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(Stock Exchange Code 1961)  
June 3, 2021

**To Shareholders with Voting Rights:**

Hirokazu Ishida  
Representative Director and President  
SANKI ENGINEERING CO., LTD.  
8-1, Akashicho, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF  
THE 97th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We wish to extend our sincere sympathy to all those affected by the COVID-19 outbreak since last year.

Please be informed that the 97th Annual General Meeting of Shareholders of SANKI ENGINEERING CO., LTD. (the “Company”) will be held for the purposes as described below.

Carefully considering this situation in response to the spread of COVID-19, we have decided to take appropriate measures to prevent infections and hold the General Meeting of Shareholders.

From the perspective of infection prevention, for this General Meeting of Shareholders, we strongly urge all shareholders to exercise their voting rights in writing or via the Internet beforehand and refrain from visiting the venue on the day of the General Meeting of Shareholders, irrespective of their health condition.

You may exercise your voting rights by either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:00 p.m. Japan time on Tuesday, June 22, 2021.

[Exercising Voting Rights in Writing]

Please indicate your proposals on the enclosed Voting Rights Exercise Form, and return it such that it arrives by the above deadline for exercise.

[Exercising Voting Rights via the Internet]

Please review the “Guide to Exercising Voting Rights via the Internet” on page 5 (Japanese version only), access the voting rights exercise website designated by the Company (<https://www.web54.net>), and enter your proposals by the above deadline for exercise, in accordance with the on-screen instructions.

Please note that we will not provide souvenirs to shareholders attending the meeting.

- 1. Date and Time:** Wednesday, June 23, 2021 at 10:00 a.m. Japan time  
(Reception opens: 9:00 a.m.)
- 2. Place:** Sakura Room, 4th Floor, Main Building, Imperial Hotel Tokyo  
1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 97th Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 97th Fiscal Year (April 1, 2020 - March 31, 2021)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 11 Directors
- Proposal 3:** Election of 1 Substitute Audit & Supervisory Board Member
- Proposal 4:** Determinations of Details of Stock Acquisition Rights to Directors as Stock-based Compensation Stock Options

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1. English versions of this Notice of Annual General Meeting of Shareholders and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<https://www.sanki.co.jp/>).
  2. Of the documents to be included in this notice of the General Meeting of Shareholders, "Matters relating to the Company's Stock Acquisition Rights," "Matters relating to Accounting Auditor" and "Company's Structure and Policy" of the Business Report and "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements as well as "Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements are posted on the Company's website (<https://www.sanki.co.jp/>) pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, and are therefore not provided in the Appendix of this notice of the General Meeting of Shareholders. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements described in the Appendix of this notice of the General Meeting of Shareholders are excerpt of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor in preparing the accounting audit report, and the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members in preparing the audit report.
  3. Should the Appendix and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<https://www.sanki.co.jp/>).
  4. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

## Response to Prevent the Spread of COVID-19

We would like to announce the following matters in response to COVID-19 during this General Meeting of Shareholders. We would appreciate your understanding and cooperation.

1. Request all shareholders to exercise their voting rights in writing or via the Internet beforehand  
We request our shareholders to exercise their voting rights in writing or via the Internet in advance when possible.
2. Announcement regarding video streaming before and after the meeting  
Streaming video of the Business Report for the fiscal year ended March 31, 2021 and the Issues to be Addressed will be posted on the Company's website (<https://www.sanki.co.jp/>) around Thursday, June 17, 2021 before the day of the meeting.  
In addition, the on-demand video of this General Meeting of Shareholders will be delivered through the Company's website (<https://www.sanki.co.jp/>).
3. Guidance on the call for questions before the meeting  
We will accept questions about the Matters to be Reported and Proposals to be Resolved in this General Meeting of Shareholders on the Company's website (<https://www.sanki.co.jp/>).  
<Deadline> Tuesday, June 22, 2021 at 5:00 p.m.
4. Request to shareholders attending in person
  - i) Our response on the day of the General Meeting of Shareholders
    - Please note that the number of shareholders to enter the venue may be limited, depending on the number of attendees in order to provide sufficient space between attendees. We would like to ask for your kind understanding in advance.
    - We will prepare alcohol disinfectant for shareholders near the reception at the venue. If you will be attending the meeting, please bring and wear a face mask on the day.
    - We shall be measuring the temperatures of all attendees near the reception at the venue. If you have a fever, are feeling unwell, or have been overseas in the past two weeks, you may be refused entry to the meeting and we may request for you to leave. For shareholders who have been overseas in the past two weeks, please report it at the reception.
    - The operating staff at this General Meeting of Shareholders shall be wearing masks as they measure temperatures and check whether shareholders are feeling unwell.
    - From the standpoint of shortening the duration of this General Meeting of Shareholders in order to prevent the spread of COVID-19, the explanation of the matters to be reported (including the audit report) and the proposals at the meeting hall may be abbreviated. We hereby request all shareholders to read this Notice of Convocation of the General Meeting of Shareholders beforehand.
  - ii) Communication of information up until the day of the General Meeting of Shareholders
    - Depending on the developments of the COVID-19 outbreak and announcements, etc. to be made by the government, etc. by the day of the General Meeting of Shareholders, the response method might be altered. Please be sure to check the Company's website (<https://www.sanki.co.jp/>) for the latest information.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders an important management policy.

In fiscal year 2019 as the first year of Phase 2 of the medium-term management plan “Century 2025,” among the Group’s management goals for Phase 2, a total payout ratio of 70% or higher has been set as a target, with a basic policy of paying a stable dividend of 60 yen or more per share each year and flexibly acquiring the Company’s treasury stock of approximately 500 million shares during the period of Phase 2.

In the fiscal year under review (FY2020), we had significant impact in every aspect, arising from factors such as the sharp drop in the economy due to the COVID-19 outbreak and lifestyle changes. Even under such circumstances, the Group believes that our contribution to the recovery and revitalization of the economy by returning profits to shareholders, who are stakeholders of ours, will help to realize a sustainable society.

Accordingly, the Company proposes a year-end dividend for the fiscal year under review as follows, in addition to a special dividend.

#### 1. Items Related to the Year-end Dividend

##### (1) Items related to the allocation of dividend property to shareholders and its total amount

45 yen per common share of the Company

(Including an ordinary dividend of 35 yen and a special dividend of 10 yen)

Total of 2,552,342,130 yen

##### (2) Effective date of the appropriation of surplus

June 24, 2021

Furthermore, the Company paid an interim dividend of 35 yen per share, and therefore the total dividend for the fiscal year under review will be 80 yen per share.

**Proposal 2:** Election of 11 Directors

The terms of office of all Directors (10 Directors) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the addition of one (1) Director in order to further strengthen the corporate governance structure and the election of 11 Directors is proposed.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities	Attendance at the Board of Directors' meetings
1	<input type="checkbox"/> Reappointed Tsutomu Hasegawa	Representative Director and Chairman (of the Board)	91% (11/12)
2	<input type="checkbox"/> Reappointed Hirokazu Ishida	Representative Director and President	100% (12/12)
3	<input type="checkbox"/> Reappointed Eiji Mitsuishi	Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters	100% (12/12)
4	<input type="checkbox"/> Reappointed Masayuki Kudo	Director; Senior Executive Officer; General Manager, CSR Promotion Division	100% (12/12)
5	<input type="checkbox"/> Newly appointed Kazuaki Iijima	Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters	–
6	<input type="checkbox"/> Reappointed Hirotooshi Fukui	Director; Executive Officer; General Manager, General Affairs and Human Resources Division	100% (11/11)
7	<input type="checkbox"/> Reappointed Yoshio Kawabe	Director; Executive Officer; General Manager, Accounting Division; Chief Financial Officer	100% (11/11)
8	<input type="checkbox"/> Reappointed Yukiteru Yamamoto	<input type="checkbox"/> External Independent External Director; Chair of the Board of Directors	100% (12/12)
9	<input type="checkbox"/> Reappointed Kazuhiko Kashikura	<input type="checkbox"/> External Independent External Director	91% (11/12)
10	<input type="checkbox"/> Newly appointed Keiji Kono	<input type="checkbox"/> External Independent –	–
11	<input type="checkbox"/> Newly appointed Akihiko Matsuda	<input type="checkbox"/> External Independent –	–

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Tsutomu Hasegawa (March 4, 1953)  <u>Reappointed</u>	<p>April 1975      Joined the Company</p> <p>June 2008      Executive Officer; Deputy General Manager, Tokyo Branch, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2009      Executive Officer; General Manager, Business Strategy Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2010      Superior Executive Officer; General Manager, Tokyo Branch, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2011      Managing Executive Officer; General Manager, Tokyo Branch</p> <p>April 2012      Senior Executive Officer; General Manager, Sales Administration Division</p> <p>June 2012      Director; Senior Executive Officer; General Manager, Sales Administration Division</p> <p>April 2013      Representative Director; Senior Executive Officer; General Manager, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2015      Representative Director and President</p> <p>April 2020      Representative Director and Chairman (of the Board)</p> <p>To present</p> <p>&lt;Responsibilities&gt; Secretarial Office</p>	32,200
<p>Reason for nomination</p> <p>Since April 2015, as Representative Director and President, Mr. Tsutomu Hasegawa has continually demonstrated his leadership in a myriad of situations and engaged in business operations. Since April 2020, he has displayed his managerial abilities, insight and capabilities cultivated over the years in the position of Representative Director and Chairman. The Company has judged that he is essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
2	Hirokazu Ishida (January 22, 1959)  <u>Reappointed</u>	<p>April 1983      Joined the Company</p> <p>April 2012      Executive Officer; Deputy General Manager, Sales Administration Division</p> <p>April 2013      Executive Officer; General Manager, Hokkaido Branch Office</p> <p>April 2016      Managing Executive Officer; General Manager, Sales Administration Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>June 2017      Director; Managing Executive Officer; General Manager, Sales Administration Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2018      Director; Senior Executive Officer; General Manager, Management Planning Office</p> <p>April 2020      Representative Director and President</p> <p>To present</p> <p>&lt;Responsibilities&gt; Management Planning Office and Legal Affairs Office</p>	26,200
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Hirokazu Ishida engaged in the facilities construction business for many years, and possesses abundant experience, knowledge and achievements related to the Company's business. He also has served in positions including General Manager of the Management Planning Office, and has been doing his utmost to promote strengthening of the management foundation and the long-term vision "Century 2025" since April 2020, as Representative Director and President. The Company has judged that he is essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Eiji Mitsuishi (February 24, 1952)  <u>Reappointed</u>	<p>April 1972      Joined the Company</p> <p>April 2011      Executive Officer; Deputy General Manager, Chubu Branch</p> <p>April 2013      Managing Executive Officer; General Manager, Chubu Branch</p> <p>April 2017      Senior Executive Officer; General Manager, Mechanical &amp; Electrical Contracting Headquarters</p> <p>June 2017      Director; Senior Executive Officer; General Manager, Mechanical &amp; Electrical Contracting Headquarters</p> <p>To present</p> <p>&lt;Responsibilities&gt; Mechanical &amp; Electrical Contracting Headquarters (excluding International Business Administration Division), Labor Safety, Health, Quality Management &amp; Environment Promotion Office</p>	31,500
		<p>Reason for nomination</p> <p>Mr. Eiji Mitsuishi has many years of experience in operation and division management of the facilities construction business. Currently, he serves as General Manager of the Mechanical &amp; Electrical Contracting Headquarters, and is making efforts in the promotion of workstyle reforms at construction sites and the prevention of work accidents. The Company has judged that his above experience and achievements are essential for the Group to further enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>	
4	Masayuki Kudo (June 27, 1959)  <u>Reappointed</u>	<p>April 1985      Joined the Company</p> <p>June 2014      Executive Officer; General Manager, Facility Systems Division</p> <p>April 2017      Managing Executive Officer; Deputy General Manager, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2018      Managing Executive Officer</p> <p>June 2018      Director; Managing Executive Officer</p> <p>April 2021      Director; Senior Executive Officer; General Manager, CSR Promotion Division</p> <p>To present</p> <p>&lt;Responsibilities&gt; CSR Promotion Division, Chief Cost Inspector Office, Information Systems Office, International Business Administration Division of the Mechanical &amp; Electrical Contracting Headquarters, Facility Systems Division</p>	16,400
		<p>Reason for nomination</p> <p>After getting abundant operational experience, including experience overseas, as an engineer in the facilities construction business, Mr. Masayuki Kudo served as General Manager of the Facility Systems Division. Currently, he is demonstrating his outstanding skills to ensure compliance in the workplace as General Manager of the CSR Promotion Division. The Company has judged that his above achievements and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Kazuaki Iijima (August 12, 1958)  <u>Newly appointed</u>	April 1984      Joined the Company April 2016      Executive Officer; General Manager, Technology Research Institute October 2018    Executive Officer; General Manager, Technical Research & Development Center April 2021      Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters To present <Responsibilities> Plants & Machinery Systems Headquarters, Technical Research & Development Center	10,400
		Reason for nomination Since joining the Company, Mr. Kazuaki Iijima has achievements as an engineer and experience as a manager in the research and development and the energy saving business. Currently, as General Manager of the Plants & Machinery Systems Headquarters, he contributes to the development of the machinery systems business and the environmental systems business. The Company has judged that his above experience and achievements are essential for the Company to further enhance corporate value, and has therefore nominated him as a candidate for Director.	
6	Hirotoshi Fukui (May 12, 1958)  <u>Reappointed</u>	April 1982      Joined the Company April 2012      Executive Officer; General Manager, Technology Development Division April 2013      Executive Officer; General Manager, Technology Research Institute April 2016      Executive Officer June 2016      Full-time Audit & Supervisory Board Member June 2020      Director; Executive Officer; General Manager, General Affairs and Human Resources Division To present <Responsibilities> General Affairs and Human Resources Division	18,200
		Reason for nomination Since joining the Company, Mr. Hirotoshi Fukui has amassed a wide range of operational experience as an engineer in the facilities construction business. Thereafter, he served as the manager responsible for the technology development departments, and currently contributes to the enhancement of human resource development and working environment as General Manager of the General Affairs and Human Resources Division. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Yoshio Kawabe (October 31, 1960)  Reappointed	<p>April 1984      Joined the Company</p> <p>April 2015      Executive Officer; General Manager, Administration Division</p> <p>June 2015      Director; Executive Officer; General Manager, Administration Division</p> <p>April 2017      Director; Executive Officer; General Manager, Accounting Division</p> <p>June 2017      Executive Officer; General Manager, Accounting Division</p> <p>June 2020      Director; Executive Officer; General Manager, Accounting Division; Chief Financial Officer</p> <p>To present</p> <p>&lt;Responsibilities&gt; Accounting Division</p>	7,700
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Yoshio Kawabe has engaged mainly in accounting and finance-related operations and the promotion of internal control. After serving as a manager responsible for the administration departments including general affairs and human resources, he currently serves as General Manager of the Accounting Division and focuses on capital and finance policies. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
8	Yukiteru Yamamoto (June 3, 1953)  External Independent Officer Reappointed	<p>April 1977      Joined MITSUI LIFE INSURANCE MUTUAL COMPANY</p> <p>June 2008      Director; Managing Executive Officer, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>April 2009      Representative Director and President; Chief Operating Officer; General Manager, Operational Improvement Promotion Division</p> <p>April 2012      Representative Director and President; Chief Operating Officer</p> <p>June 2013      Special Advisor</p> <p>June 2014      External Director, the Company</p> <p>April 2015      Advisor, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>March 2017      Retired from MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>June 2020      External Director; Chair of the Board of Directors, the Company</p> <p>To present</p>	9,600
<p>Reason for nomination</p> <p>Mr. Yukiteru Yamamoto has served in positions including Representative Director and President of MITSUI LIFE INSURANCE COMPANY LIMITED (currently TAIJU LIFE INSURANCE COMPANY LIMITED) and Executive Member of the Policy Board of the Japan Business Federation, and he thus possesses abundant operational experience and wide-ranging knowledge regarding corporate management. He currently contributes to the enhancement of corporate governance as Chair of the Board of Directors of the Company. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Kazuhiko Kashikura (April 13, 1954)  External Independent Officer Reappointed	<p>April 1977      Joined Mitsui Bank Co., Ltd.</p> <p>June 2005      Executive Officer; General Manager, Operations Audit Division, Sumitomo Mitsui Banking Corporation</p> <p>April 2008      Executive Officer</p> <p>April 2008      Retired from Sumitomo Mitsui Banking Corporation</p> <p>May 2008      Representative Director and President, SMBC Staff Service Co., Ltd.</p> <p>May 2013      Retired from SMBC Staff Service Co., LTD.</p> <p>June 2013      Representative Director and President, SMBC Finance Service Co., Ltd.</p> <p>June 2017      Representative Director and Chairman</p> <p>June 2018      External Director, the Company</p> <p>To present Retired from the position of Representative Director and Chairman, SMBC Finance Service Co., Ltd.</p>	2,800
Reason for nomination Mr. Kazuhiko Kashikura has served as Executive Officer of Sumitomo Mitsui Banking Corporation and a top executive at the same group companies and he thus has abundant experience and broad insight in corporate management. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.			
10	Keiji Kono (September 18, 1957)  External Independent Officer Newly appointed	<p>April 1980      Joined The Bank of Japan</p> <p>May 1999      Manager, Price Statistics Section, Research and Statistics Department</p> <p>February 2001      Manager, Economic Statistics Section, Research and Statistics Department</p> <p>November 2002      Deputy General Manager, Nagoya Branch</p> <p>March 2004      General Manager, Matsue Branch</p> <p>July 2006      Associate Director-General, Financial Markets Department</p> <p>November 2007      General Manager, Fukuoka Branch</p> <p>May 2009      Director-General, Information System Services Department</p> <p>April 2010      Retired from The Bank of Japan</p> <p>May 2010      Full-time Advisor, Chugai Pharmaceutical Co., Ltd.</p> <p>October 2010      Executive Officer; Deputy Head, Lifecycle Management Marketing Unit</p> <p>November 2010      Executive Officer; Head, Lifecycle Management Unit 2, Lifecycle Management Marketing Unit</p> <p>April 2012      Executive Officer; Deputy Head, Marketing &amp; Sales Division</p> <p>January 2013      Executive Officer; Head, IT Supervisory Division</p> <p>October 2015      Executive Officer in charge of Global Health Policy; Head, IT Supervisory Division</p> <p>January 2017      Executive Officer in charge of External Affairs Department and Global Health Policy</p> <p>April 2017      Senior Vice President in charge of External Affairs Department and Global Health Policy</p> <p>April 2021      Part-time Advisor</p> <p>To present &lt;Significant concurrent position&gt; Part-time Advisor, Chugai Pharmaceutical Co., Ltd.</p>	None
Reason for nomination Mr. Keiji Kono has served in managerial positions in key departments of The Bank of Japan as a financial specialist. In Chugai Pharmaceutical Co., Ltd., he has held the office of Executive Officer serving as Head of the IT Supervisory Division and fulfilled roles including promoting overseas activities that contribute to society, and he thus has abundant experience and broad insight in corporate management. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him as a candidate for External Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
11	Akihiko Matsuda (January 7, 1960)  External Independent Officer Newly appointed	<p>April 1985      Joined Tokyo Gas Co., Ltd.</p> <p>April 2013      Technical Solution Department Managing Director, Energy Advance Co., Ltd.</p> <p>March 2015      Retired from Energy Advance Co., Ltd.</p> <p>April 2015      General Manager, Energy Proposal Promotion Department, Tokyo Gas Co., Ltd.</p> <p>April 2017      Executive Officer President and Representative Director, Tokyo Gas Living Engineering Co., Ltd.</p> <p>March 2020      Retired from Tokyo Gas Living Engineering Co., Ltd.</p> <p>April 2020      Advisor, Tokyo Gas Co., Ltd.</p> <p>To present</p> <p>&lt;Significant concurrent position&gt; Advisor, Tokyo Gas Co., Ltd.</p>	None
<p>Reason for nomination</p> <p>Mr. Akihiko Matsuda has served as Executive Officer in Tokyo Gas Co., Ltd. and a top executive at the same group companies and he thus has abundant experience and broad insight in the overall energy business. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him as a candidate for External Director.</p>			

- (Notes)
1. There are no special interests between the candidates and the Company.
  2. (1) Mr. Yukiteru Yamamoto, Mr. Kazuhiko Kashikura, Mr. Keiji Kono, and Mr. Akihiko Matsuda are candidates for External Director.  
(2) The Company has registered Mr. Yukiteru Yamamoto and Mr. Kazuhiko Kashikura with the Tokyo Stock Exchange as Independent Officers with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange. If they are reappointed and assume office as Directors, they will continue to be Independent Officers.  
(3) If Mr. Keiji Kono and Mr. Akihiko Matsuda are appointed and assume office as Directors, the Company intends to register them with the Tokyo Stock Exchange as Independent Officers with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
  3. Number of years since candidates for External Director were appointed External Director  
(1) Mr. Yukiteru Yamamoto's term in office as External Director will be seven years at the conclusion of this General Meeting of Shareholders.  
(2) Mr. Kazuhiko Kashikura's term in office as External Director will be three years at the conclusion of this General Meeting of Shareholders.
  4. Liability limitation agreements with candidates for Director  
The Company has entered into agreements with Mr. Yukiteru Yamamoto and Mr. Kazuhiko Kashikura to limit their liabilities as provided for in Article 423, Paragraph 1, of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations. If Mr. Keiji Kono and Mr. Akihiko Matsuda are appointed and assume office as Directors, the Company intends to enter into the same agreements with them.
  5. Outline of the directors' and officers' liability insurance insuring candidates for Director  
The Company has entered into a directors' and officers' liability insurance agreement with an insurance company. The policy covers damages, which are to be borne by the insured, that may arise from those insured persons assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability. All candidates for Director will be insured under said agreement. The Company will renew said agreement under the same terms and conditions at the time of the next renewal.

**Proposal 3:** Election of 1 Substitute Audit & Supervisory Board Member

Substitute Audit & Supervisory Board Member Takaya Abe was elected at the 96th Annual General Meeting of Shareholders held on June 25, 2020, and the effectiveness of his election will expire at the conclusion of this year's Annual General Meeting of Shareholders. Therefore, in order to prepare for cases where the number of Audit & Supervisory Board Members falls below prescribed by laws and regulations, the Company proposes the election of Mr. Takaya Abe as a substitute Audit & Supervisory Board Member.

Furthermore, the Audit & Supervisory Board has given its approval to this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
<p style="text-align: center;">Takaya Abe (February 19, 1952)</p> <p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">External</span>  <span style="border: 1px solid black; padding: 2px;">Independent Officer</span>  <span style="border: 1px solid black; padding: 2px;">Reappointed</span> </p>	<p>January 1982    Joined Shinwa Audit Corporation  April 1984    Registered as certified public accountant  May 1995    Partner, Asahi Audit Corporation  May 2001    Representative Partner  July 2010    Partner, KPMG AZSA LLC  June 2014    Retired from KPMG AZSA LLC  July 2014    Established Abe Certified Public Accountant Office  To present</p> <p>&lt;Significant concurrent position&gt;  Certified public accountant (Abe Certified Public Accountant Office)</p>	None
<p>Reason for nomination  In order to utilize Mr. Takaya Abe's expertise and experience, etc. developed as a certified public accountant to strengthen the audit systems of the Company, the Company has nominated him as a candidate for substitute External Audit &amp; Supervisory Board Member. Although he does not have experience of being directly involved in corporate management, for the reasons stated above, the Company believes that he will be able to execute the duties as an External Audit &amp; Supervisory Board Member of the Company properly.</p>		

- (Notes)
1. There are no special interests between the candidate and the Company.
  2. (1) The candidate is a candidate for substitute External Audit & Supervisory Board Member.  
(2) If Mr. Takaya Abe assumes office as Audit & Supervisory Board Member, the Company intends to register him with the Tokyo Stock Exchange as Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
  3. Liability limitation agreement with the candidate for substitute External Audit & Supervisory Board Member  
If Mr. Takaya Abe is appointed as Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit his liability as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations.
  4. Outline of the directors' and officers' liability insurance insuring the candidate for substitute Audit & Supervisory Board Member  
The Company has entered into a directors' and officers' liability insurance agreement with an insurance company. The policy covers damages, which are to be borne by the insured, that may arise from those insured persons assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability. The candidate for substitute Audit & Supervisory Board Member will be insured under said agreement. The Company will renew said agreement under the same terms and conditions at the time of the next renewal.

**Proposal 4: Determinations of Details of Stock Acquisition Rights to Directors as Stock-based Compensation Stock Options**

Since the shareholders' approval at the 89th Annual General Meeting of Shareholders held on June 26, 2013, stock acquisition rights have been granted to Directors (excluding External Directors) as stock-based compensation stock options.

In line with recent amendments to the Companies Act, approval from a General Meeting of Shareholders is required for specific matters to grant stock acquisition rights to Directors. Accordingly, to maintain the stock option plan in its original form, the Company requests approval for the content of stock acquisition rights below. Matters to be newly approved at this time are solely the underlined portions (Conditions for purchase of stock acquisition rights).

With regard to the amount of compensation to Directors, the resolution adopted at the 94th Annual General Meeting of Shareholders held on June 27, 2018 instituted an amount to be paid of up to a maximum of 650 million yen annually. However, the Company seeks approval to grant stock acquisition rights as stock-based compensation stock options within the overall limit of compensation.

There are currently 10 Directors (including 3 External Directors). If Proposal 2 is approved as originally proposed, there will be 11 Directors (including 4 External Directors).

1. Reason for introducing stock-based compensation stock options (stock acquisition rights)

Directors can not only benefit from a rise in stock prices but also share the risk associated with a decline in stock prices with shareholders, by which the Company aims to issue stock-based compensation stock options (stock acquisition rights) in order to improve the morale and motivation of Directors (excluding External Directors) to contribute to the Company's medium to long-term performance growth and to maximize its corporate value.

2. Terms of stock acquisition rights as stock-based compensation stock options

(1) Total number of stock acquisition rights

The maximum number of stock acquisition rights to be granted within one (1) year of the date of the Annual General Meeting of Shareholders for each fiscal term shall be 500.

(2) Class and number of shares to be granted upon exercise of the stock acquisition rights

The class of shares to be granted upon exercise of the stock acquisition rights shall be Ordinary shares in the Company, and the number of shares to be granted upon exercise of each stock acquisition right (the "Number of Shares to be Granted") shall be 100.

Provided, however, that in the event that the Company conducts a stock split (including a gratis allotment of ordinary shares; the same applies in descriptions of company splits hereinafter) or reverse stock split on or after the date of the allocation of stock acquisition rights (the "Allocation Date"), the number of stock acquisition rights that have not yet been exercised at the time of the stock split or reverse stock split shall be adjusted based on the following formula.

Post-adjustment Number of Shares to be Granted = pre-adjustment Number of Shares to be Granted x split or reverse split ratio

In addition to the above, if unavoidable circumstances necessitate an adjustment to the Number of Shares to be Granted, the Company may adjust the Number of Shares to be Granted as deemed necessary by the Board of Directors of the Company.

Fractions less than one share generated as a result of the adjustment shall be rounded down.

(3) Amount of payment for stock acquisition rights

The amount to be paid in for the stock acquisition rights will be the product of the fair value unit price per share calculated by a third party assessment organization in accordance with the Black-Scholes Model on the Allocation Date of the stock acquisition rights multiplied by the Number of Shares to be Granted.

Holders of share acquisition rights (the "Right Holders") shall set off the obligation to be paid in for the stock acquisition rights against the compensation claim he/she holds against the Company, instead of paying the amount to be paid in.

(4) Value of assets to be contributed upon the exercise of stock acquisition rights

The value of assets to be contributed upon the exercise of each stock acquisition right shall be 1 yen for each share that may be issued upon the exercise of the stock acquisition rights, multiplied by the Number of Shares to be Granted.

- (5) Period when stock acquisition rights are exercisable  
The period shall be within 30 years from the day following the Allocation Date.
- (6) Conditions for the exercise of stock acquisition rights
- 1) The Right Holder may only exercise his or her stock acquisition rights in the period stipulated in (5) above within ten days (or the next business day of the 10th day if the 10th day is a holiday) of the day following the Holder loss of their position as Director and Executive Officer. Said stock acquisition rights may only be exercised on a lump-sum basis.
  - 2) In case the Right Holder dies, only an heir of the Right Holder, his/her spouse or his/her relation in the first degree may exercise his/her stock acquisition rights. Said stock acquisition rights may only be exercised on a lump-sum basis.
- (7) Restriction on acquisition of stock acquisition rights through transfer  
Acquisition of stock acquisition rights through transfer shall require the approval by the Board of Directors.
- (8) Conditions for purchase of stock acquisition rights
- 1) In case the Right Holder comes to be unable to exercise the stock acquisition rights prior to the exercise of his/her rights pursuant to the provisions of (6) above or under the Stock Acquisition Rights Allocation Agreement, the Company may acquire the stock acquisition rights without compensation on the day prescribed by the Board of Directors.
  - 2) In case a proposal for approval of any of the matters in a. to e. below is approved (or, if approval of the General Meeting of Shareholders is not required, is resolved at the Board of Directors), the Company may acquire the stock acquisition rights without compensation on the day prescribed by the Board of Directors.
    - a. Merger agreement, under which the Company shall be the dissolved company;
    - b. Split agreement or split plan, under which the Company shall be the split company;
    - c. A share exchange agreement or a share transfer plan, under which the Company shall be a wholly-owned subsidiary;
    - d. Amendments to the Articles of Incorporation in which a provision requires approval from the Company to acquire said acquisition rights of all the stock issued by the Company through transfer; or
    - e. Amendments to the Articles of Incorporation in which a provision requires approval from the Company to acquire the class shares to be granted upon exercise of the stock acquisition rights through transfer or the acquisition of all of said class shares by resolution of a General Meeting of Shareholders.
- (9) Other details of stock acquisition rights  
Other details of stock acquisition rights shall be determined by the Board of Directors when the terms of the subscription for the stock acquisition rights are determined.

<Reference>

[Policy on nomination of a candidate for Director and Audit & Supervisory Board Member]

The Company established the “Sanki Engineering Corporate Governance Guidelines” and stipulated a policy about nomination of a candidate for Director and Audit & Supervisory Board Member as follows.

#### 1. Candidates for Director

(Policy on nomination of candidates for Director)

- (1) The Board of Directors shall nominate as a candidate for Director a person who has abundant operational experience and knowledge, excellent insight, and high ethics and is expected to fulfill the role of a Director and the Board of Directors as listed below.
- (2) The Board of Directors shall nominate as a candidate for External Director a person who is expected to provide advice from an independent and objective standpoint in addition to qualifications listed in the preceding paragraph.
- (3) If any Director becomes unable to fulfill his/her duties as the Director of the Company for health or medical reasons or causes any damage to the corporate value of the Company due to nonfulfillment of his/her duties, an agenda regarding the dismissal of the Director shall be deliberated by the Board of Directors through examination by the Advisory Committee on Nomination and Remuneration.

(Roles of Directors and the Board of Directors)

- (1) Directors and the Board of Directors shall make effort to realize sustainable growth and enhance corporate value over the medium to long term as entrusted by the shareholders by realizing efficient and effective corporate governance, conducting important decision-making of the Company, and supervising execution of duties.
- (2) Directors and the Board of Directors shall make effort to build internal control systems, establish risk management systems, and make information disclosure in a timely and appropriate manner.
- (3) The Board of Directors shall supervise the state of progress regarding election of a successor to the chief executive officer whenever necessary.
- (4) The Board of Directors shall establish procedures on transactions with conflicts of interest and deliberate and approve transactions.

#### 2. Candidates for Audit & Supervisory Board Member

(Policy on nomination of candidates for Audit & Supervisory Board Member)

- (1) The Board of Directors shall nominate as a candidate for Audit & Supervisory Board Member a person who has excellent insight and high ethics and is expected to fulfill the role of an Audit & Supervisory Board Member as listed below, subject to prior consent from the Audit & Supervisory Board.
- (2) The Board of Directors shall nominate as a candidate for External Audit & Supervisory Board Member a person who is expected to provide advice from an independent and objective standpoint in addition to qualifications listed in the preceding paragraph.
- (3) The Board of Directors shall make effort to nominate as a candidate for Audit & Supervisory Board Member at least one person who has appropriate knowledge regarding finance and accounting.

(Roles of Audit & Supervisory Board Members)

Audit & Supervisory Board Members who shall play a part of supervision functions in cooperation with the Board of Directors shall make efforts to realize sound and sustainable growth and enhancement of corporate value over the medium to long term, and establish a superior corporate governance structure that can respond to social trust, while maintaining appropriate cooperation with stakeholders by auditing the execution of duties of Directors as an independent organization entrusted by the shareholders.

[Independence Standards for External Officers]

The Company established the “Independence Standards for External Officers” and designates those not applicable to all of categories listed below as an Independent Officer.

1. A person whose major business partner (Note 1) is the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
2. A major business partner (Note 1) of the Company or a major lender (Note 4) of the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
3. A consultant, accounting professional, or legal professional who receives a significant amount of money or other assets (Note 5) from the Company other than Officer remuneration.
4. A person who has fallen under any of items 1 to 3 above in a recent period (Note 6)
5. A relative within the second degree of relationship of a person who falls under any of items (a) to (d) below (excluding a person with whom relationship was dissolved due to a divorce, dissolution, etc.).
  - (a) A person who falls under any of items 1 to 4.
  - (b) An executive person (Note 2) of the Company’s subsidiary
  - (c) A Non-executive Director of the Company’s subsidiary (in the case that an External Audit & Supervisory Board Member is nominated as an Independent Officer)
  - (d) A person who has fallen under the preceding (b) or (c) or an executive person (Note 2) of the Company in a recent period (Note 6)
6. A major shareholder of the Company holding 10% or more of the Company’s total shares for three or more consecutive years in a recent period (Note 6) or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).

(Note 1) A “Major business partner” refers to a business partner with which the Company has transactions corresponding to, in principle, 3% or more of annual consolidated sales of the Company for three or more consecutive years (3% of annual consolidated sales is approximately 5,702 million yen in fiscal 2020)

(Note 2) An “executive person” refers to an Executive Director or employee in the General Manager position or equivalent managerial position and other equally important position

(Note 3) A “juridical person, etc.” refers to a juridical person or any organization other than a juridical person (including agricultural cooperatives and management associations)

(Note 4) A “major lender” refers to a lender from which the balance of loans as of the end of each fiscal year is, in principle, 2% or more of the consolidated total assets of the Company on the same day for three or more consecutive years (2% of the consolidated total asset is approximately 3,426 million yen in fiscal 2020)

(Note 5) A “significant amount of money or other assets” refers to that with a value equivalent to a cash amount of 10 million yen or more per annum

(Note 6) A “recent period” refers to a five-year period before the time point in which the election proposal to be submitted to the shareholder’s meeting is determined