

[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)

May 31, 2021

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

Yasushi Takayama
Representative Director, President

Convocation Notice of The 86th 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 86th Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially notified of the Meeting.

Please note that because of continuing concern over the spread of the novel coronavirus, the Meeting will be held with counter-infection measures put in place. In order to prevent the spread of the virus, you are strongly urged to consider refraining from attending the Meeting, and to instead 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 Monday, June 21, 2021.

Recitals

1. Date and Time: Tuesday, June 22, 2021 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 86th Term (from April 1, 2020 to March 31, 2021).
2. Report on the Non-Consolidated Financial Statements for the 86th Term (from April 1, 2020 to March 31, 2021).

Matters 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: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors and Directors Serving as Audit and Supervisory Committee Members) and Revision of Directors' Compensation Amount

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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 General Meeting of Shareholders," "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 Monday, June 21, 2021.

[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 Monday, June 21, 2021 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 General Meeting of Shareholders

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 the parent company for the term are aimed to be 35% as payout ratio.

By giving consideration to business performance and future business development, among others, the term-end dividend for the fiscal year under review 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 ¥3,755,168,641

(¥34 per annum adding paid interim dividend ¥17 per share)

(3) Effective date of payment of dividend from surplus

June 23, 2021

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Proposal 2: Election of Six Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

At the close of the Meeting, all six Directors (excluding Directors serving as Audit and Supervisory Committee Members; the same shall apply throughout this proposal) will resign due to the expiration of their terms of office.

We therefore propose the election of six Directors.

For this proposal, the Audit and Supervisory Committee of the Company has determined that every candidate is appropriate to be a Director of the Company.

The candidates for Director are as follows:


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

Reelection: candidate for Director to be reelected


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 in the Company (Important concurrent positions)	Number of the Company's shares owned
2	 Yasushi Takayama (February 3, 1971) Reelection	October 2006 Joined the Company April 2008 General Manager of TCR Div. April 2009 General Manager of Structural Reform Div. April 2010 Director, Senior Executive Officer, Sanwa Shutter Corporation April 2010 Responsible for Group Function, Sanwa Shutter Corporation April 2011 Senior Executive Officer April 2011 Assistant Director of Overseas Business April 2012 Senior Managing Executive Officer April 2012 Responsible for Corporate Planning June 2012 Director April 2016 Executive Officer, Vice President April 2016 Deputy President April 2017 COO April 2017 Representative Director, President (present post) April 2019 Representative Director, Chairman of the Board, Sanwa Shutter Corporation April 2020 Executive Officer, President (present post) (Important concurrent positions) Director, Sanwa USA Inc. Director, Overhead Door Corporation Director, Novoferm Germany GmbH.	119,187 shares
		Number of years in office 9 years	
		Attendance at Board of Directors meetings 100%	
(Reasons for selecting the candidate) As a Director from 2012, he was responsible for various divisions, including risk management related division and development of global personnel, and has abundant experience and broad knowledge as a corporate manager. Having engaged in managerial decision-making for the Group as a whole from a global perspective, he was appointed Representative Director, President in 2017 and since then, he has contributed to promoting the management of the Company Group aiming at becoming a major global player. Thus, the Company continues to determine that he is qualified as a Director.			


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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role in the Company (Important concurrent positions)	Number of the Company's shares owned
3	 Hiroatsu Fujisawa (March 4, 1953) 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 June 2014 Director (present post) April 2015 Responsible for Europe Business Unit April 2016 Responsible for Europe and Americas Business Unit April 2017 Senior Managing Executive Officer (present post) April 2017 Responsible for Global Business Unit (present post) (Important concurrent positions) Director, Overhead Door Corporation Director, Novoferm Germany GmbH.	27,300 shares
		Number of years in office 7 years	
		Attendance at Board of Directors meetings 100%	


(Reasons for selecting the candidate)

Based on his knowledge and experience as a corporate manager in Japan and overseas, 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.


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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role in the Company (Important concurrent positions)	Number of the Company's shares owned
4	 Hiroyuki Yamazaki (February 3, 1961) Reelection	April 1983 Joined Sumitomo Corporation December 1995 Vice President, Phoenixcore, Inc. (USA) January 1999 General Manager of Machinery Department, Chicago Office, Sumitomo Corporation of America June 2009 Director (Outside), CSK Holdings Corporation April 2010 Executive Officer, Sumisho Computer Systems Corporation April 2016 Representative Director, Executive Vice President, SCSK Corporation September 2017 Joined the Company April 2018 Senior Executive Officer (present post) Subleader of Corporate Planning Unit (Concurrent) General Manager of Corporate Planning Dept. April 2020 Responsible for Corporate Planning Unit (present post) June 2020 Director (present post) (Important concurrent positions) Director, Overhead Door Corporation Director, Novoferm Germany GmbH.	4,700 shares
		Number of years in office 1 year	
		Attendance at Board of Directors meetings 100%	
(Reasons for selecting the candidate) Based on his experience as a corporate manager, since 2018 he has engaged in the work of the Corporate Planning Unit of the Company, as well as promoting the Company Group's management strategy, personnel strategy, etc., and he has contributed to the enhancement of corporate value in areas such as risk management. Thus, the Company continues to determine that he is qualified as a Director.			

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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role in the Company (Important concurrent positions)	Number of the Company's shares owned	
5	 Meiji Takayama (August 27, 1973) Reelection	October 2006	Joined the Company	91,338 shares
		April 2009	General Manager of Sales Promotion Dept., Building Business Div., Sanwa Shutter Corporation	
		April 2010	Executive Officer, 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 (Concurrent) Deputy President, Sanwa Shutter Corporation	
		April 2017	Representative Director, President, Sanwa Shutter Corporation (present post)	
		April 2017	Chief Executive Officer, Sanwa Shutter Corporation (present post)	
		June 2017	Director, the Company (present post) (Important concurrent positions) Representative Director, President and Chief Executive Officer, Sanwa Shutter Corporation	
		Number of years in office	4 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 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 domestic business of a manufacturer.				

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Candidate No.	Name (Date of Birth)	Personal History, Positions, Role in the Company (Important concurrent positions)	Number of the Company's shares owned
6	 <p>Masanaka Yokota (January 5, 1955)</p> <p>Reelection Outside Independent</p>	<p>June 2003 Director, JMA Consultants Inc. January 2009 President, JMAC China June 2013 Managing Director, JMA Consultants Inc. April 2015 President, JMAC Europe S.p.A June 2020 Standing Advisor, JMA Consultants Inc. (present post) June 2020 Outside Director, the Company (present post) (Important concurrent positions) Standing Advisor, JMA Consultants Inc.</p> <p>Number of years in office 1 year</p> <p>Attendance at Board of Directors meetings 100%</p>	3,500 shares
<p>(Reasons for selecting the candidate and overview of expected role)</p> <p>As an Outside Director, he has been providing appropriate advice and suggestions based on his abundant consulting experience and knowledge of fields ranging from management strategy and technical strategy to manufacturing and production, personnel development, and beyond, both in Japan and overseas. Thus, the Company continues to determine that he is qualified as a Director. Furthermore, based on his abundant consulting experience, he is expected to contribute to strengthening the functions of the Board of Directors by providing advice and suggestions contributing to enhance the corporate value of the Company along with highly effective supervision of management from an independent and objective standpoint.</p>			

Notes:

1. None of the candidates for Director has any special interest with the Company.
2. Mr. Masanaka Yokota, a candidate for Director, is currently serving as an Outside Director of the Company. His term of office will be one year as of the end of the Meeting.
3. Mr. Masanaka Yokota is a candidate for Outside Director. The Company has 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. If he is reelected, the Company plans for his appointment as an independent officer to continue.
4. The Company Group has no business relationship with the company where Mr. Masanaka Yokota concurrently serves. Moreover, concerning transactions with the corporate group where he concurrently serves, the amount of the transactions for the past three years was less than 1% of the ordinary income of the corporate group, and the Company has determined that he has no special conflict of interest with ordinary shareholders.
5. 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 a limited liability agreement with Mr. Masanaka Yokota such that the liability amount related to Article 423, paragraph (1) of the Companies Act shall be limited within the amount stipulated by laws and regulations, in accordance with Article 427, paragraph (1) of the same Act and Article 29 of the Articles of Incorporation of the Company. If he is reelected, the Company plans to continue the same liability limitation agreement with him.

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6. Candidates for Director 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 selection process sees the Nomination and Compensation Committee deliberate on 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 then examines the candidates before the Board of Directors makes a final decision on the candidates after deliberations. For the structure of the Board of Directors of the Company, please see the “Skill Matrix of the Board of Directors” on page 13.
7. In accordance with Article 430-3, paragraph (1) of the Companies Act, the Company has concluded a directors and officers liability insurance policy with an insurance company. The insureds under this policy are Directors, Directors serving as Audit and Supervisory Committee Members, and Executive Officers, and we plan to renew this policy in October 2021. If this proposal is approved and adopted, the candidates shall continue to be insureds.

- 1) Outline of insurance items covered

The policy covers amount of indemnification, litigation expenses, etc. that may arise from the insured’s assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of the said liability. However, to avoid impairing the appropriateness of the insured’s performance of duties, the policy does not provide indemnity in the case where the insured has caused damage to the Company intentionally or negligently, or through actions that violate the insured’s duty or actions that violate laws, regulations, the Articles of Incorporation, or internal rules.

- 2) Insurance premiums

The full amount of the insurance premiums is borne by the Company.

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Skill Matrix of the Board of Directors

The Board of Directors of the Company has as its standard the possession of the following skills, knowledge, experience, etc., the make-up of Directors consists of abundantly diverse personnel, including corporate managers, persons with overseas business experience, those with knowledge of finance and accounting, specialists in legal affairs.

If the candidates indicated on this Notice are elected as originally proposed, the composition of the Board of Directors will be as follows:

Candidate No.	Name	Corporate management Governance	Industry knowledge Industry experience	Global experience	Sales Marketing	Manufacturing and engineering Development and quality assurance	Legal affairs Risk management Compliance	Personnel and labor Personnel development	Finance and accounting Monetary
1	Toshitaka Takayama	○	○	○	○	○		○	
2	Yasushi Takayama	○	○				○	○	○
3	Hiroatsu Fujisawa	○	○	○	○	○			○
4	Hiroyuki Yamazaki	○		○	○		○	○	○
5	Meiji Takayama	○	○		○	○		○	○
6	Masanaka Yokota	Outside Independent		○		○		○	
-	Teiko Zaima		○				○	○	○
-	Tsunekatsu Yonezawa	Outside Independent	○	○	○				
-	Akira Gokita	Outside Independent	○				○		○

Note 1) The above matrix does not indicate all skills, knowledge, experience, etc. possessed by the Directors.

Note 2) Three Directors serving as Audit and Supervisory Committee Members (Messrs. Teiko Zaima, Tsunekatsu Yonezawa, and Akira Gokita) are not candidates for Director but are shown for reference.

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Proposal 3: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors and Directors Serving as Audit and Supervisory Committee Members) and Revision of Directors' Compensation Amount

With regard to the compensation amount of Directors (excluding Directors serving as Audit and Supervisory Committee Members) of the Company, approval was given, at the 81st Ordinary General Meeting of Shareholders held on June 28, 2016, for Directors (excluding Directors serving as Audit and Supervisory Committee Members) to receive a total of ¥680 million or less per annum, including basic compensation of ¥400 million or less per annum with “performance-linked compensation,” which is an incentive that contributes to improving performance of ¥280 million or less per annum (with Outside Directors receiving only the basic compensation). At this time, with the goal of providing incentives to Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members; hereinafter referred to as “Eligible Directors” throughout this proposal) for sustainable improvement of the corporate value of the Company as well as promoting further value sharing between Directors and shareholders, the Company requests approval for newly paying compensation for granting restricted stock to Eligible Directors, separately from the above-outlined compensation quotas.

At present, separately from the above-outlined compensation quotas, approval has been granted for a limit of ¥60 million per annum for compensation pertaining to stock options for Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members). However, on condition that this proposal is approved and adopted as originally proposed, the existing stock compensation-type stock option plan shall be abolished (this shall not apply to such stock options already granted) for Eligible Directors, and going forward no new stock acquisition rights shall be issued to Eligible Directors in the form of stock options.

The total amount of monetary compensation to be paid for the granting of restricted stock to Eligible Directors under this proposal shall, as an amount deemed appropriate for the above-outlined goals, be set at ¥80 million or less per annum, of which the specific dividend paid to each Director shall be determined by the Board of Directors.

The current number of Eligible Directors is five, and if Proposal 2 is approved and adopted as originally proposed, the number of Eligible Directors will be five.

In accordance with the expansion of the compensation limit under the restricted stock compensation plan (hereinafter referred to as “This Plan”) to a higher amount than the previous compensation limit pertaining to stock options, it is desirable that the compensation amount of Directors (excluding Directors serving as Audit and Supervisory Committee Members) be reduced to a total of ¥660 million or less per annum, including basic compensation of ¥380 million or less per annum with “performance-linked compensation,” which is an incentive that contributes to improving performance of ¥280 million or less per annum (with Outside Directors receiving only the basic compensation). (For Outside

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Directors, only basic compensation will be paid in consideration of the circumstances at other companies, etc.)

At present the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) is six (of which, one Outside Director), and if Proposal 2 is approved and adopted as originally proposed, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) will be six (of which, one Outside Director).

Furthermore, based on a resolution of the Board of Directors of the Company, Eligible Directors shall pay all claims for monetary compensation to be paid for granting restricted stock arising as a result of this proposal in the form of properties contributed in kind, and shall receive issuance or disposition of common stock of the Company. The total number of shares of common stock of the Company to be issued or disposed of in this manner shall be no more than 120,000 shares per annum. (However, on or after the day that this proposal is approved and adopted, if it becomes necessary to adjust the total number of shares of common stock of the Company to be issued or disposed of in the form of restricted stock for such reasons as stock split—including gratis allotment of common stock of the Company—or reverse stock split of the Company’s common stock, the said total number shall be adjusted within a reasonable range.) The amount to be paid in per share shall be based on the closing price of common stock of the Company at the Tokyo Stock Exchange on the business day immediately before the day of each relevant resolution of the Board of Directors (if no transactions have been executed on the same day, the amount shall instead be based on the closing price of the most recent trading day prior to that day), and the amount shall be determined by the Board of Directors within a scope that does not exceptionally benefit any of Eligible Directors. Furthermore, with regard to the issuance or disposal of common stock of the Company in accordance herewith, a contract on the allotment of restricted stock (hereinafter referred to as “This Allotment Contract”), including the following terms as its outline, shall be concluded between the Company and each of Eligible Directors.

- (1) Eligible Directors shall, during a period from the date of delivery of restricted stock to the timing they lose their position as Director of the Company or any other positions determined by the Board of Directors of the Company (hereinafter referred to as the “Transfer Restriction Period”), be prohibited from transferring, pledging as collateral, or otherwise disposing of the common stock of the Company allotted according to This Allotment Contract (hereinafter referred to as “This Allotted Stock”). (The said prohibition shall hereinafter be referred to as the “Restriction on Transfer.”)
- (2) In the event of Eligible Directors losing any position as provided for in (1) above before the expiration of the term separately determined by the Board of Directors of the Company (hereinafter referred to as the “Term of Service”), except in cases of there being a reason determined to be legitimate by the Board of Directors of the Company, the Company shall naturally acquire This Allotted Stock without consideration.

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- (3) The Company shall, on condition that Eligible Directors continuously remain a Director of the Company or the position otherwise determined by the Board of Directors of the Company throughout the Term of Service, lift, at the time of expiration of the Transfer Restriction Period, the Restriction on Transfer with regard to the entirety of This Allotted Stock. However, in the event that Eligible Directors lose any position as provided for in (1) above before the expiration of the Term of Service for a reason determined to be legitimate by the Board of Directors of the Company as provided for in (2) above, the number of shares of This Allotted Stock on which the Restriction on Transfer is to be lifted, and the timing of lifting the Restriction on Transfer, shall be reasonably adjusted as necessary.
- (4) At the time of expiration of the Transfer Restriction Period, the Company shall naturally acquire without consideration, This Allotted Stock on which the Restriction on Transfer has not been lifted in accordance with the provisions of (3) above.
- (5) The Company shall, during the Transfer Restriction Period, in the event of approval being granted at the General Meeting of Shareholders of the Company for matters related to a merger agreement in which the Company will be the absorbed company, a share exchange agreement under which the Company becomes a wholly-owned subsidiary, share transfer plans, or other matters related to organizational restructuring, etc., lift the Restriction on Transfer, with regard to a reasonably determined number of shares of This Allotted Stock, prior to the effective date of the said organizational restructuring, etc. by a resolution of the Board of Directors of the Company. (Provided, however, that the said approval shall be made by the Board of Directors of the Company in cases where the said organizational restructuring, etc. does not require the approval of the General Meeting of Shareholders of the Company.)
- (6) In the circumstances provided for in (5) above, the Company shall naturally acquire without consideration, This Allotted Stock on which the Restriction on Transfer has not been lifted immediately after the Restriction on Transfer is lifted in accordance with the provisions of (5) above.
- (7) Means of expression of intent and notification under This Allotment Contract, means of amendment of This Allotment Contract, and other matters determined by the Board of Directors, shall be included in the content of This Allotment Contract.

The Company has laid out a basic policy at the Board of Directors meeting held on January 29, 2021, with regard to matters such as compensation of individual Directors. If this proposal is approved, the Company plans to make changes to the policy to the effect that restricted stock shall be granted to the Eligible Directors as non-monetary compensation.

Additionally, as outlined above, the amount to be paid in for This Allotted Stock will be an amount within a range not especially beneficial to any Eligible Director, while the dilution rate is also minor, so granting This Allotted Stock has been determined to be appropriate in light of the basic policy.

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(Reference)

The Company plans, on condition that the proposal relating to This Plan is approved and adopted at this General Meeting of Shareholders, to introduce a restricted stock compensation plan similar to This Plan for Executive Officers of the Company as well.

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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, executive 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.

*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).

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- *8 A party in an important position refers to a director (excluding outside directors), executive officer, executive 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.