

[Translation: For reference only]

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

## **Sanwa Holdings Corporation**

(Stock Code: 5929)

June 2, 2020

1-1, Nishi-Shinjuku 2-Chome,  
Shinjuku-ku, Tokyo, Japan

Yasushi Takayama  
Representative Director, President

### **Convocation Notice of The 85th Ordinary General Meeting of Shareholders**

To Our Shareholders;

We hereby would like to appreciate your constant and deep consideration to Sanwa Holdings Corporation (the “Company”).

The 85th Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially notified of the Meeting.

**If you cannot attend the Meeting, you may exercise your voting rights either in writing (by mail) or via electronic media (including Internet, etc.) We ask that you please exercise your voting rights no later than 5:15 p.m. on Tuesday, June 23, 2020 after carefully reading the “Reference Materials for Shareholders’ Meeting” shown on page 4 and subsequent pages.**

Recitals

**1. Date and Time:** Wednesday, June 24, 2020 at 10:00 a.m.  
(Reception begins at 9:00 a.m.)

**2. Place:** NS Sky-Conference Room 1, Shinjuku NS Building, 30th floor  
4-1, Nishi-Shinjuku 2-Chome, Shinjuku-ku, Tokyo

**3. Agenda of the Meeting:**

**Matters to be Reported:**

1. Report on the Business Report, the Consolidated Financial Statements, and the Audit Reports of the Accounting Auditor and the Audit and Supervisory Committee on the Consolidated Financial Statements, for the 85th Term (from April 1, 2019 to March 31, 2020).
2. Report on the Non-Consolidated Financial Statements for the 85th Term (from April 1, 2019 to March 31, 2020).

**Matter to be Resolved:**

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal 3: Election of Three Directors Serving as Audit and Supervisory Committee Members
- Proposal 4: Election of One Director Serving as Substitute Audit and Supervisory Committee Member

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- Upon attending the Meeting, please present the enclosed Form for Exercise of Voting Rights to the receptionist. Additionally, to conserve resources, please bring this “Notice” with you.
  - When the need arises to amend “Reference Materials for Shareholders’ Meeting,” “Business Report,” “Consolidated Financial Statements,” or “Non-Consolidated Financial Statements,” such amendments will be announced on the Company’s website at <https://www.sanwa-hldgs.co.jp/>.

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### **How to Exercise Voting Rights**

**[Exercise of voting rights in writing (by mail)]**

**You are kindly asked to send us via return mail the enclosed Form for Exercise of Voting Rights after indicating your approval or disapproval of the Proposals to arrive no later than 5:15 p.m. on Tuesday, June 23, 2020.**

**[Exercise of voting rights via electronic media (including Internet, etc.)]**

**You are kindly asked to exercise your voting rights no later than 5:15 p.m. on Tuesday, June 23, 2020 by accessing the website for exercising voting rights below.**

**Website for Exercising Voting Rights**

**<https://evote.tr.mufg.jp/>**

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## Reference Materials for Shareholders' Meeting

### Proposals and Reference Materials

#### Proposal 1: Appropriation of Surplus

It is proposed that surplus to be appropriated as follows.

#### Matters related to term-end dividends

It is the Company's basic policy to provide dividend payments in line with consolidated performance and to keep stable payout ratio in order to further pursue corporate management to increase the corporate value while improving the business structure and strengthening the management base. Concretely, dividend payments of the profit attributable to owners of parent for the term are aimed to be 35% as payout ratio.

By giving consideration to the business performance for the year under review and future business development, among others, the term-end dividend for the 85th fiscal term is proposed to be ¥17 per share, as detailed below.

- (1) Type of dividend assets  
Cash
- (2) Items relating to the allocation of dividend assets to shareholders and its total amount  
¥17 per share of common stock      Total ¥3,754,376,152  
(¥34 per annum adding paid interim dividend ¥17 per share)
- (3) Effective date of payment of dividend from surplus  
June 25, 2020

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**Proposal 2:** Election of Six Directors (excluding Directors serving as Audit and Supervisory Committee Members)

At the close of this shareholders' meeting, six Directors (excluding Directors serving as Audit and Supervisory Committee Members) will resign due to the expiration of their terms of office.

We therefore propose the election of six Directors (excluding Directors serving as Audit and Supervisory Committee Members).

Furthermore, the Audit and Supervisory Committee considered this proposal and believes every candidate is appropriate to be a Director of the Company.

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

Candidate No.		Name	Position in the Company	
1	Male	Toshitaka Takayama	Director, Chairman	Reelection
2	Male	Yasushi Takayama	Representative Director, President	Reelection
3	Male	Hiroatsu Fujisawa	Director, Senior Managing Executive Officer	Reelection
4	Male	Hiroyuki Yamazaki	Senior Executive Officer	New election
5	Male	Meiji Takayama	Director	Reelection
6	Male	Masanaka Yokota	–	New election Outside Independent

Reelection: candidate for Director to be reelected, New election: candidate for Director to be newly elected, Outside: candidate for outside Director, Independent: independent officer as provided for by the securities exchange





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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned	
3	 Hiroatsu Fujisawa (March 4, 1953) Male  Reelection	April 2003 President and CEO, Marubeni-Itochu Steel America Inc. April 2009 Representative Director and President, DRESSER JAPAN, LTD. November 2012 Joined the Company April 2013 Senior Executive Officer April 2013 Responsible for Strategic Re-Engineering Unit <b>June 2014 Director (present post)</b> April 2015 Responsible for Europe Business Unit April 2016 Responsible for Europe and Americas Business Unit  <b>April 2017 Senior Managing Executive Officer (present post)</b> <b>April 2017 Responsible for Global Business Unit (present post)</b> (Important concurrent positions) Director, Overhead Door Corporation Director, Novoferm Germany GmbH. Chairman, Shanghai Baosteel-Sanwa Door Co., Ltd. Chairman, AN-HO METAL INDUSTRIAL CO., LTD. Director, VINA-SANWA COMPANY LIABILITY LTD.	26,100 shares	
		Number of years in office		6 years
		Attendance at Board of Directors meetings		100%
		(Reasons for selecting the candidate) He has mastered his managerial duties as Director since 2014 and contributes to performance as the manager of Global Business Unit. He is capable of supervising and monitoring management from a global perspective, while displaying his ability and knowledge in vital decision-making regarding the Company's businesses. Thus, the Company continues to determine that he is qualified as a Director.		
4	 Hiroyuki Yamazaki (February 3, 1961) Male  New election	April 1983 Joined Sumitomo Corporation April 2016 Representative Director, Executive Vice President, SCSK Corporation September 2017 Joined the Company <b>April 2018 Senior Executive Officer (present post)</b> Subleader of Corporate Planning Unit (Concurrent) General Manager of Corporate Planning Dept.  <b>April 2020 Responsible for Corporate Planning Unit (present post)</b> (Important concurrent positions) Director, Overhead Door Corporation Director, Novoferm Germany GmbH.	2,300 shares	
		Number of years in office		–
		Attendance at Board of Directors meetings		–
		(Reasons for selecting the candidate) He has experience and achievements as a corporate manager. As the subleader of the Corporate Planning Unit from 2018, and then as the person responsible for the Corporate Planning Unit from 2020, he has formulated and promoted the Group's management strategy. Thus, the Company has determined that he is qualified as a Director based on his achievements and experience, which have contributed to enhancing the corporate value of the Company.		

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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned	
5	 Meiji Takayama (August 27, 1973) Male  Reelection	October 2006	Joined the Company	88,338 shares
		April 2009	General Manager of Sales Promotion Dept., Building Business Div., Sanwa Shutter Corporation	
		April 2010	Executive Officer, Sanwa Shutter Corporation General Manager of Corporate Sales Dept., Building Materials Div., Sanwa Shutter Corporation	
		April 2011	Director, Sanwa Shutter Corporation	
		April 2011	Senior Executive Officer Head of Building Materials Div., Sanwa Shutter Corporation	
		April 2012	Senior Managing Executive Officer Head of Building Materials Div., Sanwa Shutter Corporation	
		April 2013	Senior Managing Executive Officer Head of Sales Development Div., Sanwa Shutter Corporation	
		April 2014	Senior Managing Executive Officer Head of Business Strategy Div., Sanwa Shutter Corporation	
		April 2016	Representative Director, Sanwa Shutter Corporation	
		April 2016	Executive Officer, Vice President and Deputy President, Sanwa Shutter Corporation	
	<b>April 2017</b>	<b>Representative Director, President, Sanwa Shutter Corporation (present post)</b>		
	<b>April 2017</b>	<b>Chief Executive Officer, Sanwa Shutter Corporation (present post)</b>		
	<b>June 2017</b>	<b>Director (present post)</b> (Important concurrent positions) Representative Director, President and Chief Executive Officer, Sanwa Shutter Corporation		
	Number of years in office	3 years		
	Attendance at Board of Directors meetings	100%		
(Reasons for selecting the candidate) As Director since 2017, he has participated in management, and as Representative Director of Sanwa Shutter Corporation, he has led the domestic group companies in the domestic business with his strong leadership. Thus, the Company continues to determine that he is qualified as a Director based on his achievement and a wealth of experience in the sales divisions.				

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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned
6	 Masanaka Yokota (January 5, 1955) Male  New election Outside Independent	June 2003      Director, JMA Consultants Inc. January 2009    President, JMAC China <b>June 2013</b> <b>Managing Director, JMA Consultants Inc.</b> <b>(present post)</b> April 2015      President, JMAC Europe S.p.A (Important concurrent positions) Managing Director, JMA Consultants Inc.	3,000 shares
Number of years in office		–	
Attendance at Board of Directors meetings		–	
(Reasons for selecting the candidate) Since his diagnosis of corporate management in a broad range of industries in Japan and overseas as a consultant, and his achievements and knowledge related to management reform will contribute to enhancing the corporate value of the Company and strengthening the functions of the Board of Directors, the Company has determined that he is qualified as an Outside Director.			

**Notes:**

1. None of the candidates for Director has any special conflict of interest with the Company.
2. Mr. Masanaka Yokota is a candidate for Outside Director. We have submitted to Tokyo Stock Exchange, Inc. an Independent Officer List which states his name as an independent officer. He fulfills the Independence Criteria for the Company's Outside Officers, in addition to the criteria of the Tokyo Stock Exchange.
3. The Company Group has no business relationship with the company where Mr. Masanaka Yokota concurrently serves. Moreover, concerning transactions between the Company Group and the corporate group where he concurrently serves, the average transaction amount for the past three fiscal years was less than 1% of the annual consolidated net sales of each of the groups, and the Company has determined that he has no special conflict of interest with ordinary shareholders.
4. In order to invite skillful persons as Director for enhancement of corporate governance of the Company, in Article 29 of the Articles of Incorporation of the Company, the Company establishes that it may enter into a limited liability agreement with Directors, excluding persons who are Executive Directors, etc. If he is elected, the Company will enter into a limited liability agreement with Mr. Masanaka Yokota such that the liability amount related to Paragraph 1 in Article 423 of the Companies Act shall be limited within the amount of provision by law, in accordance with Paragraph 1 in Article 427 of the same law and Article 29 of the Articles of Incorporation of the Company.
5. Mr. Masanaka Yokota will retire as Managing Director and assume the position of Standing Advisor of JMA Consultants Inc. on June 19.
6. In nominating candidates for Director, candidates are selected based on the standard of having capabilities, knowledge, and experience required for monitoring and supervising corporate management from a global perspective and making important decisions related to business. The

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selection process also gives consideration to ensuring diversity in the Board of Directors, including not only gender and other kinds of diversity, but also foreign Directors as a global company. The Audit and Supervisory Committee examines the candidates before the Board of Directors makes a final decision on the candidates after deliberations.

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**Proposal 3:** Election of Three Directors Serving as Audit and Supervisory Committee Members

At the close of this shareholders' meeting, three Directors serving as Audit and Supervisory Committee Members will resign due to the expiration of their terms of office.

We therefore propose the election of three Directors serving as Audit and Supervisory Committee Members.

Furthermore, the Audit and Supervisory Committee considered this proposal and have consented to it.

The candidates for Director serving as Audit and Supervisory Committee Member are as follows:

Candidate No.		Name	Position in the Company	
1	Male	Teiko Zaima	Director serving as Audit and Supervisory Committee Member	Reelection
2	Male	Tsunekatsu Yonezawa	Director serving as Audit and Supervisory Committee Member	Reelection Outside Independent
3	Male	Akira Gokita	Director serving as Audit and Supervisory Committee Member	Reelection Outside Independent

Reelection: candidate for Director to be reelected, New election: candidate for Director to be newly elected, Outside: candidate for outside Director, Independent: independent officer as provided for by the securities exchange

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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned
1	 <p>Teiko Zaima (May 14, 1952) Male</p> <p>Reelection</p>	<p>March 1975      Joined the Company</p> <p>April 2004      General Manager, Accounting Div.</p> <p>October 2007    General Manager, Accounting Div., Sanwa Shutter Corporation</p> <p>April 2010      Executive Officer, Sanwa Shutter Corporation</p> <p>April 2012      Senior Executive Officer, Sanwa Shutter Corporation</p> <p>April 2015      Standing Advisor</p> <p>June 2015      Corporate Auditor</p> <p><b>June 2016</b>    <b>Director serving as Audit and Supervisory Committee Member (present post)</b> (Important concurrent positions)</p> <p>Part-time Corporate Auditor, Sanwa Shutter Corporation</p> <p>Part-time Corporate Auditor, Suzuki Shutter Corporation</p> <p>Part-time Corporate Auditor, SHOWAFRONT Co., Ltd.</p>	23,400 shares
		Number of years in office	4 years
		Attendance at Board of Directors meetings	100%
<p>(Reasons for selecting the candidate)</p> <p>He has been engaged in accounting and finance business for many years, and possesses a wide range of knowledge about the Company Group's business. As Corporate Auditor since 2015 and as Director serving as Audit and Supervisory Committee Member since 2016, he has displayed his knowledge regarding finance and accounting based on his experience, and thus the Company continues to determine that he is qualified as a Director Serving as Audit and Supervisory Committee Member.</p>			



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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned				
3	 <p>Akira Gokita (September 20, 1947) Male</p> <p>Reelection Outside Independent</p>	<p>April 1978 Assumed the office of Public Prosecutor, Tokyo District Public Prosecutors Office (Criminal Affairs Division and Trial Division)</p> <p>March 1979 Mito District Public Prosecutors Office</p> <p>March 1982 Tokyo District Public Prosecutors Office (Criminal Affairs Division and Special Investigation Division)</p> <p>March 1985 Osaka District Public Prosecutors Office (Special Investigation Division)</p> <p>March 1987 Tokyo District Public Prosecutors Office (Special Investigation Division)</p> <p>March 1988 Retired from Public Prosecutor</p> <p>April 1988 Registered as an attorney at law</p> <p><b>May 1994 Representative, Gokita and Mitsuura Law Office (present post)</b></p> <p><b>June 2010 Outside Director, Ichiyoshi Securities Co., Ltd. (present post)</b></p> <p><b>June 2016 Outside Director serving as Audit and Supervisory Committee Member (present post)</b> (Important concurrent positions) Representative, Gokita and Mitsuura Law Office Outside Director, Ichiyoshi Securities Co., Ltd.</p> <table border="1"> <tr> <td>Number of years in office</td> <td>4 years</td> </tr> <tr> <td>Attendance at Board of Directors meetings</td> <td>90%</td> </tr> </table>	Number of years in office	4 years	Attendance at Board of Directors meetings	90%	
Number of years in office	4 years						
Attendance at Board of Directors meetings	90%						
<p>(Reasons for selecting the candidate)</p> <p>Although he has never been involved in management of a company, except serving as an outside director, he has many years of experience as a public prosecutor and a lawyer. Based on his achievements as Outside Director serving as Audit and Supervisory Committee Member since 2016 in auditing the execution of business at the Company and in providing appropriate advice and suggestions to management by utilizing his wealth of experience and high level of knowledge as a legal specialist, the Company continues to determine that he is qualified as an Outside Director serving as Audit and Supervisory Committee Member.</p>							

**Notes:**

1. None of the candidates for Director serving as Audit and Supervisory Committee Member have any special conflict of interest with the Company.
2. Mr. Tsunekatsu Yonezawa, a candidate for Director, is a candidate for Outside Director. We have submitted to Tokyo Stock Exchange, Inc. an Independent Officer List which states his name as an independent officer. Mr. Tsunekatsu Yonezawa is a former employee of Marubeni-Itochu Steel Inc., with which the Company Group has purchasing transactions for the Company Group's raw materials and sales transactions for the Company Group's products. However, the annual transaction amount between Marubeni-Itochu Steel Inc. Group and the Company Group for the past three fiscal years was less than 1% of the annual consolidated net sales of each of the groups, and he fulfills the Independence Criteria for Outside Officers of the Company Group and the criteria of the Tokyo Stock Exchange as well, so the Company has determined that he has no special conflict of interest with ordinary shareholders.
3. Mr. Tsunekatsu Yonezawa is currently our Outside Director serving as Audit and Supervisory Committee Member. His term of office as an Outside Director will be four years at the close of this shareholders' meeting.

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4. Mr. Akira Gokita, a candidate for Director, is a candidate for Outside Director. We have submitted to Tokyo Stock Exchange, Inc. an Independent Officer List which states his name as an independent officer. He is also a Representative of Gokita and Mitsuura Law Office. The Company had completed a legal advisor agreement with him, but the contract was canceled in December 2015. For the Company's Independence Criteria for Outside Officers, when the person is a specialist in law, etc., the Company holds as a standard that the amount paid for compensation, etc., is less than ¥10 million per annum, but at the time the monthly amount in the legal advisor agreement with Mr. Akira Gokita was ¥100 thousand, (there was no other compensation, etc., aside from the legal advisor agreement). Hence, he fulfills the Company's Independence Criteria for Outside Officers and the criteria of the Tokyo Stock Exchange, and the Company has determined that he has no special conflict of interest with ordinary shareholders
5. Mr. Akira Gokita is currently our Outside Director serving as Audit and Supervisory Committee Member. His term of office as an Outside Director will be four years at the close of this shareholders' meeting.
6. In order to invite skillful persons as Director for enhancement of corporate governance of the Company, in Article 29 of the Articles of Incorporation of the Company, the Company establishes that it may enter into a limited liability agreement with Directors, excluding persons who are Executive Directors, etc. The Company has entered into limited liability agreements with Messrs. Teiko Zaima, Tsunekatsu Yonezawa, and Akira Gokita such that the liability amounts related to Paragraph 1 in Article 423 of the Companies Act shall be limited within the amount of provision by law, in accordance with Paragraph 1 in Article 427 of the same law and Article 29 of the Articles of Incorporation of the Company. In case of their election, the Company will continue similar limited liability agreements with them.

(Reference) Members of the Board of Directors after this shareholders' meeting

If Proposals 2 and 3 are approved as originally proposed, the members of the Board of Directors of the Company shall be as follows, after the meeting of Board of Directors following this shareholders' meeting:

Toshitaka Takayama, Director, Chairman

Yasushi Takayama, Representative Director, President

Hiroatsu Fujisawa, Director

Hiroyuki Yamazaki, Director

Meiji Takayama, Director (Part-time)

Masanaka Yokota, Outside Director

Teiko Zaima, Director (Audit and Supervisory Committee Member)

Tsunekatsu Yonezawa, Outside Director (Audit and Supervisory Committee Member)

Akira Gokita, Outside Director (Audit and Supervisory Committee Member)

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**Proposal 4:** Election of One Director Serving as Substitute Audit and Supervisory Committee Member

The appointment of the present Director serving as Substitute Audit and Supervisory Committee Member is effective until the beginning of this shareholders' meeting.

We, in preparation for the event that the number of Directors serving as Audit and Supervisory Committee Members falls below the limit stipulated in laws and regulations, propose the election of one Director serving as Substitute Audit and Supervisory Committee Member.

Furthermore, the Audit and Supervisory Committee considered this proposal and have consented to it.

The candidate for Director serving as Substitute Audit and Supervisory Committee Member is as follows:

Name (Date of Birth)	Personal History, Positions, Role at the Company, (Important concurrent positions)	Number of the Company's shares owned
 <p>Masanaka Yokota (January 5, 1955) Male</p> <p>New election Outside Independent</p>	<p>June 2003      Director, JMA Consultants Inc.</p> <p>January 2009    President, JMAC China</p> <p><b>June 2013</b>      <b>Managing Director, JMA Consultants Inc.</b> <b>(present post)</b></p> <p>April 2015      President, JMAC Europe S.p.A (Important concurrent positions) Managing Director, JMA Consultants Inc.</p>	3,000 shares
	<p>Number of years in office      –</p>	
	<p>Attendance at Board of Directors meetings      –</p>	
	<p>(Reasons for selecting the candidate) He has experience and knowledge gained from his involvement in corporate management analyses as a management consultant for many years, which he is expected to use to provide appropriate advice from the legal and valid viewpoint in decision-making of the Company's Board of Directors. Thus the Company has determined that he is qualified as an Outside Director serving as Substitute Audit and Supervisory Committee Member.</p>	

**Notes:**

1. Mr. Masanaka Yokota is a candidate for Outside Director serving as Substitute Audit and Supervisory Committee Member.
2. Mr. Masanaka Yokota has no special conflict of interest with the Company.
3. Mr. Masanaka Yokota is a candidate for Outside Director. We have submitted to Tokyo Stock Exchange, Inc. an Independent Officer List which states his name as an independent officer. He fulfills the Independence Criteria for the Company's Outside Officers, in addition to the criteria of the Tokyo Stock Exchange.
4. The Company Group has no business relationship with the company where Mr. Masanaka Yokota concurrently serves. Moreover, concerning transactions between the Company Group and the corporate group where he concurrently serves, the average transaction amount for the past three fiscal years was less than 1% of the annual consolidated net sales of each of the groups, and the Company has

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determined that he has no special conflict of interest with ordinary shareholders.

5. Mr. Masanaka Yokota, a candidate for Director serving as Substitute Audit and Supervisory Committee Member is also a candidate for Outside Director in Proposal 2. “Election of Six Directors (excluding Directors serving as Audit and Supervisory Committee Members).”
6. In order to invite skillful persons as Director for enhancement of corporate governance of the Company, in Article 29 of the Articles of Incorporation of the Company, the Company establishes that it may enter into a limited liability agreement with Directors, excluding persons who are Executive Directors, etc. If he is elected, the Company will enter into a limited liability agreement with Mr. Masanaka Yokota such that the liability amount related to Paragraph 1 in Article 423 of the Companies Act shall be limited within the amount of provision by law, in accordance with Paragraph 1 in Article 427 of the same law and Article 29 of the Articles of Incorporation of the Company.
7. Mr. Masanaka Yokota will retire as Managing Director and assume the position of Standing Advisor of JMA Consultants Inc. on June 19

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With regards to the candidates for Outside Director in Proposal 2, Proposal 3 and Proposal 4, they meet the requirements stipulated in the Company's "Independence Criteria for Outside Officers" below.

### Independence Criteria for Outside Officers

Sanwa Holdings Corporation (hereinafter referred to as the "Company") stipulates the independence criteria for Outside Officers (Outside Directors) as follows, and in the event that an Outside Officer does not fall under any of the following items, the Outside Officer possesses independence from the Company, and it is determined that no conflict of interest with general shareholders will arise.

- 1) A party who is or was executive director, corporate officer, or other staff member or employee (referred to collectively below as "Business Executive") in the Company Group (\*1).
- 2) A party who holds the Company Group to be a major trading partner (\*2), or a Business Executive thereof.
- 3) A party who is a major transaction partner (\*3) of the Company Group, or a Business Executive thereof.
- 4) A consultant, certified public accountant, or legal specialist who is receiving large amounts of money or other assets (\*4), excluding Director compensation, from the Company Group (In the case that the party receiving said assets is an organization such as a corporation or association, then persons who belong to the organization in question).
- 5) Persons belonging to an auditing firm that conducts legal audits of the Company Group.
- 6) Parties who receive donations or grants (\*5) that exceed a certain amount from the Company Group (in the event that the party receiving the donations or grants in question is an organization such as a corporation or association, a Business Executive in the organization in question).
- 7) A major financial institution (\*6) that is a lender of the Company Group, or a Business Executive in its parent company or subsidiary.
- 8) A major shareholder (\*7) of the Company Group, or in the event that said major shareholder is a corporation, a Business Executive at the corporation in question.
- 9) Persons who have fallen under items 2) through 8) above within the past three years.
- 10) Close relations, etc., (\*9) of persons falling under 1) through 9) above (restricted to parties in an important position (\*8))
- 11) Even in the event that a person falls under 1) through 10) above, in light of the person's character, acumen, etc., with regard to persons who have been determined to have independence, it is possible that they will become an independent officer of the Company if, at the time of Outside Officer election, the reasons for which are explained and revealed.

\*1 The Company Group refers to the Company and associated companies (subsidiaries and affiliate companies).

\*2 Major transaction partners of the Company refer to a transaction partner group that provides products or services to the Company Group (refers to direct transaction partners, their parent companies and subsidiaries, and corporate groups that consist of the subsidiaries of the parent companies in question. The same applies below), and the average transaction amount for the past three fiscal years exceeds 2% of the group in question's annual consolidated net sales.

\*3 A major transaction partner of the Company Group refers to a transaction partner group that is provided products or services by the Company Group, and where the average transaction value of the past three fiscal years exceeds 2% of the Company Group's annual consolidated net sales.

\*4 A large amount of money or other assets refers to an amount of money or benefit from other assets that exceeds ¥10 million per annum in the past business year, excluding officer compensation.

\*5 Donations or grants that exceed a certain amount refer to donations or grants that exceed ¥10 million per annum on average for the past three business years, or 2% of the other party's gross income for the most recent business year, whichever is greater.

\*6 A major financial institution refers to a financial institution in which the total amount lent at the end of the most recent business year exceeds 2% of the Company's consolidated assets.

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- \*7 A major shareholder refers to a shareholder that possesses a ratio of 10% or more of voting rights (includes both direct possession and indirect possession).
- \*8 A party in an important position refers to a director (excluding outside directors), executive officer, corporate officer, or employees that are high-level executives of general manager level or above, as well as persons belonging to auditing firms or accounting firms, including certified public accountants, persons belonging to legal firms, including lawyers, persons who belong to corporations such as foundations, incorporated associations, educational corporations, including administrators such as councilors, administration officers, and auditor-secretaries, and persons that could objectively and reasonably be judged to hold equivalent important positions.
- \*9 Close relation refers to a spouse and relatives within two degrees of kinship.