported

1. Business Report and Consolidated Financial Statements for the 84th fiscal year (from April 1, 2019 to March 31, 2020), and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 84th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Other Matters Regarding the Exercise of Voting Rights

- If a voting card is received without giving any indication of approval or disapproval of any or all of the proposals, it will be counted as a vote for the proposal concerned.
- If you vote multiple times via the Internet indicating different positions on the same proposal in each voting exercise, only your most recent vote will count as valid.
- If you exercise your voting rights both in writing and via the Internet, only the vote placed via the Internet will be treated as valid.
- If you are unable to attend the general meeting of shareholders in person, you may appoint another shareholder with voting rights in the Company to attend as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of proxy.

Internet Disclosure

Pursuant to the relevant laws and regulations and the Company’s Articles of Incorporation, the following items of information are posted on the Company’s website instead of being included in the Reference Documents for General Meeting of Shareholders.

- i) “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” sections of Consolidated Financial Statements
- ii) “Non-consolidated Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” sections of Non-consolidated Financial Statements

https://www.tsumura.co.jp/zaimu/meeting/general/pdf/internet_084.pdf

(in Japanese only)

The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Audit and Supervisory Committee and the Accounting Auditor include the documents attached to this notice and the Consolidated Statement of Changes in Equity, the Notes to Consolidated Financial Statements, the Non-consolidated Statement of Changes in Equity and the Notes to Non-consolidated Financial Statements posted on the Company’s website.

If any changes are made to the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, such changes will be posted on the Company’s website.

<https://www.tsumura.co.jp/>

Reference Documents for General Meeting of Shareholders

■ Proposal No. 1

Proposal No. 1: Appropriation of Surplus

The Company regards the return of profit to shareholders as its important policy. We will aim to achieve sustained growth going forward while maintaining a policy to pay stable dividends, taking into consideration such matters as medium- and long-term levels of earnings and cash flows.

The Company will allocate funds from internal reserves for investment in the areas such as capital expenditure and research and development that are deemed to boost the future corporate value of the Company.

In line with the aforementioned policy, the Company proposes to pay year-end dividends for the current fiscal year as follows:

■ Year-end dividends

1) Type of dividend property

Cash

2) Allotment of dividend property and their aggregate amount

The Company proposes to pay a dividend of ¥32 per common share of the Company.

The total dividends will be ¥2,448,266,016.

3) Effective date of payment of dividends of surplus

June 29, 2020

Proposal No. 2

Proposal No. 2: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this general meeting. Accordingly, the Company proposes to elect six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members).

Following discussions by the Audit and Supervisory Committee based on deliberations of the Nomination/Remuneration Advisory Committee attended by one (1) Audit and Supervisory Committee Member, the Audit and Supervisory Committee believes that the nominating procedure was properly followed and all candidates are adequate to serve as Directors of the Company.

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name	Current Position in the Company			
1	Terukazu Kato	President, Representative Director and CEO	Reelection		
2	Susumu Adachi	Director, Managing Executive Officer and COO	Reelection		
3	Muneki Handa	Director, Managing Executive Officer and CFO	Reelection		
4	Kenichi Matsui	Outside Director	Reelection	Outside	Independent
5	Hiroshi Miyake	Outside Director	Reelection	Outside	Independent
6	Tadashi Okada		New Election	Outside	Independent

1	Terukazu Kato	(Age 56)	Current Position in the Company
	Date of Birth August 26, 1963		President, Representative Director and CEO

Reelection

To our shareholders

Based on its corporate philosophy of “The Best of Nature and Science,” the Tsumura Group will contribute to the medical field and to people’s health through the stable supply of high-quality Kampo medicines made using naturally derived crude drugs. At the same time, we will fulfill our corporate social responsibilities by accelerating initiatives for resolving environmental and social issues and reinforcing corporate governance.

Through our endeavor to achieve the strategic challenges of our third medium-term management plan, we aim to be a value-creation company that contributes to people’s health through our Kampo business. As a President of the Tsumura Academy, our in-house education institution, I will make every effort to develop management-level human resources and to disseminate our corporate philosophy.

We will devote our utmost energies in improving the corporate value in order to meet the expectations of our Shareholders.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company <p>Apr. 1986 Joined the Company</p> <p>Aug. 2001 President and Representative Director, TSUMURA USA, INC.</p> <p>Jan. 2006 Head of Public Relations Department, TSUMURA & CO.</p> <p>Apr. 2007 General Manager, Head of Corporate Communications Department, TSUMURA & CO.</p> <p>Jun. 2011 Director and Executive Officer, Head of Corporate Communications Department, TSUMURA & CO.</p> <p>Jun. 2012 President and Representative Director, TSUMURA & CO.</p> <p>Jun. 2015 President and Representative Director and President and Executive Officer, TSUMURA & CO.</p> <p>Jun. 2019 President, Representative Director and CEO, TSUMURA & CO. (incumbent)</p>	<ul style="list-style-type: none"> ■ Number of the Company’s Shares Owned 28,100 Shares ■ Status of attendance to Board of Directors meeting: 19/19 (100%) ■ Material relationship with the Company <p>None</p>
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● Reasons for nominating Mr. Terukazu Kato as a candidate for Director

As a chairman of the Board of Directors, Mr. Terukazu Kato has operated the Company’s corporate governance system and strengthened it in several phases, and worked to structure the Board of Directors to have majority Outside Directors, establish the Nomination/Remuneration Advisory Committee with an Outside Director as its committee chairman, and improve the effectiveness of the Board of Directors, while successfully carrying out his responsibilities in making important management decisions and supervising the execution of business.

In addition, he delegated business execution authority to COO and finalized the group-wide management policy as well as corporate strategy as CEO, established management system, carried on external negotiations and made efforts in developing management-level human resources. In order for the Company to further pursue the aim of achieving sustainable growth and enhancing its corporate value while maintaining the philosophy-based management approach, the Board of Directors believes that he is one of the most well-qualified candidates, and thus recommends his re-election.

If his election as a Director is approved, Mr. Kato will assume the position of President, Representative Director and CEO of the Company.

2	Susumu Adachi	(Age 57)	Current Position in the Company
	Date of Birth February 3, 1963		Director, Managing Executive Officer and COO

Reelection

To our shareholders

Fiscal 2021 will be the second year of our three-year medium-term management plan, “Creating New Value through Innovations in Kampo - Next Stage -,” which mainly focuses on sustainable expansion of Kampo market in Japan and establishing the foundation of business in China, where we aim to build a business in a scale equivalent to or exceeding that in Japan in the coming future. As for Kampo business in Japan, we are succeeding in expanding the business despite the COVID-19 outbreak from the beginning of 2020 on top of the severe business environment we have been experiencing. As for the Chinese business, we now have a firm foundation for raw material procurement, as Tianjin China Medico Technology Co., Ltd., one of the best crude drug related business in China, became our group company. Going forward, we will devote our utmost energies to implement the management plan to improve corporate value of the Tsumura Group and meet the expectations of our shareholders

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company <p>Apr. 1987 Joined the Company</p> <p>Apr. 2013 Head of Corporate Planning Department, TSUMURA & CO.</p> <p>Apr. 2015 General Manager, Head of Corporate Planning Department, TSUMURA & CO.</p> <p>Apr. 2016 Executive Officer, Head of Corporate Planning Department, TSUMURA & CO.</p> <p>Apr. 2018 Managing Executive Officer, Head of Corporate Planning Department, TSUMURA & CO.</p> <p>Jun. 2018 Director and Managing Executive Officer, Head of Corporate Planning Department, TSUMURA & CO.</p> <p>Jun. 2019 Director, Managing Executive Officer and COO, TSUMURA & CO. (incumbent)</p>	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 12,200 Shares ■ Status of attendance to Board of Directors meeting: 19/19 (100%) ■ Material relationship with in the Company <p style="text-align: center;">None</p>
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● Reasons for nominating Mr. Susumu Adachi as a candidate for Director

Mr. Susumu Adachi has experience as a member of senior management in our group company in China and extensive experience and insight as an executive officer in charge of corporate planning, finance/accounting, public relation/IR, information technology and product strategy at the Company. In addition, as COO, he has been engaged in group-wide business operation based on management policy and corporate strategy and has been controlling the overall business execution to achieve the plan. The Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions at the Board of Directors meetings and supervising the execution of business. Therefore, the Board of Directors recommends his re-election as a Director.

If his election as a Director is approved, Mr. Adachi will assume the position of Director, Managing Executive Officer and COO of the Company.

3	Muneki Handa	(Age 57)	Current Position in the Company
	Date of Birth July 7, 1962		Director, Managing Executive Officer and CFO

Reelection

To our shareholders

The Tsumura Group is promoting its business based on the third medium-term management plan that covers the three years beginning from fiscal 2020. Based on the plan, we are working for sustainable expansion of Kampo market in Japan, and as for the Chinese business, we are pressing ahead with building the foundation for the Chinese business.

These are the road maps to realizing our Long-term business vision, “aim to be a value-creation company that contributes to people’s health through its Kampo business.” I will devote my utmost energies to achieve the goals of “establishing a Kampo medicine business” as well as “contributing to the health of China’s citizens,” so that we will be widely acknowledged from society, and be able to meet expectations of our various stakeholders including shareholders.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company’s Shares Owned 1,300 Shares ■ Status of attendance to Board of Directors meeting: 15/15 (100%) ■ Material relationship with in the Company
<ul style="list-style-type: none"> Apr. 1985 Joined The Mitsubishi Bank, Limited (currently MUFG Bank, Ltd.) Jun. 2014 Executive Officer and Managing Director, Head, Retail Credit Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Jun. 2015 Deputy President, Mitsubishi UFJ Capital Co., Ltd. Jun. 2016 President, Mitsubishi UFJ Capital Co., Ltd. May 2019 Advisor, TSUMURA & CO. Jun. 2019 Director, Managing Executive Officer and CFO, TSUMURA & CO. (incumbent) 	<p style="text-align: center;">None</p>

● Reasons for nominating Mr. Muneki Handa as a candidate for Director

Mr. Muneki Handa has years of experience working at financial institutions and extensive experience as a corporate manager at a venture capital firm. He also has extensive insight as an Executive Officer in charge of corporate planning, accounting/finance, public relation/IR and information technology at the Company. In addition, as CFO, he has executed business relating to group-wide financial strategies and IR and has formulated management plan based on management policy and corporate strategy. The Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions at the Board of Directors meetings and supervising the execution of business. Therefore, the Board of Directors recommends his re-election.

If his election as a Director is approved, Mr. Handa will assume the position of Director, Managing Executive Officer and CFO of the Company.

4	Kenichi Matsui	(Age 70)	Current Position in the Company
	Date of Birth July 5, 1949		Outside Director

Reelection Outside Independent

To our shareholders

We have created unparalleled Kampo value chain based on our corporate philosophy, “The Best of Nature and Science.” In the face of natural threat, we will contribute to people’s health through Kampo, naturally derived crude drugs. Despite the severe situation, our employees are striving to maintain stable supply of Kampo as well as research and development of Kampo. As an Outside Director, I believe it is my mission to protect these employees and to meet the expectations of various stakeholders, not to mention that of medical practitioners.

We have been committing to developing next-generation human resources by establishing a Kampo medicine business in Japan and creating the foundation for the Chinese business. Because this is a time of uncertainty, diversity and innovation as well as ability to judge risks is essential. I will take the lead as an Outside Director and fulfill my responsibilities.

<p>■ Career summary, position and responsibility in the Company, and major positions held outside the Company</p> <p>Apr. 1972 Joined Idemitsu Kosan Co., Ltd.</p> <p>Jun. 2001 General Manager of Accounting Department, Idemitsu Kosan Co., Ltd.</p> <p>Apr. 2003 Executive Officer, General Manager of Accounting Department, Idemitsu Kosan Co., Ltd.</p> <p>Jun. 2004 Managing Executive Officer, General Manager of Accounting Department, Idemitsu Kosan Co., Ltd.</p> <p>Jun. 2005 Managing Director, Idemitsu Kosan Co., Ltd.</p> <p>Jun. 2010 Executive Vice President, Representative Director, Idemitsu Kosan Co., Ltd.</p> <p>Jun. 2014 Outside Director, The Mie Bank, Ltd.</p> <p>Jun. 2015 Outside Director, TSUMURA & CO. (incumbent)</p> <p>Apr. 2018 Outside Director (Audit and Supervisory Committee Member), The Mie Bank, Ltd. (incumbent)</p> <p>■ Tenure as an Outside Director</p> <p>At the conclusion of this general meeting, Mr. Matsui will have served in the position for five (5) years.</p>	<p>■ Number of the Company’s Shares Owned 3,400 Shares</p> <p>■ Status of attendance to Board of Directors meeting: 18/19 (94.7%)</p> <p>■ Material relationship with in the Company</p>
	None

- Reasons for nominating Mr. Kenichi Matsui as a candidate for Outside Director
Mr. Kenichi Matsui has extensive experience and insight as a corporate manager, developed over many years. The Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions and supervising the execution of business for the Company. Therefore, the Board of Directors recommends his reelection as an Outside Director.
- Degree of independence
Mr. Kenichi Matsui concurrently serves as an Outside Director (Audit and Supervisory Committee Member) of The Mie Bank, Ltd. In view of the fact that there is no business relationship between the Company and the bank, and Mr. Kenichi Matsui satisfies the standards for determination of independence of Outside Directors, the Board of Directors believes Mr. Kenichi Matsui has a high degree of independence.
The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Kenichi Matsui has been appointed as an independent officer as provided for in Article 436-2 of the Securities Listing Regulations of the aforementioned exchange.
- Summary of limited liability agreement with Mr. Kenichi Matsui
Pursuant to Article 427, paragraph 1 of the Companies Act and the Company’s Articles of Incorporation, the Company has entered into an agreement with candidate for Outside Director Mr. Kenichi Matsui to limit his liability for damages arising from neglecting his liability. The limit under the agreement is the amount provided for by the applicable laws and regulations. If Mr. Kenichi Matsui is reelected, the Company plans to renew the aforementioned limited liability agreement.

5	Hiroshi Miyake	(Age 70)	Current Position in the Company
	Date of Birth August 4, 1949		Outside Director

Reelection Outside Independent

To our shareholders

The overwhelming impact of the novel coronavirus is being felt across the world economy and corporate management. Under the corporate philosophy, “The Best of Nature and Science,” I believe it is critical to focus on practicing management that takes root in our corporate mission, “To contribute to the unparalleled medical therapeutic power of the combination of Kampo medicine and Western medicine,” and therefore I will make every effort to fulfill our mission.

Because we are in such period, responding to various social demands will help promote sound corporate management. I will actively supervise, check and make suggestions to management, and also devote my utmost energies to contribute to the Company’s critical tasks of success in the development of the Chinese business, achieving the medium-term management plan and developing next-generation human resources by leveraging my insight that I have gained from past experience.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company Apr. 1973 Joined Mitsubishi Corporation Oct. 2000 General Manager, Paper & Packaging Raw Materials Division, Mitsubishi Corporation Apr. 2001 Deputy Division COO, General Merchandise Division, Mitsubishi Corporation Apr. 2003 Deputy General Manager, Kansai Branch, Mitsubishi Corporation Apr. 2005 Senior Vice President, Mitsubishi Corporation President, Mitsubishi International GmbH, and Deputy Regional CEO for Europe May 2009 Advisor, Tokai Pulp & Paper Co., Ltd. Jun. 2009 Managing Executive Officer, Tokushu Tokai Holdings Co., Ltd. Jun. 2010 Senior Managing Executive Officer, Tokushu Tokai Paper Co., Ltd. Jun. 2014 Director, Executive Vice President, Tokushu Tokai Paper Co., Ltd. Jun. 2015 Representative Director, Executive Vice President, Tokushu Tokai Paper Co., Ltd. Jun. 2016 Advisor, Tokushu Tokai Paper Co., Ltd. Oct. 2016 Advisor, Nippon Tokai Industrial Paper Supply Co., Ltd. Jun. 2018 Outside Director, TSUMURA & CO. (incumbent) ■ Tenure as an Outside Director At the conclusion of this general meeting, Mr. Miyake will have served in the position for two (2) years. 	<ul style="list-style-type: none"> ■ Number of the Company’s Shares Owned 900 Shares ■ Status of attendance to Board of Directors meeting: 18/19 (94.7%) ■ Material relationship with in the Company <p style="text-align: center;">None</p>
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- Reasons for nominating Mr. Hiroshi Miyake as a candidate for Outside Director
- Mr. Hiroshi Miyake has extensive experience and insight as a corporate manager developed over many years and business experience in and outside Japan. The Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions and supervising the execution of business for the Company. Therefore, the Board of Directors recommends his re-election as an Outside Director.
- Degree of independence
- Since Mr. Hiroshi Miyake satisfies the standards for determination of independence of Outside Directors, the Board of Directors believes Mr. Hiroshi Miyake has a high degree of independence.
- The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Hiroshi Miyake has been appointed as an independent officer as provided for in Article 436-2 of the Securities Listing Regulations of the aforementioned exchange.
- Summary of limited liability agreement with Mr. Hiroshi Miyake
- Pursuant to Article 427, paragraph 1 of the Companies Act and the Company’s Articles of Incorporation, the Company has entered into an agreement with candidate for Outside Director Mr. Hiroshi Miyake to limit his liability for damages arising from neglecting his liability. The limit under the agreement is the amount provided for by the applicable laws and regulations. If Mr. Hiroshi Miyake is reelected, the Company plans to renew the aforementioned limited liability agreement.

6	Tadashi Okada	(Age 64)	Current Position in the Company
	Date of Birth	May 1, 1956	

New election Outside Independent

To our shareholders

Although the novel coronavirus is having an extremely significant impact on domestic and global economy, our medium- to long-term commitment remains unchanged; it is to promote the third medium-term management plan, by always keeping in mind the medium- to long-term issues such as further advancement of aging society, utilizing IoT and AI technologies in the field of medical care and growth and expansion of the Chinese business.

I will utilize my experience and insight gained from past years and devote my utmost energies to contribute to management and business activities aimed at sustainable growth.

At the same time, as an Outside Director, I will endeavor to improve the effectiveness of the Board of Directors through active discussions, to make sure that the Board will function as managing and supervising organization.

<ul style="list-style-type: none"> ■ Career summary, position and responsibility in the Company, and major positions held outside the Company 	<ul style="list-style-type: none"> ■ Number of the Company's Shares Owned 0 Shares ■ Status of attendance to Board of Directors meeting: -
<ul style="list-style-type: none"> Apr. 1979 Joined Komatsu Ltd. Apr. 2000 General Manager of Business Development Department, Komatsu Ltd. Apr. 2003 Vice President of Komatsu (China) Ltd. Apr. 2006 General Manager of Corporate Communications Department, Komatsu Ltd. Apr. 2007 Executive Officer, General Manager of Corporate Communications Department, Komatsu Ltd. Apr. 2008 Executive Officer, General Manager of Corporate Planning Division, Komatsu Ltd. Feb. 2009 Executive Officer, Vice President of Industrial Machinery General Headquarters, Komatsu Ltd. Apr. 2011 Senior Executive Officer, President of Industrial Machinery Division, Komatsu Ltd. Apr. 2014 Senior Executive Officer, Supervising Corporate Communications, CSR, General Affairs, and Compliance, Komatsu Ltd. Jun. 2017 Representative Director and Chairman of QUALICA Inc. (incumbent) 	<ul style="list-style-type: none"> ■ Material relationship with in the Company
	None

● Reasons for nominating Mr. Tadashi Okada as a candidate for Outside Director

Mr. Tadashi Okada has extensive experience and insight as a corporate manager developed over many years and business experience in and outside Japan. The Board of Directors has full confidence in his ability to carry out his responsibilities including making important management decisions and supervising the execution of business for the Company. Therefore, the Board of Directors recommends his election as an Outside Director.

● Degree of independence

Mr. Tadashi Okada serves as Representative Director and Chairman of QUALICA Inc. In view of the fact that there is no business relationship between the Company and QUALICA Inc., and Mr. Tadashi Okada satisfies the standards for determination of independence of Outside Directors, the Board of Directors believes Mr. Tadashi Okada has a high degree of independence.

The Company plans to submit notification to Tokyo Stock Exchange, Inc. that Mr. Tadashi Okada has been appointed as an independent officer as provided for in Article 436-2 of the Securities Listing Regulations of the aforementioned exchange.

● Summary of limited liability agreement with Mr. Tadashi Okada

Conditional upon the approval and adoption of this proposal and pursuant to Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to enter into an agreement with Mr. Tadashi Okada to limit his liability for damages under Article 423, paragraph 1 of the Companies Act. The limit of liability for damages under this agreement is the minimum liability amount provided for under the relevant laws and regulations.

(Note 1) The respective ages stated for each candidate are current as of June 26, 2020.

(Note 2) The status of attendance to the Board of Directors meeting stated for each candidate is based on data for fiscal 2020 (from April 1, 2019 to March 31, 2020).

(Reference)

Standards for Determination of Independence of Outside Directors

Of the Company's Outside Directors, outside officers who do not fall under any of the following items shall be determined to have independence.

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1. Person who is or was in the past ten (10) years an Executive Director, Executive Officer (*Shikkoyaku*), Executive Officer (*Shikkoyakuin*), Manager, General Manager, employee, etc. (hereinafter referred to as "executives") of the Company or its consolidated subsidiaries

 2. Person or executives of a legal entity holding, whether directly or indirectly, 10% or more of the total number of voting rights of the Company

 3. Party for whom the Company or its consolidated subsidiaries ^{(*)1} is a major business partner or executives of such party
 - *1. Party is defined as a "party for whom the Company or its consolidated subsidiaries is a major business partner" if payment from the Company or its consolidated subsidiaries which such party receives is 2% or more of its annual transaction value (non-consolidated) in the most recent fiscal year, or if monetary finance from the Company or its consolidated subsidiaries which such party is receiving is 2% or more of its consolidated total assets in the most recent fiscal year.

 4. Major business partner of the Company or its consolidated subsidiaries ^{(*)2} or the executives of such business partner
 - *2. Business partner is defined as a "major business partner of the Company or its consolidated subsidiaries" if payment from such business partner which the Company or its consolidated subsidiaries receives is 2% or more of its annual consolidated transaction value in the most recent fiscal year, or if monetary finance from such business partner which the Company or its consolidated subsidiaries is receiving is 2% or more of the Company's consolidated total assets in the most recent fiscal year.

 5. Audit corporation that serves as Accounting Auditor of the Company or its consolidated subsidiaries, or partners and others of the audit corporation

 6. Consultant, attorney, certified public accountant and others who provide professional services and obtain monetary and other financial benefits exceeding a cumulative amount of ¥10 million in the most recent fiscal year from the Company, excluding officer compensation (if such financial benefits are obtained by an organization including a legal entity and a partnership, etc. this shall apply to the person belonging to such organization.)

 7. Person or executives of a legal entity receiving donations, grants and others in the amount exceeding ¥10 million from the Company or its consolidated subsidiaries in the most recent fiscal year

 8. Person to whom items 2 through 7 apply during the past three (3) years

 9. Person who is or was recently a spouse or within a second degree of consanguinity of executives in an important position of the Company or its consolidated subsidiaries (hereinafter referred to as "close relative")

 10. Close relative of a person to whom any of the items 2 through 7 apply (excluding people who are not in an important position)

Adoption of New Corporate Governance System

The Tsumura Group formulates its long-term management visions and medium-term management plans in response to social demand and changes in the operating environment, and initiates various measures to achieve them. Along with our value creation cycle, we have, in particular, pursued and evolved a system for making appropriate and prompt decisions regarding corporate governance, the foundation of management.

We have established diversified and highly effective corporate governance systems in which decisions on important matters are not based solely on the understanding of inside directors. Rather, these decisions reflect various viewpoints, including those of Outside Directors, who currently account for more than half of the Company's Directors.

We will continue to strengthen corporate governance in order to achieve sustainable growth.

Fiscal year	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
President and Representative Director	Hachizaemon Kazama		Junichi Yoshii						Terukazu Kato									
Organizational Structure	Company with Company Auditor(s)															Company with Audit and Supervisory Committee		
CEO, COO, CFO																		
Number of Directors (of whom, Audit and Supervisory Committee members)	10		11		9		8			9		10		8		6	9 (3)	
Of whom, Outside Directors	0		1		0				1		3		5					
Number of female Directors	0														1	2	1	
Number of Company Auditors (of whom, Outside Auditors)	4 (2)															0		
Term of office of Directors	2 years		1 year (director retirement age: President and Representative Director, 65; Directors (excluding Outside Directors), 63) Directors serving as Audit and Supervisory Committee members: 2 years															
Advisory bodies to the Board of Directors																Nomination/Remuneration Advisory Committee		
Executive officer system		Executive officer system												Executive officer system (Reviewed)				

Diversity of Outside Directors

Name	Management experience	Finance, accounting	Legal	Overseas management experience	Gender
Kenichi Matsui	Executive Vice President, Representative Director, Idemitsu Kosan Co., Ltd.				
Hiroshi Miyake	Representative Director, Executive Vice President, Tokushu Tokai Paper Co., Ltd.			President, Mitsubishi International GmbH (Germany)	
Tadashi Okada	Representative Director and Chairman of QUALICA Inc. (incumbent)			Vice President of Komatsu (China) Ltd.	
Mitsutoshi Matsushita			Attorney at law		
Akemi Mochizuki		Certified public accountant			Female

* This table presents the diversity of Outside Directors assuming the approval of Proposal No. 2 “Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)” at the General Meeting of Shareholders.

* Mr. Matsushita and Ms. Mochizuki are Audit and Supervisory Committee Members.

(Reference)

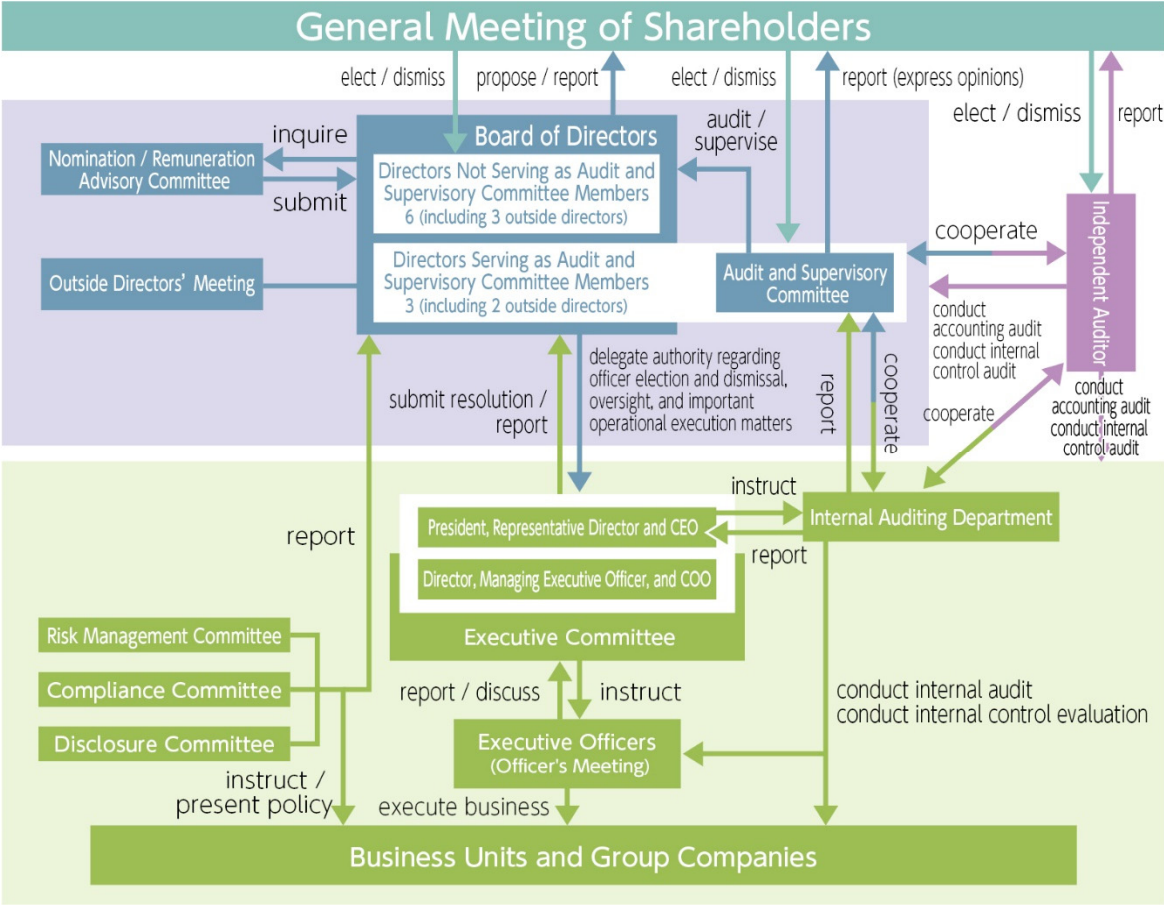
Corporate Governance of Tsumura

Basic Policy

The basic principles of Tsumura are encapsulated in its corporate philosophy of “The Best of Nature and Science” and in its corporate mission of “To contribute to the unparalleled medical therapeutic power of the combination of Kampo medicine and Western medicine.” Guided by these principles, we adhere to a policy of implementing continuous improvements to corporate governance in order to realize ongoing growth and medium-to-long-term increases in corporate value.

In June 2017, Tsumura transitioned from the Company with Company Auditor(s) system described in the Companies Act of Japan to the Company with Audit and Supervisory Committee system. This move was aimed at reinforcing the oversight and monitoring functions of the Board of Directors. Under this system, Tsumura is working to enhance its management supervisory function and innovate its management structure by separating the supervisory function from the executive function and by appointing a majority of Outside Directors to the Board of Directors. These measures are being implemented to continuously establish the systems that will enable the Company to ensure the transparency, improve the efficiency, and maintain the soundness of management.

Overview of Corporate Governance Systems



Please see our Integrated Report for details of corporate governance.

Board of Directors

The Board of Directors makes important decisions to ensure sustainable growth and enhance corporate value over the medium-to-long term. The Company aims to accelerate decision-making by separating business execution functions from the Board of Directors. At the same time, we are strengthening the supervisory function of general management by appointing Outside Directors to comprise the majority of the Board of Directors and appropriately reflecting their objective views from an independent perspective as experts with extensive experience.

<Main matters during the 84th fiscal year>

- Checking the progress of the third medium-term management plan;
- Monitoring and following-up the progress of the Chinese business;
- Confirming the function of CEO, COO and CFO structure;
- Formulating plan and reporting on the progress of developing human resources (candidate of next-generation management);
- Determining the direction of the new medium-term management plan; and
- Evaluating the effectiveness of the Board of Directors and establishing priority themes.

Nomination / Remuneration Advisory Committee

The Nomination/Remuneration Advisory Committee is a voluntarily established advisory body to the Board of Directors. The committee is composed of a majority of Outside Directors who have also been designated as independent directors as stipulated by the Tokyo Stock Exchange (including one Outside Director who is a member of the Audit and Supervisory Committee). These Outside Directors provide advice on matters related to the nomination and remuneration of Directors and Executive Officers based on inquiries by the Board of Directors and also submit reports to the Board of Directors on these subjects.

<Main matters during the 84th fiscal year>

- Proposal of election and dismissal of Directors to be submitted to the General Meeting of Shareholders;
- Draft proposals of election and dismissal of the Representative Director to be submitted to the Board of Directors;
- Draft proposals of candidates for Executive Officers to be submitted to the Board of Directors;
- Policies for electing Directors and Executive Officers, election process;
- Draft proposals for individual remuneration to be paid to Directors and Executive Officers; and
- Policy including the composition of Directors' remuneration, procedure for determining remuneration of Directors, etc.

Audit and Supervisory Committee

The Audit and Supervisory Committee audits legality and adequacy of the execution of duties by Directors by conducting systematic audits in cooperation with Internal Auditing Department, and the Audit and Supervisory Committee itself holds hearings on the status of business execution with Executive Officers, attends meetings of the Executive Committee and other important meetings, exchanges information with Directors and Auditors of the Company's subsidiaries and monitors and verifies the establishment and implementation of internal control systems, including those related to financial reporting.

<Main matters during the 84th fiscal year>

- Audit policy and plan;
- Reelection and remuneration of audit corporation;
- Details of matters to be submitted to the General Meeting of Shareholders;
- Preparation of audit report; and
- Status of the use of hotline, etc.

Outside Directors' Meeting

The Outside Directors' Meeting collects and shares the information necessary for management decision-making. At the same time, it acts as a venue for the exchange of opinions regarding the necessity of discussions and other matters with the Board of Directors.

<Main matters during the 84th fiscal year>

- Advance explanation about matters to be discussed at the Board of Directors;
- Follow-up on the Board effectiveness evaluation; and
- Progress report of Chinese business.

(Note) The above shows the system in place as of the end of fiscal 2020.