

*This English translation is made for reference purposes only, and in the event of any discrepancies between the English version and the Japanese version, the Japanese version prevails.*

Securities Code: 5988

June 1, 2021

To Our Shareholders:

51 Iwai-cho, Hodogaya-ku,  
Yokohama-shi, Kanagawa

**Piolax, Inc.**

Yukihiko Shimazu, President

## **Notice of the 105th Annual Meeting of Shareholders**

The Company would hereby like to inform you that the Company's 105th Annual Meeting of Shareholders will be held as described below.

**You may exercise your voting rights in writing or via the Internet, etc. In the interest of preventing the spread of COVID-19 infections, we kindly request you to read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights no later than the close of business at 5:30 p.m., Monday, June 21, 2021, following the instructions below, and to refrain from attending this year's Annual Meeting of Shareholders in person if possible.**

**If there is any major change to the operation of the Annual Meeting of Shareholders, depending on the situation in the future, we will give notification thereof on the Company's website below.**

- Company's website (<https://www.piolax.co.jp/en/>)

Sincerely yours,

Notice regarding our countermeasures against COVID-19

We sincerely ask all shareholders attending the Annual Meeting of Shareholders to consider their infection status regarding COVID-19 and their health condition on the day of the meeting, and to take preventive measures such as wearing a mask when coming to the venue. Please also understand that our officers and staff will wear masks and take measures that are necessary to prevent the spread of COVID-19 at the venue of the Annual Meeting of Shareholders (e.g. ask our shareholders to wear masks, take our shareholders' temperature, regulate admissions to ensure social distancing among our shareholders, ask our shareholders who have symptoms such as fever and cough not to attend the meeting, and shorten the hours of the meeting).

1. **Date:** 10:00 a.m., Tuesday, June 22, 2021  
(Reception start: 9:00 a.m.)
2. **Venue:** Large Meeting Room, 7F West Tower, Yokohama Business Park  
134 Godo-cho, Hodogaya-ku, Yokohama-shi, Kanagawa
3. **Purposes:**
  - Items 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 Audit and Supervisory Committee for the 105th business period (April 1, 2020 to March 31, 2021)
    2. The Non-Consolidated Financial Statements for the 105th business period (April 1, 2020 to March 31, 2021)
  - Items to be resolved:**
    - Agenda No. 1:** Appropriation of Retained Earnings
    - Agenda No. 2:** Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)
4. **Information on exercise of voting rights, etc.** Please see Information on Exercise of Voting Rights, etc. listed on Page 4.

- When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue. Please also bring this notice to the meeting with you to help us preserve resources.
- The following matters that are required to be attached to the Notice of the Annual Meeting of Shareholders are reported on the Company's website (<https://www.piolax.co.jp/en/>) in accordance with the provisions of laws and regulations and Article 19 of the Articles of Incorporation of the Company, so they are not shown in this notice to the meeting.
  - Notes to Consolidated Financial Statements
  - Notes to Non-Consolidated Financial Statements
- Consolidated Financial Statements and Non-Consolidated Financial Statements, which have been audited by the Audit & Supervisory Committee and the Accounting Auditor when preparing the Audit Report and the Accounting Audit Report respectively, include matters that should be presented as these Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements in addition to matters presented in this notice to the meeting.
- If there are any revisions to the Reference Document for the Annual Meeting of Shareholders, the Business Report, and/or the Non-Consolidated and the Consolidated Financial Statements, the revised matters will be listed on the Company's website (<https://www.piolax.co.jp/en/>).

## **Information on exercise of voting rights, etc.**

Voting rights at the Annual Meeting of Shareholders are valuable rights of our shareholders.

We kindly request you to read the following Reference Document for the Annual Meeting of Shareholders and exercise your voting rights.

You may exercise your voting rights by any of the following three methods.

### **If you exercise your voting rights in writing (by mail):**

Please indicate “for” or “against” on each agenda item on the voting form enclosed herewith and return it by mail.

**Voting deadline:** must arrive by 5:30 p.m., Monday, June 21, 2021

### **If you exercise your voting rights via the Internet, etc.:**

Please enter “for” or “against” on each agenda according to the guidance on the following page.

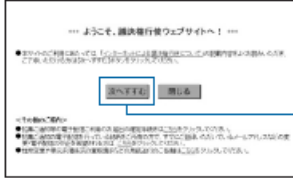
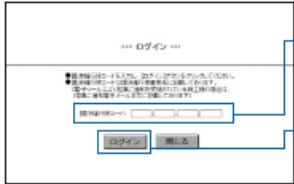
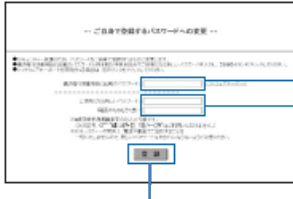
**Voting deadline:** must complete entries by 5:30 p.m., Monday, June 21, 2021

### **If you attend the Annual Meeting of Shareholders:**

Please submit the voting form enclosed herewith to the receptionist at the venue.

**Date:** 10:00 a.m., Tuesday, June 22, 2021 (Reception start: 9:00 a.m.)

## Information on exercise of voting rights via the Internet, etc.

<b>How to enter your voting rights exercise code and password</b>	
Voting right exercise website: <a href="https://www.web54.net">https://www.web54.net</a>	
1. Please access the voting right exercise site.	
	Click “continue to the next.”
2. Please enter your voting rights exercise code listed on the voting form.	
	<p>Enter your voting rights exercise code.</p> <p>Click “Login.”</p>
3. Please enter your password listed on the voting form.	
	<p>Enter your initial password.</p> <p>Set a new password that you will actually use.</p> <p>Click “Register.”</p>
4. Please enter “for” or “against” according to input guidance on the screen for the following.	
*Operation screen images are for illustration purposes only.	
<p>If you have any inquiries about the operation of a personal computer, a smartphone or a cellular phone regarding the exercise of voting rights via the Internet, please contact the number on the right-hand side:</p>	<p>Sumitomo Mitsui Trust Bank, Limited            Stock Transfer Agency Web Support            0120-652-031 (toll free, only in Japan)            (Operating hours: 9:00 a.m. to 9:00 p.m.)</p>

Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

# Reference Document for the Annual Meeting of Shareholders

## Meeting Agenda and Referential Matters

### Agenda No. 1: Appropriation of Retained Earnings

The Company follows the principle of paying a dividend to shareholders upon taking into account performance, financial condition, etc., because the Company regards appropriately returning profits to shareholders to be the most important management policy based on its fundamental philosophy of maintaining stable dividends. The year-end dividend and other appropriations of retained earnings for the 105th business period are stated below.

#### 1. Year-end Dividend

- (1) Type in which dividends are paid

Cash payment

- (2) Allocation of dividends and total amount of dividends

The Company would like to disburse 25.0 yen per common share of the Company.

In this case, the total amount of dividends shall be 905,134,450 yen.

As a result, the dividends on an annual basis will be 35 yen per share including the interim dividends of 10.0 yen per share.

- (3) Effective date on which dividends are disbursed from retained earnings

June 23, 2021

#### 2. Other appropriations of retained earnings

- (1) Account title and amount of increase in retained earnings

General reserve	2,600,000,000 yen
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- (2) Account title and amount of decrease in retained earnings

Retained earnings brought forward	2,600,000,000 yen
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**Agenda No. 2: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)**

The term of office of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same applies in this agenda) will expire upon conclusion of this Annual Meeting of Shareholders. Accordingly, the Company hereby proposes the election of six (6) Directors.

With respect to the agenda item, the Audit and Supervisory Committee of the Company deems all candidates to be appropriate as Directors of the Company.


The candidates for Directors are as follows.


Candidate No.	Name	Current position and responsibility, etc.	Attributes
1	Yukihiko Shimazu	President and Representative Director President Executive Officer Chairman of the Board of Directors CEO, Piolax (China) Co., Ltd.	Re-election
2	Michio Nagamine	Senior Managing Director Senior Managing Executive Officer Supervision of Planning and Administration Department, Information Technology Department, and affiliated companies	Re-election
3	Toru Suzuki	Director Senior Executive Officer Supervision of Sales Department and Purchasing Department Executive Officer, Sales SBU	Re-election
4	Harumitsu Sugiyama	Director Senior Executive Officer Supervision of Design Department General Manager, Design Department Executive Officer, Fuel Parts SBU	Re-election
5	Shigeru Masuda	Director Senior Executive Officer Supervision of Production and Logistics Department and Quality Assurance Department Executive Officer, Fasteners SBU	Re-election
6	Toru Oka	Director External Director, Ishizaki Honten Company, Limited	Re-election External Independent

Re-election The candidates for Directors to be re-elected


External The candidate for External Director


Independent Independent Director in conformity with the regulation of the Stock Exchange


Candidate No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent positions)	Number of the Company's shares owned	Attendance at the Board of Directors meetings
1	 <p data-bbox="357 674 571 768">Yukihiko Shimazu (September 10, 1957)</p> <p data-bbox="400 775 528 804"><b>Re-election</b></p>	<p data-bbox="603 315 1134 344">March 1981    Joined Piolax, Inc.</p> <p data-bbox="603 351 1134 412">July 1999    General Manager, Overseas Sales Department, Piolax, Inc.</p> <p data-bbox="603 418 1091 448">August 2001    President, Piolax Corporation</p> <p data-bbox="603 454 999 483">June 2005    Director, Piolax, Inc.</p> <p data-bbox="603 490 1134 618">June 2006    Director Executive Officer, Sales SBU General Manager, Overseas Sales Department, Piolax, Inc.</p> <p data-bbox="603 624 1083 685">April 2010    President and Representative Director, Piolax, Inc.</p> <p data-bbox="603 692 1142 786">June 2016    <b>President and Representative Director, President Executive Officer, Piolax, Inc. (incumbent)</b></p> <p data-bbox="603 792 987 927">(Responsibility) Chairman of the Board of Directors (Significant concurrent positions) CEO, Piolax (China) Co., Ltd.</p>	<p data-bbox="1206 427 1286 456">54,753</p> <p data-bbox="1187 495 1305 837">(Of the above shares, the number of those to be issued under the share-based compensation system) 7,653</p>	<p data-bbox="1362 618 1426 647">19/19</p>
<p data-bbox="352 958 940 987"><b>Reason for the election of Director and Expected Role</b></p> <p data-bbox="352 994 1449 1173">Mr. Yukihiko Shimazu has served as President and Representative Director of the Company since April 2010 up to the present and has expressed an excellent leadership for our domestic and overseas Company group under the slogan, "ONE PIOLAX," toward growth. He had undertaken the role of President of the U.S. subsidiary of the Company from August 2001 to May 2006, and currently has the concurrent position of CEO (Chairman) of Chinese-based general subsidiary of the Company, thus having made contributions to transforming the Company as a global entity.</p> <p data-bbox="352 1180 1449 1326">The Company expects that Mr. Shimazu would continue to make use of his abundant experience, considerable insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</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	Attendance at the Board of Directors meetings
2	 <p>Michio Nagamine (March 15, 1957) <u>Re-election</u></p>	<p>April 1979    Joined Japan Development Bank (current Development Bank of Japan Inc.)</p> <p>June 2003    General Manager, Information Resources Department, Development Bank of Japan Inc.</p> <p>June 2007    Advisor, Piolax, Inc.</p> <p>July 2007    Advisor General Manager, ERP Promotion Department, Piolax, Inc.</p> <p>April 2008    Advisor General Manager, Purchasing Department, Piolax, Inc.</p> <p>June 2008    Director General Manager, Purchasing Department, Piolax, Inc.</p> <p>June 2012    Director General Manager, HR Office, Piolax, Inc.</p> <p>April 2013    Managing Director General Manager, HR Office, Piolax, Inc.</p> <p>April 2015    Managing Director, Piolax, Inc.</p> <p>June 2016    Managing Director, Managing Executive Officer, Piolax, Inc.</p> <p>June 2019    <b>Senior Managing Director, Senior Managing Executive Officer, Piolax, Inc. (incumbent)</b></p> <p>(Responsibility) Supervision of Planning and Administration Department, Information Technology Department, and affiliated companies</p>	<p>4,998</p> <p>(Of the above shares, the number of those to be issued under the share-based compensation system)</p> <p>4,998</p>	<p>19/19</p>
<p><b>Reason for the election of Director and Expected Role</b></p> <p>Mr. Michio Nagamine served as Managing Director of the Company from April 2013 through June 2019 and contributed to the growth of the Company by undertaking roles as General Manager responsible for Planning and Administration, Purchasing, and Information Technology Departments, as well as operations of the affiliates of the Company”, and has expressed an excellent leadership for the Company group as Senior Managing Director since June 2019. He has gained considerable knowledge and insight in IT and finance fields through managerial jobs including the management of Development Bank of Japan Inc. prior to joining the Company in June 2007.</p> <p>The Company expects that Mr. Nagamine would continue to make use of his abundant experience, sufficient insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</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	Attendance at the Board of Directors meetings
3	 <p>Toru Suzuki (March 1, 1962) <b>Re-election</b></p>	<p>March 1985 Joined Piolax, Inc. December 2001 President, P.S.T. Inc. April 2005 Manager, Moka Plant, Piolax, Inc. June 2008 Manager, Moka Plant, Piolax, Inc. President, P.M.T. Inc. June 2010 Executive Officer Manager, Fuji Plant, Piolax, Inc. President, P.M.T. Inc. June 2011 Managing Executive Officer Director Manager, Fuji Plant, Piolax, Inc. January 2014 Managing Executive Officer Director, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. June 2016 Senior Executive Officer, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. January 2019 Senior Executive Officer, Piolax, Inc. President, Dongguan Piolax Co., Ltd. President, Wuhan Piolax Co., Ltd. President, Shanghai Piolax Co., Ltd. June 2019 <b>Director</b> <b>Senior Executive Officer</b> <b>Executive Officer, Sales SBU,</b> <b>Piolax, Inc. (incumbent)</b></p> <p>(Responsibility) Supervision of Sales Department and Purchasing Department Executive Officer, Sales SBU</p>	<p>12,056</p> <p>(Of the above shares, the number of those to be issued under the share-based compensation system) 956</p>	19/19
<p><b>Reason for the election of Director and Expected Role</b></p> <p>Mr. Toru Suzuki became Executive Officer of the Company in June 2010, and Director and the head of production, logistics and quality assurance in June 2011. In January 2014, he assumed the position of president of the subsidiary in China and then became Senior Executive Officer of the Company in conjunction with the Company's transition to a company with an audit and supervisory committee in June 2016. In January 2019, he assumed the office of president of the Chinese-based general subsidiary and had extensive knowledge of China as the world's largest automobile market. Since June 2019, he has served as Director of the Company and contributed to the growth of the Company by undertaking roles as Supervision responsible for Sales and Purchasing Departments. From December 2001 to March 2005, he served as president of P.S.T. Inc., a subsidiary specializing in presswork, and from June 2008 to May 2011, he assumed the position of president of P.M.T. Inc., a subsidiary specializing in metal-mold production. Through various positions including the above, he has been working on improving the corporate characteristics of the subsidiaries of the Company.</p> <p>The Company expects that Mr. Suzuki would make use of his abundant experience, sufficient insight and extensive networks cultivated over the years for contributing to the decision-making at meetings of the Board of Directors and bringing benefits for business development on a global scale and the improvement of corporate value. Accordingly, the Company proposes that he be a candidate for Director.</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	Attendance at the Board of Directors meetings
4	 <p>Harumitsu Sugiyama (May 28, 1957) <u>Re-election</u></p>	<p>March 1980    Joined Piolax, Inc.  October 2003    Group Leader, Development Group, Fuel Parts SBU, Piolax, Inc.  October 2011    Executive Officer  Executive Officer, Fuel Parts SBU, Piolax, Inc.  June 2017        Senior Executive Officer  General Manager, Design Department  Executive officer, Fuel Parts SBU, Piolax, Inc.  August 2020    <b>Director</b>  <b>Senior Executive Officer</b>  <b>General Manager, Design Department</b>  <b>Executive officer, Fuel Parts SBU, Piolax, Inc. (incumbent)</b></p> <p>(Responsibility)  Supervision of Design Department    General Manager, Design Department    Executive officer, Fuel Parts SBU</p>	<p>17,300   (Of the above shares, the number of those to be issued under the share-based compensation system)  0</p>	<p>13/13</p>
<p>Reason for the election of Director and Expected Role</p> <p>Mr. Harumitsu Sugiyama has served as the Company's Fuel Parts SBU Executive Officer since October 2011, engaging in the development of new parts as the leading figure involved in fuel system parts within the Company. He also has held the positions of Senior Executive Officer and General Manager of the Design Department since June 2017 and has served as Director of the Company and Fuel Parts SBU Executive Officer, as well as General Manager of the Design Department, since August 2020, and has contributed to the development of the Company group as the person in charge of the design department.</p> <p>The Company expects that Mr. Sugiyama would make use of his abundant experience, sufficient insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</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	Attendance at the Board of Directors meetings
5	 <p>Shigeru Masuda (August 12, 1963) <u>Re-election</u></p>	<p>March 1987    Joined Piolax, Inc.</p> <p>April 2004    General Manager, Production Engineering Department, Piolax, Inc.</p> <p>April 2006    Group Leader, Production Group, Fuel Parts SBU, Piolax, Inc.</p> <p>June 2010    Group Leader, Production Group, Fasteners SBU Manager, Moka Plant, Piolax, Inc.</p> <p>June 2011    Executive Officer Executive Officer, Open/Close Mechanism Parts SBU, Piolax, Inc.</p> <p>January 2014    Executive Officer Executive Officer, Open/Close Mechanism Parts SBU General Manager, Production Engineering Department, Piolax, Inc.</p> <p>June 2016    Senior Executive Officer Executive Officer, Open/Close Mechanism Parts SBU General Manager, Production Engineering Department, Piolax, Inc.</p> <p>June 2018    Senior Executive Officer Executive Officer, Fasteners SBU General Manager, Production Engineering Department, Piolax, Inc.</p> <p>August 2020    <b>Director</b> <b>Senior Executive Officer</b> <b>Executive Officer, Fasteners SBU, Piolax, Inc. (incumbent)</b></p> <p>(Responsibility) Supervision of Production and Logistics Department Supervision of Quality Assurance Department Executive officer, Fasteners SBU</p>	<p>20,500</p> <p>(Of the above shares, the number of those to be issued under the share-based compensation system)</p> <p>0</p>	<p>13/13</p>
<p><b>Reason for the election of Director and Expected Role</b></p> <p>Mr. Shigeru Masuda served as Executive Officer in charge of Open/Close Mechanism Parts SBU from June 2011, has held the positions of Senior Executive Officer and Fasteners SBU Executive Officer, as well as General Manager of the Production Engineering Department, since June 2018, and has been a Director of the Company since August 2020, thereby contributing to the development of the Company group as Fasteners SBU Executive Officer and the person in charge of the production and distribution department and the quality assurance department.</p> <p>The Company expects that Mr. Masuda would make use of his abundant experience, sufficient insight and extensive networks gained over the years for contributing to decision-making of the Board of Directors, and bringing benefits for business development on a global scale as well as improvement in corporate value of the Company. Accordingly, the Company proposes that he be a candidate for Director.</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	Attendance at the Board of Directors meetings
6	 Toru Oka (February 26, 1950) <u>Re-election</u> <u>External</u> <u>Independent</u>	April 1972    Joined Toyo Kogyo Co., Ltd. (current Mazda Motor Corporation) April 1986    US manufacturing subsidiary of Mazda April 1992    Purchasing Division, Mazda Motor Corporation April 1997    General Manager, Parts Purchasing Dept. No. 1, Purchasing Division, Mazda Motor Corporation June 2002    Executive Officer, Mazda Motor Corporation April 2004    Executive Officer General Manager, Purchasing Division, Mazda Motor Corporation April 2006    Managing Executive Officer, Mazda Motor Corporation June 2010    President & Representative Director, DaikyoNishikawa Corporation June 2015    Director and Senior Adviser, DaikyoNishikawa Corporation August 2016 <b>External Director, Ishizaki                              Honten Company, Limited                              (incumbent)</b> March 2018    Retired DaikyoNishikawa Corporation June 2018 <b>External Director, Piolax, Inc.                              (incumbent)</b> (Significant concurrent positions) External Director, Ishizaki Honten Company, Limited	1,000	19/19
<p>Reason for the election of External Director and Expected Role</p> <p>During the period from June 2010 to June 2015, Mr. Toru Oka served as President &amp; Representative Director of DaikyoNishikawa Corporation and has served in the managerial role of External Director of Ishizaki Honten Company, Limited from August 2016 to the present. He also has been External Director of the Company since June 2018 to the present. Additionally, he gained experience in the U.S. when he worked at Mazda Motor Corporation and accumulated extensive experience, knowledge, and insight into the Automotive industry in Japan and overseas.</p> <p>The Company expects that Mr. Oka will continue making use of his abundant experience, considerable insight, and extensive networks gained over the years to contribute to decision-making at the Board of Directors and bringing benefits for business development on a global scale and improvement in corporate value. Simultaneously, he satisfies the independence criteria as External Director of the Company. Accordingly, the Company proposes that he be a candidate for External Director.</p>				

Notes:

1. Attendance at the Board of Directors meetings of each candidate does not include written resolutions.
2. There are no special conflicts of interests between the candidates and the Company.
3. Mr. Toru Oka is the candidate for External Director.
4. Mr. Toru Oka currently serves as External Director of the Company. The Director will have held office for three (3) years at the closing time of this Annual Meeting of Shareholders.
5. The Company has entered into a contract with Mr. Toru Oka to limit the liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act in accordance with the provision of Article 427, Paragraph 1 thereof. The limited amount of liability under such contract is the amount stipulated in laws

and regulations. Provided that the candidate is approved at the re-election of Director, the Company plans to continue such contract.

6. The Company has entered into directors and officers liability insurance with an insurance company based on the provisions of Article 430-3, paragraph 1 of the Companies Act to cover damage that the insured, including Directors of the Company and eligible subsidiaries, may be liable for. (However, excluding cases that were caused by intention and grave negligence.) The Company is responsible for paying the premium in full, and the insured are effectively not subject to payment. Provided that each candidate is elected and takes office, they will become insured. The Company plans to renew the insurance with the same terms and conditions before it expires.
7. The Company designated Mr. Toru Oka as Independent Director in conformity with the regulation of the Tokyo Stock Exchange, Inc. Provided that he is approved at the re-election of Director, he will continue to be Independent Director.

[Reference]

### **Basic policy for election of candidates for Director**

The Company, following the slogan of “Pioneer in Creating Elasticity”, aspires to be a development/creation-oriented enterprise that makes great use of the “elasticity” of raw materials as the core technology in the automotive, medical, life-related, and other industries. Having already expanded into the global market centering on the U.S. and Asia, the Company sets an eye on the new movements of the automotive industry represented by “CASE,” and is determined to aggressively deepen and expand its business domain and aims at the sustainable growth and the medium to long-term enhancement of corporate value through incorporating “ESG” into its corporate management. Based on this basic policy, the Company has set forth the election criteria for candidates for Director.

### **Procedure for election of candidates for Director**

In appointing candidates for Director, the Nomination and Remuneration Advisory Committee will make a proposal to the Board of Directors, and the Board of Directors will deliberate, decide on the proposal of the Nomination and Remuneration Advisory Committee, and submit an agenda item for election of Directors to a general meeting of shareholders.

### **Independence criteria for External Director**

The Company has formulated the “independence criteria for External Director” and will select Independent Directors who do not fall under any of the following items to lack independence.

- (1) Any person who currently belongs or at any point in the past has belonged to the Company, subsidiaries, and affiliates as one who executes business
- (2) Any person who currently belongs to an organization, such as a corporation of which the Company is a main shareholder, as one who executes business
- (3) Any person who currently belongs to an organization, such as a corporation of which the Company is a main shareholder or one that is a main shareholder of the Company, as one who executes business
- (4) Any person who currently is a main business partner of the Company or to whom the Company is a main business partner (in the case of an organization, such as corporations, any person who currently belongs to that organization and executes business.)
- (5) Any person who currently is a main lender or an important creditor to the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization and executes business.)
- (6) Any person who currently is the accounting auditor of the Company or a certified public accountant who is the accounting advisor to the Company or currently belongs to the accounting firm of the Company
- (7) Any person who currently receives a large amount of compensation through providing legal, financial, tax and other professional services or consulting to the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization)
- (8) Any person who currently receives a large amount of donations from the Company (in the case of an organization, such as corporations, any person who currently belongs to that organization)
- (9) Any person who has been External Director whose number of years in office exceeds the period stipulated by the Company
- (10) Any person who falls under any of (2) to (8) above in the past five years.
- (11) Any person who has a special reason that may be judged as likely to cause a conflict of interest with general shareholders, notwithstanding the provisions of the preceding paragraphs.

Notes:

- 1: Main shareholder: A shareholder who has 10% or more of the total voting rights
- 2: Main business partner: A business partner whose transactions with the Company total a monetary amount exceeding 2% or more of the consolidated net sales of the Company
- 3: Main lender (other large creditor): A lender whose lending exceeds 2% or more of the total consolidated assets of the Company (Large creditor)
- 4: Large amount of compensation: A monetary amount exceeding an annual 10 million yen in average in the past three fiscal years.
- 5: Large amount of donations: A monetary amount exceeding an annual 10 million yen in the past fiscal year
- 6: Number of years in office: The tenure for External Director who is not an Audit and Supervisory Committee Member and who is an Audit and Supervisory Committee Member is six years and 12 years, respectively.

[Reference] The structure of the Board of Directors after Agenda No. 2 has been approved

When Agenda No. 2 is approved as it is proposed, the structure of the Board of Directors at the close of the Annual General Meeting of Shareholders will be as below:

	Name	Independence	Gender	Tenure as Director	Position at the Company (Planned)
Re-election	Yukihiko Shimazu		Male	16 years	President and Representative Director
Re-election	Michio Nagamine		Male	13 years	Senior Managing Director
Re-election	Toru Suzuki		Male	7 years	Director
Re-election	Harumitsu Sugiyama		Male	10 months	Director
Re-election	Shigeru Masuda		Male	10 months	Director
Re-election	Toru Oka	Independent Director	Male	3 years	External Director
	Yukio Nagamura		Male	5 years	Director Full-time Audit and Supervisory Committee Member
	Kenichi Asano	Independent Director	Male	5 years	External Director Audit and Supervisory Committee Member
	Sakae Komiyama	Independent Director	Female	10 months	External Director Audit and Supervisory Committee Member

- \*1. The tenure of each Director is described as the total number of years in office regardless of their titles.  
 2. Mr. Kenichi Asano has been an officer of the Company who does not execute business (an Auditor) in the past.