

Note: This document has been translated from 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.  
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation

Securities Code: 6882

June 10, 2020

To Our Shareholders:

3-1-56 Nishiawaji, Higashiyodogawa-ku, Osaka

Sansha Electric Manufacturing Co., Ltd.

President

Hajimu Yoshimura

## Notice of the 86th Annual Meeting of Shareholders

We would like to thank you for your continued support.

We cordially invite shareholders to attend the 86th Annual Meeting of Shareholders as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or by the Internet. Please refer to the following “Reference Document for the Annual Meeting of Shareholders” and return the form no later than 5:10 p.m., on June 24 (Wednesday), 2020.

For details on how to exercise voting rights, see the “Guide to Exercise of Voting Rights” below.

Sincerely yours,

### Details

1. Date and Time: Thursday, June 25, 2020 at 10:00 a.m. (sign-in starts at 9:00 a.m.)
2. Place: 4-2-1 Miyahara Yodogawa-ku, Osaka  
Hotel Mielparque Osaka, 4th Floor, room “Soleil”  
(Please see the “Access Map” at the end of the document)
3. Agenda:
  - Matters to be reported:
    1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Corporate Auditors for the 86th business period (April 1, 2019 to March 31, 2020)
    2. The non-consolidated financial statements for the 86th business period (April 1, 2019 to March 31, 2020)

### Matters to be resolved:

Proposal 1: Election of Six (6) Directors

Proposal 2: Election of Three (3) Audit & Supervisory Board Members

- ◎ The following items are posted on the Company’s website (<https://www.sansha.co.jp>), in accordance with the provisions of laws and regulations of the Company’s Articles of Incorporation, and are therefore not included in the documents accompanying this Notice.

1. “Structure and Policy of Company” in the Business Report
2. “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
3. “Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements

Accordingly, the documents accompanying this Notice comprise part of the documents audited by Audit & Supervisory Board Members and the Accounting Auditor when preparing their respective audit reports.

- ◎ If there are any revisions to the Reference Document for the Annual Meeting of Shareholders, the business report or the consolidated and the non-consolidated financial statements, such revisions will be listed on the Company’s website. (<https://www.sansha.co.jp>)
- ◎ Please note that no one other than shareholders who can exercise voting rights is allowed in the venue such as a proxy who is not a shareholder or a person accompanying a shareholder.

## Reference Document for the Annual Meeting of Shareholders

### Proposal 1: Election of Six (6) Directors

The term of office of all seven (7) Directors will expire at the conclusion of the Annual Meeting of Shareholders. The Company requests the election of six (6) Directors. The candidates for Directors are as follows.

Candidate No.	Name	Position and responsibility at the Company and significant concurrent positions	Attendance at board meetings
1	Kunio Shikata <span>Reappointment</span>	Representative Director, Chairman of the Board	92.9% (13/14 meetings)
2	Hajimu Yoshimura <span>Reappointment</span>	Representative Director, President	100% (14/14 meetings)
3	Masaki Fujiwara <span>Reappointment</span>	Director and Senior Managing Operating Officer General Manager, Corporate Strategy Outside Audit & Supervisory Board Member, KUBOTA CORPORATION	100% (14/14 meetings)
4	Hiroshi Sakagami <span>Reappointment</span>	Director and Managing Operating Officer Chief Operating Officer of power supply business Chairman, SANREX LIMITED Chairman, SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (CHINA)	100% (14/14 meetings)
5	Akira Uno <span>Reappointment</span> <span>Independent</span> <span>Outside Director</span>	Outside Director Outside Director, HASHIMOTO SOGYO HOLDINGS CO., LTD. Specially Appointed Professor at Graduate School of Economics and Faculty of Economics, Kyoto University Senior Executive Fellow, DMG Mori Co., LTD.	92.9% (13/14 meetings)
6	Koichi Ina <span>Reappointment</span> <span>Independent</span> <span>Outside Director</span>	Outside Director Outside Director, KUBOTA CORPORATION Chairman, Special Committee on Light Motor Vehicles, JAMA	100% (11/11 meetings)

Note: There is no special conflict of interest between any of the candidates for Director and the Company.

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned
1	<div>Reappointment</div> <p>Kunio Shikata (June 15, 1936; 83 years of age)</p>	July. 1963	Joined the Company	330,000 shares
		July 1971	General Sales Manager, the Company	
		Nov. 1972	Director, the Company	
		May 1981	Managing Director, the Company	
		May 1986	Representative Director, President, the Company	
		Apr. 2018	Representative Director, Chairman of the Board, the Company (incumbent)	
	<p>[Reason for nomination as a candidate for Director]</p> <p>Kunio Shikata has been performing a decision-making function and supervisory function of overall management at the Company over many years and has held important positions in industry associations related to the Group. As such, he contributes to the further development not only of the Group but also of the entire industry related to the Group. As we believe he is qualified to properly perform his duties of Director as well as the supervisory function of overall management of the Company, we nominate him as a candidate for Director.</p> <p>Attendance at board meetings: 13/14 meetings</p> <p>Number of years in office of Director (at the conclusion of the Annual Meeting of Shareholders): 47 years</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned
2	<div>Reappointment</div> Hajimu Yoshimura (January 10, 1954; 66 years of age)	Apr. 1976	Joined Matsushita Electric Works, Ltd. (currently Panasonic Corporation)	15,500 shares
		Jan. 2001	Vice President, U.S. Research Lab, Matsushita Electric Works, Ltd.	
		Apr. 2007	Operating Officer and General Manager of Lighting Device Development Division, Matsushita Electric Works, Ltd.	
		June 2007	President, SUNX Co., Ltd. (currently Panasonic Industrial Devices SUNX Co., Ltd.)	
		June 2012	President, Panasonic Ecology Systems Co., Ltd. Managing Director, Panasonic Eco Solutions Co., Ltd.	
		Aug. 2014	Advisor, the Company	
		Jan. 2015	Vice President and Operating Officer in charge of overall management, the Company	
		June 2015	Director, Vice President and Operating Officer, Planning Division, the Company	
		June 2017	Representative Director, Vice President and Operating Officer, the Company	
		Apr. 2018	Representative Director,President, the Company (incumbent)	
[Reason for nomination as a candidate for Director ] Hajimu Yoshimura has abundant experience and extensive knowledge he has gained as a management executive in the Panasonic Group. In addition, he has served as Vice President of an overseas affiliate of the Group and thus has broad-based knowledge of global corporate management. Furthermore, after he assumed the presidency of the Company on April 1, 2018, he developed a medium-term management plan with “Global Power Solution Partner” as its slogan and promoted a growth strategy and managerial reform to improve the corporate value. As we believe it appropriate to manage the Company under his leadership to ensure sustainable growth and further development of the Company, we nominate him as a candidate for Director.  Attendance at board meetings: 14/14 meetings Number of years in office of Director (at the conclusion of the Annual Meeting of Shareholders): 5 years				

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned
3	<div>Reappointment</div> <p>Masaki Fujiwara (December 23, 1953; 66 years of age)</p>	<p>Apr. 1977    Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>Jan. 2000    Director, Administration, Malaysia Matsushita Television Co., Ltd.</p> <p>Nov. 2004    Director, Technology and Accounting Center, Matsushita Electric Industrial Co., Ltd.</p> <p>Dec. 2006    Director, Accounting Center, Panasonic AVC Networks, Matsushita Electric Industrial Co., Ltd.</p> <p>May 2010    President, Panasonic Insurance Service Co., Ltd.</p> <p>Mar. 2014    Advisor, the Company</p> <p>June 2014    Director, Executive Operating Officer and General Manager of Administration, the Company</p> <p>Mar. 2018    Outside Audit &amp; Supervisory Board Member, KUBOTA CORPORATION (incumbent)</p> <p>Apr. 2018    Director and Managing Operating Officer and General Manager of Corporate Strategy, the Company (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Outside Audit &amp; Supervisory Board Member, KUBOTA CORPORATION</p>		11,500 shares
	<p>[Reason for nomination as a candidate for Director] Masaki Fujiwara has abundant corporate management experience and extensive knowledge of administration he has gained as a management executive in the Panasonic Group. In addition, he has served as Director of an overseas affiliate of the Group and thus is equipped with global perspectives. As he supervises the administration division as General Manager of Corporate Strategy of the Company and properly fulfills his role, and as we believe he is capable of fully leveraging his abundant experience in the Company's future business development, we nominate him as a candidate for Director.</p> <p>Attendance at board meetings: 14/14 meetings Number of years in office of Director (at the conclusion of the Annual Meeting of Shareholders): 6 years</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
4	<div>Reappointment</div> <p>Hiroshi Sakagami (April 14, 1955; 65 years of age)</p>	<p>Apr. 1979    Joined the Company</p> <p>May 2005    General Manager, Quality Assurance, the Company</p> <p>May 2006    Manager, Shiga Plant, the Company</p> <p>Feb. 2010    General Manager, Production Control, the Company</p> <p>Apr. 2011    Operating Officer, the Company General Manager, Power Supply Manufacturing, the Company</p> <p>Apr. 2012    Chairman, SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (CHINA) (incumbent)</p> <p>June 2012    Director, the Company (incumbent)</p> <p>Apr. 2013    Chairman, SANREX LIMITED (incumbent)</p> <p>Apr. 2014    Managing Officer, the Company (incumbent)</p> <p>Apr. 2015    Chief Operating Officer of power supply business, the Company (incumbent)</p> <p>(Significant concurrent positions) Chairman, SANREX LIMITED Chairman, SANSHA ELECTRIC MFG. (GUANGDONG) CO., LTD. (CHINA)</p>	12,500 shares
<p>[Reason for nomination as a candidate for Director]</p> <p>Since assuming the post of Director of the Company in June 2012 after holding a series of important positions in power supply manufacturing, Hiroshi Sakagami has been performing his duties with high ability and expertise in the power device supply and supervising the management of the Company. As he supervises the power supply business division as a director and properly fulfills his role, and as we believe he is capable of fully leveraging his abundant experience in the Company's future business development, we nominate him as a candidate for Director.</p> <p>Attendance at board meetings: 14/14meetings Number of years in office of Director (at the conclusion of the Annual Meeting of Shareholders): 8 years</p>			

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
5	<div>Reappointment</div> <div>Independent</div> <div>Outside Director</div> <p>Akira Uno (August 15, 1942; 77 years of age)</p>	<p>Apr. 1966    Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)</p> <p>June 1993    Director and Manager of Ningyocho Branch, The Sumitomo Bank, Limited</p> <p>Feb. 1996    Representative Executive Director, Sumitomo Credit Service Co., Ltd.</p> <p>June 2000    Representative Director and Vice President, Sumitomo Credit Service Co., Ltd.</p> <p>Apr. 2001    Representative Director and Vice President, Sumitomo Mitsui Card Company, Limited due to merger</p> <p>June 2003    Chairman and Operating Officer, SMBC Consulting Co., Ltd.</p> <p>Feb. 2006    Operating Officer, Japan Post Holdings Co., Ltd.</p> <p>Oct. 2007    Managing Officer, Japan Post Bank Co., Ltd.</p> <p>June 2009    Outside Director, HASHIMOTO SOGYO CO.,LTD. (currently HASHIMOTO SOGYO HOLDINGS CO.,LTD.) (incumbent)</p> <p>Aug. 2009    Special Advisor, the Company</p> <p>June 2014    Outside Director, the Company (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Outside Director, HASHIMOTO SOGYO HOLDINGS CO.,LTD.</p> <p>Specially Appointed Professor at Graduate School of Economics and Faculty of Economics, Kyoto University</p> <p>Senior Executive Fellow, DMG MORI CO., LTD.</p>	9,200 shares
	<p>[Reason for appointment as a candidate for Outside Director] Akira Uno is the candidate for Outside Director. He has abundant experience and knowledge he has gained as a management executive of many companies. He provides recommendations and advice on the Company's growth strategy and managerial reform at its board meetings as Outside Director and performs the decision-making function and supervisory function. As we believe he is qualified to supervise the management of the Company, we nominate him as a candidate for Outside Director.</p> <p>[Special conflict of interest, etc. between the Company and entities at which the candidate holds concurrent positions] There is no special relationship between the Company and HASHIMOTO SOGYO HOLDINGS CO.,LTD., Kyoto University, and DMG MORI CO.,LTD. at which Akira Uno holds concurrent positions.</p> <p>[Liability limitation agreement] In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement limiting liability for damages under Article 423, Paragraph 1 of the Companies Act with Akira Uno. The limit of liability for damages under the agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act. The Company will continue said agreement if his reappointment is approved.</p> <p>[Notification as Independent Officer] Akira Uno had performed duties at Sumitomo Mitsui Banking Corporation (the Sumitomo Bank, Limited at the time he joined the bank), which is one of the correspondent banks of the Company, as well as affiliated companies of the bank, until February 2006. However, his transactions with the bank are based on general agreements, and it has been 14 years since he retired from the bank. Accordingly, the Company has determined that he has no potential conflict of interest with general shareholders and notified him as an Independent Officer to the Tokyo Stock Exchange. The Company will continue to appoint him as an Independent Officer if his reappointment is approved.</p> <p>Attendance at board meetings: 13/14 meetings Number of years in office of Outside Director (at the conclusion of the Annual Meeting of Shareholders): 6 years</p>		

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)		Number of the Company's shares owned
6	<div>Reappointment</div> <div>Independent</div> <div>Outside Director</div> Koichi Ina (May 6, 1948; 72 years of age)	Apr. 1973	Joined Toyota Motor Co., Ltd. (currently TOYOTA MOTOR CORPORATION)	8,000 shares
		June 2002	Director, TOYOTA MOTOR CORPORATION	
		June 2007	Senior Managing Director, TOYOTA MOTOR CORPORATION	
		June 2009	Advisor, TOYOTA MOTOR CORPORATION	
			Director and Vice President, DAIHATSU MOTOR CO., LTD.	
		June 2010	President, DAIHATSU MOTOR CO., LTD.	
		June 2013	Chairman, DAIHATSU MOTOR CO., LTD.	
		June 2015	Outside Director, KUBOTA CORPORATION (incumbent)	
		June 2016	Senior Adviser, DAIHATSU MOTOR CO., LTD.	
		June 2019	Outside Director, the Company (incumbent)	
(Significant concurrent positions)				
Outside Director, KUBOTA CORPORATION				
Chairman, Special Committee on Light Motor Vehicles, JAMA				
[Reason for appointment as a candidate for Outside Director] Koichi Ina is the candidate for Outside Director. He has abundant corporate management experience and extensive knowledge. As we can expect the function of the Board to be enhanced as he reflects such experience and knowledge in board meetings, supervises the overall management of the Company from an independent perspective and participates in decision-making of important matters, we nominate him as a candidate for Outside Director.				
[Special conflict of interest, etc. between the Company and entities at which the candidate holds concurrent positions] There is no special relationship between the Company and KUBOTA CORPORATION and JAMA at which Koichi Ina has concurrent positions.				
[Facts of wrongful execution of duties, etc. during the term of office of officers at other companies, measures for prevention and ex post facto responses, etc. during the past five years] Koichi Ina has been serving as Outside Director of KUBOTA CORPORATION since his assumption in June 2015. KUBOTA announced in November 2018 an inappropriate act regarding the inspection record of expendable parts (mill roll) used in facilities to produce steel sheet, etc. He had not been aware of this fact until this issue was uncovered, and he had been making recommendations at board meetings from the perspectives of compliance. After he came to know the fact, he has been carrying out his duty such as thoroughly investigating the cause, developing preventive measures and reviewing the inspection system.				
[Liability limitation agreement] In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement limiting liability for damages under Article 423, Paragraph 1 of the Companies Act with Koichi Ina. The limit of liability for damages under the agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act. The Company will continue said agreement if his reelection is approved.				
[Notification as Independent Officer] The Company has notified Koichi Ina as an Independent Executive Office to the Tokyo Stock Exchange. The Company will continue to appoint him as an Independent Officer if his reappointment is approved.				
Attendance at board meetings: 11/11 meetings (After assuming the office of Director) Number of years in office of Outside Director (at the conclusion of the Annual Meeting of Shareholders): 1 year				



Proposal 2: Election of Three (3) Audit & Supervisory Board Members

The term of office of all three (3) Audit & Supervisory Board Members will expire at the conclusion of the Annual Meeting of Shareholders.

The Company requests the election of three (3) Audit & Supervisory Board Members.

With regard to this agenda item, the consent of the Board of Audit & Supervisory Board Members has been obtained.

The candidates for Audit & Supervisory Board Members are as follows.

Candidate No.	Name	Position at the Company and significant concurrent positions	Attendance at board meetings	Attendance at board of corporate auditors meetings
1	Ichiro Kitano Reappointment	Audit & Supervisory Board Members (full-time) Audit & Supervisory Board Members, SANSHA SOLUTION SERVICE CO., LTD. Audit & Supervisory Board Members, SANSHA ELECTRIC EASTERN CO., LTD.	100% (14/14meetings)	100% (13/13 meetings)
2	Kazuhiro Egawa New appointment Independent Outside Audit & Supervisory Board Members	Director, Eiwa Law Office Outside Director (Audit and Supervisory Committee Member), SK-Electronics Co.,LTD.	-	-
3	Eriko Nashioka New appointment Independent Outside Audit & Supervisory Board Members	Representative Director, Institute for Environmental Management Accounting Director, Nashioka Accounting Office Instructor (Part-time), Faculty of Commerce, Doshisha University	-	-

Note: There is no special conflict of interest between any of the candidates for Audit & Supervisory Board Members and the Company.

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
1	<div>Reappointment</div> <p>Ichiro Kitano (July 21, 1959; 60 years of age)</p>	<p>Apr. 1982    Joined the Company</p> <p>Apr. 2009    General Manager, Design Department, the Company</p> <p>Apr. 2011    Manager, Shiga Plant, the Company</p> <p>Apr. 2014    Operating Officer, the Company Assistant Executive General Manager, Power Supply Manufacturing, the Company</p> <p>June 2016    Audit &amp; Supervisory Board Members , the Company(full-time) (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Audit &amp; Supervisory Board Members , SANSHA SOLUTION SERVICE CO., LTD.</p> <p>Audit &amp; Supervisory Board Members , SANSHA ELECTRIC EASTERN CO., LTD.</p>	4,300 shares
	<p>[Reason for nomination as a candidate for Audit &amp; Supervisory Board Members]</p> <p>Ichiro Kitano has been engaged in power supply product designing and manufacturing operations at the Company over many years and has abundant business experience. Based on such business experience and his achievements as Audit &amp; Supervisory Board Members for the past four years, we believe he is qualified and nominate him as a candidate for Audit &amp; Supervisory Board Members.</p> <p>Attendance at board meetings: 14/14 meetings</p> <p>Attendance at board of corporate auditors meetings: 13/13 meetings</p> <p>Number of years in office of Audit &amp; Supervisory Board Members (at the conclusion of the Annual Meeting of Shareholders):4 years</p>		

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
2	<div>New appointment</div> <div>Independent</div> <div>Outside Audit &amp; Supervisory Board Members</div> <p>Kazuhiro Egawa (November 1, 1955; 64 years of age)</p>	<p>Apr. 1997 Registered as a practicing attorney with the Osaka Bar Association</p> <p>Apr. 1997 Joined Yoshiaki Takasawa Law Firm</p> <p>Feb. 2000 Outside Corporate Auditor, Zojirushi Corporation</p> <p>Oct. 2000 Established Nakatsuka and Egawa Law Office</p> <p>Aug. 2003 Director, Eiwa Law Office (incumbent)</p> <p>Dec. 2006 Outside Corporate Auditor, SK-Electronics Co., LTD.</p> <p>Dec. 2019 Outside Director (Audit and Supervisory Committee Member), SK-Electronics Co., LTD. (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Director, Eiwa Law Office</p> <p>Outside Director (Audit and Supervisory Committee Member), SK-Electronics Co., LTD.</p>	- shares
	<p>[Reason for nomination as a candidate for Outside Audit &amp; Supervisory Board Members]</p> <p>Kazuhiro Egawa is the candidate for Outside Audit &amp; Supervisory Board Member. He has many years of experience as an attorney and deep insights as an expert in law. In addition, he is involved in corporate management as Outside Director at another company. Based on these reasons, we believe he is qualified to properly perform his duties of Outside Audit &amp; Supervisory Board Member and nominate him as a candidate for Outside Audit &amp; Supervisory Board Member.</p> <p>[Special conflict of interest, etc. between the Company and entities at which the candidate holds concurrent positions]</p> <p>There is no special relationship between the Company and Eiwa Law Office and S-K Electronics Co., Ltd. at which Kazuhiro Egawa holds concurrent positions.</p> <p>[Liability limitation agreement]</p> <p>If Kazuhiro Egawa's election is approved, the Company will enter into an agreement with him to limit his liability as provided for by Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the said Law. The limit of liability for damages under the agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Notification as Independent Officer]</p> <p>If the election of Kazuhiro Egawa as Outside Audit &amp; Supervisory Board Member is approved, the Company will register him with the Tokyo Stock Exchange as independent Officer as set forth by the Tokyo Stock Exchange.</p>		

Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned
3	<div>New appointment</div> <div>Independent</div> <div>Outside Audit &amp; Supervisory Board Members</div> <p>Eriko Nashioka (February 13, 1967; 53 years of age)</p>	<p>Oct. 1991    Joined Ota Showa Audit Corporation (currently Ernst &amp; Young ShinNihon LLC)</p> <p>Apr. 1995    Registered as a Certified Public Accountant</p> <p>Apr. 2004    Director, Institute for Environmental Management Accounting</p> <p>July 2004    Director, Nashioka Accounting Office (incumbent)</p> <p>Apr. 2006    Instructor (Part-time), Faculty of Commerce, Doshisha University (incumbent)</p> <p>Apr. 2013    Representative Director, Institute for Environmental Management Accounting (incumbent)</p> <p>(Significant concurrent positions)</p> <p>Representative Director, Institute for Environmental Management Accounting</p> <p>Director, Nashioka Accounting Office</p> <p>Instructor (Part-time), Faculty of Commerce, Doshisha University</p>	- shares
	<p>[Reason for nomination as a candidate for Outside Audit &amp; Supervisory Board Members]</p> <p>Eriko Nashioka is the candidate for Outside Audit &amp; Supervisory Board Member. She has abundant experience and a high level of expertise in finance and accounting as a certified public accountant and is also a licensed tax accountant. In addition, she has experience and a high level of expertise in sustainability, including environmental accounting. Based on these reasons, we believe she is qualified to properly perform her duties of Outside Audit &amp; Supervisory Board Member and nominate her as a candidate for Outside Audit &amp; Supervisory Board Member.</p> <p>[Special conflict of interest, etc. between the Company and entities at which the candidate holds concurrent positions]</p> <p>There is no special relationship between the Company and Nashioka Accounting Office, Institute for Environmental Management Accounting, and Doshisha University at which Eriko Nashioka holds concurrent positions.</p> <p>[Liability limitation agreement]</p> <p>If Eriko Nashioka's election is approved, the Company will enter into an agreement with her to limit her liability as provided for by Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the said Law. The limit of liability for damages under the agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Notification as Independent Officer]</p> <p>If the election of Eriko Nashioka as Outside Audit &amp; Supervisory Board Member is approved, the Company will register her with the Tokyo Stock Exchange as Independent Officer as set forth by the Tokyo Stock Exchange.</p>		

<Reference>

## I . Criteria for Appointment of Outside Officers and for Judgment of Independence of the Company

[Criteria for Appointment of Outside Officers]

1. Such person has excellent personality, high ethical standards and is physically and mentally fit.
2. Such person has high level of expertise and abundant experience in areas such as business management, corporate management, legal affairs and accounting.
3. Such person can secure sufficient time to attend board meetings, etc. and is qualified to perform his/her duties.
4. Such person satisfies statutory eligibility requirements for Outside Officer.

[Criteria for Judgment of Independence]

Outside Officers to whom none of the following conditions applies can be “Independent Officers.”

1. Person who performs or has performed duties of the Group
2. Person who performs duties of a major business partner of the Group (customer or supplier whose transaction amount exceeds 1% of the annual consolidated sales in the latest business period) or its parent company or important subsidiary
3. Person who performs duties of a financial institution which is essential to the Group’s funding and cannot be replaced and on which the Group relies, or other major creditor or its parent company or important subsidiary
4. Consultant, accountant, tax accountant or lawyer who earns money or other assets over 10 million yen (average of the past three years) in a year from the Group other than director’s remuneration
5. Member of the audit firm which performs an accounting audit of the Group or staff who has been directly engaged in audit of the Group
6. Person who performs duties of a major shareholder, a major shareholder organization or its group whose shareholding ratio is more than 10% in the Company’s latest shareholder registry
7. Person who satisfied conditions 2 through 5 above in the past three years or a partner/relative within the second degree of kinship of a person listed in 1 through 6 above

## II . Composition of Officers [Management System (Planned) after the Approval of Agenda Items No. 1 and No. 2]

	Name	Independence	Knowledge and experience particularly expected by the Company						
			Corporate management	Management strategy	Knowledge about the Company’s business	Production technology / research and development	Finance, accounting and tax practice / finance	Legal affairs / risk management	Overseas posting experience
Director	Kunio Shikata		●	●	●				
	Hajimu Yoshimura		●	●	●	●			●
	Masaki Fujiwara		●	●	●		●		●
	Hiroshi Sakagami			●	●	●			
	Akira Uno	●	●				●		
	Koichi Ina	●	●			●			
Audit & Supervisory Board Members	Ichiro Kitano				●	●			●
	Kazuhiro Egawa	●	●					●	
	Eriko Nashioka	●	●				●		