

Murata Manufacturing Co., Ltd.

CONVOCATION NOTICE

FOR

THE 86th

ORDINARY GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON

JUNE 29, 2022

LOCATION: “Genji Ballroom” on the third floor of HOTEL GRANVIA KYOTO

NOTE

1. THIS DOCUMENT IS A TRANSLATION OF THE OFFICIAL JAPANESE CONVOCATION NOTICE FOR THE 86TH ORDINARY GENERAL MEETING OF REGISTERED SHAREHOLDERS.
2. THIS TRANSLATION IS PROVIDED ONLY AS A REFERENCE TO ASSIST SHAREHOLDERS IN THEIR VOTING AND DOES NOT CONSTITUTE AN OFFICIAL DOCUMENT.
3. IN THE EVENT OF ANY DISCREPANCY BETWEEN THIS TRANSLATED DOCUMENT AND THE JAPANESE ORIGINAL, THE ORIGINAL SHALL PREVAIL.

* Please understand that gifts to shareholders who attend the meeting will not be provided.

The Murata Philosophy

Murata Philosophy was created by founder Akira Murata in 1954.

Since then, the world around us has dramatically changed, and technologies have continued to evolve.

However, the thoughts embodied in our philosophy will always remain the same.

All employees share these thoughts and exercise them in their daily work.

Murata Philosophy

We contribute to the
advancement of society

by

enhancing technologies and skills

applying scientific approach

creating innovative products and solutions

being trustworthy

and, together with all our stakeholders,

thankful for the increase in prosperity.

(Securities Code: 6981)
CONVOCAATION NOTICE FOR
THE 86th ORDINARY GENERAL MEETING OF SHAREHOLDERS

June 7, 2022

Norio Nakajima
President and Representative Director

Murata Manufacturing Co., Ltd.
10-1, Higashikotari 1-chome,
Nagaokakyo-shi, Kyoto, Japan

Dear Shareholders:

Notice is hereby given that the 86th Ordinary General Meeting of Shareholders of Murata Manufacturing Co., Ltd. (the “Company”) will be held as detailed below.

In the event that you do not attend the meeting, you may exercise your voting rights either via the Internet, etc. or by mailing the Voting Rights Exercise Form. To do so, we kindly ask that you first refer to the Reference Materials for the General Meeting of Shareholders later in this translation (p. 7-27), then exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2022.

1. Date and time: June 29, 2022 (Wednesday) 10:00 a.m. (Reception is scheduled to open at 9:00 a.m.)
2. Location: Shiokoji-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto, Japan
(KYOTO STATION BUILDING)
“Genji Ballroom” on the third floor of HOTEL GRANVIA KYOTO
3. Agenda:
 - Reports
 1. Report of the business report, the consolidated financial statement for the 86th fiscal term (From April 1, 2021 to March 31, 2022), and audit reports prepared by the Independent Auditor and the Audit and Supervisory Committee on the consolidated financial statement
 2. Report of the financial statement for the 86th fiscal term (From April 1, 2021 to March 31, 2022)

Proposals

- No. 1 Dividends of Retained Earnings for the 86th Fiscal Term
- No. 2 Partial Amendment to the Articles of Incorporation
- No. 3 Election of Six (6) Members of the Board of Directors who are not Audit and Supervisory Committee Members
- No. 4 Election of Four (4) Members of the Board of Directors who are Audit and Supervisory Committee Members

Guide for Exercise of Voting Rights

If You Exercise Your Voting Rights in Advance

Exercise of Voting Rights via the Internet, etc.

Please access the designated website for exercise of voting rights (<https://soukai.mizuho-tb.co.jp/>) via personal computer, smartphone, or other device, and indicate your approval or disapproval of the proposals by 5:00 p.m. on Tuesday, June 28, 2022.

Exercise of Voting Rights by Postal Mail (Voting Rights Exercise Form)

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval on the proposals and return the form so that it is received by 5:00 p.m. on Tuesday, June 28, 2022.

If You Attend the General Meeting of Shareholders

June 29, 2022 (Wednesday) 10:00 a.m.

Please submit the Voting Rights Exercise Form enclosed herewith at the reception desk at the entrance to the meeting hall.

In addition, in order to save resources, please bring this Notice when attending the meeting.

Guide for Operations of the General Meeting of Shareholders

Guide for Livestreaming

We will broadcast a live stream of the meeting via the Internet so you may watch its proceedings.

The details of the live stream are as follows:

- Date and time of live stream: From June 29, 2022 (Wednesday) 10:00 a.m. to the conclusion of the meeting (You may access the website starting 30 minutes prior to the scheduled time of the meeting.)
- Log-in method: To watch the live stream please access the special website for live streaming (<https://vgm.smart-portal.ne.jp>) and log in with the ID and password noted on the Announcement on Livestreaming and Acceptance of Questions in Advance enclosed with the mailed Convocation Notice of the 86th Ordinary General Meeting of Shareholders of Murata Manufacturing Co., Ltd.

<Notes>

- Only shareholders shall be allowed to view the live stream.
- Please note that we cannot accept exercise of voting rights or questions on the day of the meeting from shareholders watching the live stream.
- When watching the live stream, video and sound quality issues may arise or the live stream may become unavailable depending on the computer environment (functions and performance) that you use, the status of your Internet connection, a large number of simultaneous access, etc.
- Telecommunications charges and other expenses for watching the live stream shall be borne by the shareholders.
- Please do not photograph, record, or capture the live stream or post it on social media, etc.

Due to considerations such as the privacy of shareholders, we will try to ensure that the content shown in the live stream video will be the video screen and the proximity of the officers' seating location only. However, there may be cases where it will be unavoidable to include attending shareholders in the recorded image. Thank you for your understanding on this matter.

Acceptance of Questions in Advance

We will accept questions regarding agendas of the General Meeting of Shareholders in advance.

The details are as follows:

- Reception period: From June 7, 2022 (Tuesday) to June 22, 2022 (Wednesday)
- Log-in method: To post questions please access the special website for accepting questions (<https://vgm.smart-portal.ne.jp>) and log in with the ID and password noted on the Announcement on Livestreaming and Acceptance of Questions in Advance enclosed with the mailed Convocation Notice of the 86th Ordinary General Meeting of Shareholders of Murata Manufacturing Co., Ltd. during the period mentioned above.
- * The URL and access method for the Acceptance of Questions in Advance site and Livestreaming site are the same.
- Until June 22, the Acceptance of Questions in Advance page will be displayed, and on June 29, the Livestreaming viewing page will be displayed.

<Note>

- Please limit questions to questions regarding agendas of the General Meeting of Shareholders (reports and resolutions).
- We plan to answer questions that are of great interest to our shareholders on the day of the event, but we unfortunately will not be able to answer individual questions.

For inquiries

For IDs and passwords	Securities Agency Division, Mizuho Trust & Banking Co., Ltd.	0120-288-324 Hours of operation: 9:00 a.m. - 5:00 p.m. (Weekdays only)
For viewing the live stream	J-Stream Inc.	03-6722-6065 Hours of operation: June 29 (Wednesday) 9:00 a.m. to the end of live stream

Operations of the General Meeting of Shareholders to prevent the spread of COVID-19

- From the standpoint of preventing infection, we would like you to carefully consider whether you will attend the meeting. If at all possible, we would like you to exercise your voting rights in advance via the Internet, etc. or by postal mail (please refer to p. 4 for the ways to exercise your voting rights in advance).
- The number of seats available will be limited because we will widen the spaces in between the seats to prevent infection. Accordingly, we may refuse entry even if you come to the venue on the day of the meeting.
- We would like shareholders coming to the venue to wear masks and use the alcohol disinfectants placed at the venue. In addition, we will set up equipment to monitor the temperatures of shareholders coming to the venue. We may refuse entry to the meeting venue if you seem unwell or if you have a fever.
- Changes in circumstances and our responses prior to the day of the meeting will be announced on the Company's website (<https://corporate.murata.com/ja-jp/ir/info/meetings>) as needed.

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Dividends of Retained Earnings for the 86th Fiscal Term

The Company operates in the electronic devices sector, which is subject to extreme changes in the supply and demand environment and in which the pace of technological innovation is fast. To facilitate a prompt response to environmental changes and achieve sustained growth in profits, as well as maintaining stable management in an increasingly harsh business environment, the Company will strive to strengthen its capital base.

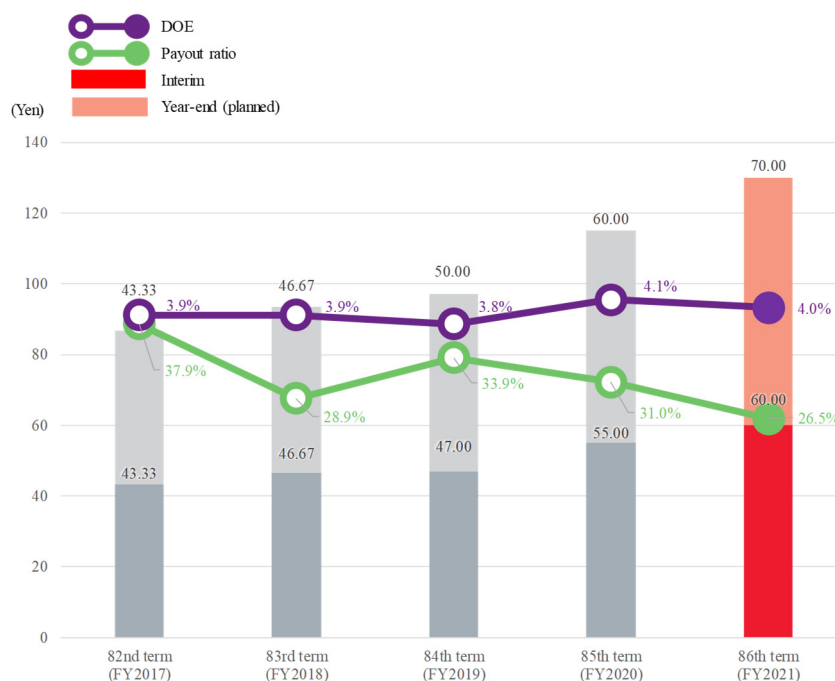
The Company's policy on the return of profits to its shareholders puts priority on distribution of results in the form of a dividend. The Company has adopted a basic policy under which it intends to realize a steady increase of dividend by increasing profit per share, while enhancing the value of the Company and improving its financial strength over the long term at the same time, aiming to achieve a dividend on equity (DOE) of 4% or higher and targeting a payout ratio of approximately 30% in the medium term.

Based on this policy, after comprehensively examining the Company's consolidated performance and determining the amount of unappropriated retained earnings, the Company proposes a year-end dividend of 70 yen per share.

Combined with the interim dividend of 60 yen per share, this will bring the annual dividend to 130 yen per share, an increase of 15 yen per share compared with the previous fiscal year.

- 1 Type of dividend asset
Cash
- 2 Allocation of dividend assets and total amount of allocation
70 yen per common share
Total amount of payout:
44,788,218,860 yen
- 3 Effective date of dividend payout
June 30, 2022

Reference: Trends in dividend per share



- Notes:
1. If this proposal is approved and adopted as originally proposed, the payout ratio and DOE will be 26.5% and 4.0%, respectively.
 2. The Company implemented a three-for-one common stock split effective April 1, 2019. "Trends in dividend per share" are calculated as if the stock split had been conducted at the start of the 82nd fiscal term (April 1, 2017).

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for the amendments

The Company proposes to make partial amendments to the Articles of Incorporation for the reasons described below.

- (1) As the revised provisions set forth in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022, in order to prepare for the introduction of the electronic provision system of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
 - 1) Article 16, Paragraph (1) of the proposed amendment newly stipulates that electronic provision measures will be used for the information contained in the Reference Materials for the General Meeting of Shareholders.
 - 2) Article 16, Paragraph (2) of the proposed amendment newly establishes a provision to limit the scope of matters to be included in the documents to be delivered to shareholders who requested them specified by the Ordinance of the Ministry of Justice.
 - 3) The provisions in the Article 16 of the current Articles of Incorporation (Internet Disclosure of Reference Documents, etc. and Deemed Provision) will be no longer necessary after the introduction of the electronic provision system of materials for general meetings of shareholders and will be deleted.
 - 4) As a result of the above-mentioned new establishment and deletion, supplementary provisions regarding the effective date, etc., will be established.
- (2) Starting with the transition to a company with an Audit and Supervisory Committee in 2016, the Company has worked on reforming the corporate governance system. To revise the number of persons of the Board of Directors to a reasonable level, aiming to invigorate discussion and expedite decision-making, the number of Members of the Board of Directors who are not Audit and Supervisory Committee Members shall be reduced from fifteen (15) or less to ten (10) or less prescribed in Article 19 of the current Articles of Incorporation (Number of Directors).

2. Details of the amendments

The proposed amendments are as follows:

(Underlines show amended portions.)

Present Articles of Incorporation	Articles of Incorporation after Amendment
Article 1 ~ 15 (Text omitted)	Article 1 ~ 15 (Text omitted)
<u>Article 16 (Internet Disclosure of Reference Documents, etc. and Deemed Provision)</u> <u>In convening a general meeting of shareholders, the Company may, pursuant to the relevant regulation issued by the Ministry of Justice, deem that it has duly provided its shareholders with the information which must be mentioned or displayed in the reference document of a general meeting of shareholders, business report, financial statements and consolidated financial statements by disclosing such information using the Internet.</u>	(Deleted)
(Newly added)	<u>Article 16 (Electronic Provision Measures)</u> <u>(1) In convening a general meeting of shareholders, the Company shall take electronic provision measures regarding the information contained in the Reference Materials for the General Meeting of Shareholders, etc.</u>

Present Articles of Incorporation	Articles of Incorporation after Amendment
<p>Article 17 ~ 18 (Text omitted)</p> <p>Article 19 (<i>Number of Directors</i>) The Company shall have not more than <u>fifteen (15)</u> directors who are not Audit and Supervisory Committee Members. The number of directors appointed as Directors who are Audit and Supervisory Committee Members shall be not more than five (5).</p> <p>Article 20 ~ 37 (Text omitted)</p> <p style="text-align: center;">Supplementary Provision (<i>Transitional Measure Concerning Limited Liability Agreements with Outside Statutory Auditors</i>) (Text omitted)</p> <p style="text-align: center;">(Newly added)</p>	<p>(2) <u>The Company shall not be required to describe all or part of the matters for electronic provision measures specified by the Ordinance of the Ministry of Justice in the documents to be delivered to shareholders who requested them by the record date for the voting rights.</u></p> <p>Article 17 ~ 18 (Unchanged)</p> <p>Article 19 (<i>Number of Directors</i>) The Company shall have not more than <u>ten (10)</u> directors who are not Audit and Supervisory Committee Members. The number of directors appointed as Directors who are Audit and Supervisory Committee Members shall be not more than five (5).</p> <p>Article 20 ~ 37 (Unchanged)</p> <p style="text-align: center;">Supplementary Provision (<i>Transitional Measure Concerning Limited Liability Agreements with Outside Statutory Auditors</i>) (Unchanged)</p> <p><u>(<i>Transitional Measure Concerning Electronic Provision of Materials for General Meetings of Shareholders</i>)</u> (1) <u>The amendment to Article 16 of the Articles of Incorporation shall take effect from September 1, 2022, the effective date of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019).</u> (2) <u>Notwithstanding the provisions of the previous paragraph, Article 16 of the Articles of Incorporation before amendment (Internet Disclosure of Reference Documents, etc. and Deemed Provision) shall remain valid for general meetings of shareholders held by February 28, 2023.</u> (3) <u>The supplementary provision of Transitional Measure Concerning Electronic Provision of Materials for General Meetings of Shareholders shall be deleted after February 28, 2023 or after three months has passed since the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>


Proposal No. 3: Election of Six (6) Members of the Board of Directors who are not Audit and Supervisory Committee Members

The terms of office of all eight (8) current Members of the Board of Directors who are not Audit and Supervisory Committee Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed that six (6) Members of the Board of Directors who are not Audit and Supervisory Committee Members be elected.


The candidates for Members of the Board of Directors who are not Audit and Supervisory Committee Members are as follows:


See page 27 for the opinion of the Audit and Supervisory Committee regarding this proposal.


Candidate No.	Name	Current positions and responsibilities in the Company
1	Tsuneo Murata <u>Reappointment</u>	Chairman of the Board and Representative Director
2	Norio Nakajima <u>Reappointment</u>	President and Representative Director
3	Hiroshi Iwatsubo <u>Reappointment</u>	Member of the Board of Directors Senior Executive Vice President Director of Corporate Technology & Business Development Unit
4	Masanori Minamide <u>Reappointment</u>	Member of the Board of Directors Executive Vice President Director of Corporate Management Group
5	Yuko Yasuda <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Member of the Board of Directors
6	Takashi Nishijima <u>New candidate</u> <u>Outside</u> <u>Independent</u>	-


Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders)
1	<p>Tsuneo Murata (August 13, 1951) [Reappointment]</p> 	<p>Mar 1974 Entered the Company</p> <p>Jun 1989 Assumed the position of Member of the Board of Directors of the Company</p> <p>Jun 1991 Assumed the position of Senior Vice President of the Company</p> <p>Jun 1995 Assumed the position of Senior Executive Vice President of the Company</p> <p>Jun 2003 Assumed the position of Representative Director and Executive Deputy President of the Company</p> <p>Jun 2007 Assumed the position of President and Representative Director of the Company</p> <p>Jun 2017 Assumed the position of Chairman of the Board, President and Representative Director of the Company</p> <p>Jun 2020 Assumed the position of Chairman of the Board and Representative Director of the Company (present)</p> <p>(Significant Concurrent Positions) Chairman of the Murata Science Foundation</p>	<p>33 years</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p>Relationship of special interest Applicable^(Note)</p> <p>Shares of the Company owned 4,633,330 shares</p>
<p>Reason for nomination as candidate</p> <p>Tsuneo Murata has been involved in the running and management of domestic and overseas business and sales divisions at the Company and its group companies for many years, accumulating a wealth of experience and a solid record of achievement. He has been responsible for the Company's management as President and Representative Director of the Company since 2007, as Chairman of the Board, President and Representative Director of the Company since 2017 and as Chairman of the Board and Representative Director of the Company since 2020. He has been nominated as a candidate for Member of the Board of Directors because the Company expects that he will continue to strengthen the decision-making and supervisory functions of the Board of Directors.</p>			


Note: There is a special interest between the Company and Tsuneo Murata, as the Company makes contributions to the Murata Science Foundation, of which Tsuneo Murata assumed the position of Chairman as of December 1, 2010.

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors
2	<p data-bbox="244 398 456 510">Norio Nakajima (September 21, 1961) [Reappointment]</p> 	<p data-bbox="485 275 1289 808"> Apr 1985 Entered the Company Jul 2006 Assigned as Director of Communication Module Division, Module Business Unit of the Company Jul 2010 Assumed the position of Vice President of the Company Jun 2012 Assigned as Director of Module Business Unit of the Company Jun 2013 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company Jul 2015 Assigned as Director of Communication and Sensor Business Unit of the Company Assigned as Director of Energy Business Division of the Company Apr 2017 Assigned as Director of Module Business Unit of the Company Jun 2017 Assumed the position of Representative Director and Senior Executive Vice President of the Company Jun 2020 Assumed the position of President and Representative Director of the Company (present) </p>	<p data-bbox="1326 275 1489 853"> (at the conclusion of this General Meeting of Shareholders) 9 years Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%) Relationship of special interest N/A Shares of the Company owned 15,015 shares </p>
<p data-bbox="236 875 1481 1059"> Reason for nomination as candidate Norio Nakajima has been involved in technology development and business management at the Company and its group companies for many years, accumulating a wealth of experience and a solid record of achievement. He has been responsible for the Company's management as Representative Director and Senior Executive Vice President of the Company since 2017 and as President and Representative Director of the Company since 2020. He has been nominated as a candidate for Member of the Board of Directors because the Company expects that he will continue to demonstrate his managerial ability and strengthen the decision-making and supervisory functions of the Board of Directors. </p>			

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors
3	<p>Hiroshi Iwatsubo (August 11, 1962)</p> <p>[Reappointment]</p> 	<p>Apr 1985 Entered the Company</p> <p>Feb 2005 Assigned as General Manager of Corporate Planning Department of the Company</p> <p>Mar 2008 Assigned as Director of Sensor Division, Device Business Unit of the Company</p> <p>Jul 2011 Assumed the position of Vice President of the Company Assigned as Deputy Director of Sales & Marketing Unit of the Company</p> <p>Jun 2012 Assigned as Director of Sales & Marketing Unit of the Company</p> <p>Jul 2013 Assumed the position of Senior Vice President of the Company</p> <p>Jun 2015 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company</p> <p>Jul 2015 Assigned as Director of Corporate Technology & Business Development Unit of the Company (present)</p> <p>Jun 2020 Assumed the position of Member of the Board of Directors and Senior Executive Vice President of the Company (present)</p>	<p>(at the conclusion of this General Meeting of Shareholders)</p> <p>7 years</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p>Relationship of special interest N/A</p> <p>Shares of the Company owned 14,000 shares</p>
<p>Reason for nomination as candidate</p> <p>Hiroshi Iwatsubo has been involved in technology development and business management, planning, and sales at the Company and its group companies for many years, accumulating a wealth of experience and a solid record of achievement. He has been nominated as a candidate for Member of the Board of Directors because the Company expects that he will continue to strengthen the decision-making and supervisory functions of the Board of Directors.</p>			

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders)
4	<p>Masanori Minamide (December 3, 1964)</p> <p>[Reappointment]</p> 	<p>Apr 1987 Entered Komatsu Murata Manufacturing Co., Ltd.</p> <p>Oct 2010 Assigned as General Manager in charge of Corporate Planning Department, Accounting & Planning Group of the Company</p> <p>Mar 2011 Assumed the position of Managing Director of Murata Electronics Singapore (Pte.) Ltd.</p> <p>Aug 2016 Assigned as General Manager of Corporate Planning Department, Accounting, Finance & Corporate Planning Group of the Company</p> <p>Jul 2017 Assigned as Director of Accounting, Finance & Corporate Planning Group, Corporate Planning & Administration Unit (currently Corporate Management Group) of the Company (present)</p> <p>Jul 2018 Assumed the position of Vice President of the Company</p> <p>Jun 2019 Assumed the position of Member of the Board of Directors and Senior Vice President of the Company</p> <p>Jun 2021 Assumed the position of Member of the Board of Directors and Executive Vice President of the Company (present)</p>	<p>3 years</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p>Relationship of special interest N/A</p> <p>Shares of the Company owned 4,395 shares</p>
<p>Reason for nomination as candidate</p> <p>Masanori Minamide has been involved in accounting, financial and planning duties at the Company and its group companies for many years and corporate management as a chief officer at a local headquarters company in Southeast Asia, accumulating a wealth of experience and a solid record of achievement. He has been nominated as a candidate for Member of the Board of Directors because the Company expects that he will continue to strengthen the decision-making and supervisory functions of the Board of Directors.</p>			

Candi- date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	
5	<p data-bbox="244 611 456 775">Yuko Yasuda (September 16, 1961) [Reappointment] [Outside] [Independent]</p> 	<p data-bbox="485 275 1297 1335"> Apr 1985 Entered IBM Japan Ltd Sep 1991 Entered Booz Allen Hamilton Inc. Sep 1993 Entered Russell Reynolds Associates Japan Inc. Jun 1996 Assumed the position of Managing Director of Russell Reynolds Associates Japan Inc. Apr 2003 Country Manager, Japan of Russell Reynolds Associates Japan Inc. Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. Apr 2010 Assumed the position of member of The Board of Trustees of KEIZAI DOYUKAI (Japan Association of Corporate Executives) Apr 2013 Assumed the position of Executive Committee Member of Russell Reynolds Associates Inc. Jun 2015 Assumed the position of Outside Director of SCSK Corporation Jun 2016 Assumed the position of Outside Director and Audit and Supervisory Committee Member of SCSK Corporation Mar 2017 Assumed the position of Outside Director of SHOWA SHELL SEKIYU K. K. Jun 2018 Assumed the position of Outside Director and Audit and Supervisory Committee Member of the Company Apr 2019 Assumed the position of Outside Director of Idemitsu Kosan Co., Ltd. Jun 2020 Assumed the position of Outside Director of Nippon Suisan Kaisha, Ltd. (present) Jun 2020 Assumed the position of Outside Director of the Company (present) Jul 2020 Assumed the position of Senior Partner of Board Advisors Japan, Inc. (present) (Significant Concurrent Positions) Senior Partner of Board Advisors Japan, Inc. Outside Director of Nippon Suisan Kaisha, Ltd. </p>	<p data-bbox="1326 416 1493 1077"> Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders) 4 years Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%) Relationship of special interest N/A Shares of the Company owned – </p>
<p data-bbox="236 1357 1489 1592"> Reason for nomination as candidate and outline of expected roles Yuko Yasuda has engaged in the introduction, assessment and development of CEOs, and evaluation of the effectiveness of boards of directors for many years as Japan Director at a company that searches for corporate executive candidates. She has extensive experience with and insight into fields concerning executive personnel assessment, development and corporate governance. As Outside Director and Audit and Supervisory Committee Member of the Company since 2018 and as Outside Director of the Company since 2020, she has contributed to strengthening the functions of the Board of Directors from an independent perspective. She has been nominated as a candidate for Outside Director because the Company expects that she will continue to strengthen the decision-making and supervisory functions of the Board of Directors by leveraging her experience and insight in managing the affairs of the Company. </p>			

Candi- date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	
6	<p>Takashi Nishijima (August 12, 1957)</p> <p>[New candidate] [Outside] [Independent]</p> 	<p>Apr 1981 Entered Hokushin Electric Works Ltd. (currently Yokogawa Electric Corporation)</p> <p>Oct 2008 Assigned as Vice President, Head of Control Products Business Center, IA Business Headquarters of Hokushin Electric Works Ltd.</p> <p>Apr 2010 Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation)</p> <p>Jun 2011 Assumed the position of Director of Yokogawa Electric Corporation Assumed the position of President of Yokogawa Meters & Instruments Corporation (currently Yokogawa Test & Measurement Corporation)</p> <p>Apr 2012 Assumed the position of Director and Senior Vice President, Head of IA Platform Business Headquarters of Yokogawa Electric Corporation</p> <p>Apr 2013 Assumed the position of President and Chief Operating Officer of Yokogawa Electric Corporation</p> <p>Apr 2019 Assumed the position of Chairman and Representative Director of Yokogawa Electric Corporation</p> <p>Jun 2020 Assumed the position of Outside Director of Hitachi Transport System, Ltd. (present)</p> <p>Apr 2021 Assumed the position of Chairman of Yokogawa Electric Corporation (present)</p> <p>(Significant Concurrent Positions) Chairman of Yokogawa Electric Corporation Outside Director of Hitachi Transport System, Ltd.</p>	<p>Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders)</p> <p>–</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review</p> <p>–</p> <p>Relationship of special interest N/A</p> <p>Shares of the Company owned</p> <p>–</p>
<p>Reason for nomination as candidate and outline of expected roles</p> <p>Takashi Nishijima has been involved in business management in a company group expanding business related to industrial automation globally and has extensive experience and insight as an executive and a board chairman. He is newly nominated as a candidate for Outside Director because the Company expects that he will strengthen the decision-making and supervisory functions of the Board of Directors by leveraging his experience and insight in managing the affairs of the Company.</p>			

- Notes:
1. Yuko Yasuda and Takashi Nishijima are candidates for Outside Director and meet the criteria for independence prescribed by the Company. See page 26 for the criteria for independence. There are no business relations between the Company Group and Russell Reynolds Associates Japan Inc., where Yuko Yasuda served as Managing Director until June 2020, or between the Company Group and Board Advisors Japan, Inc., where she has served as Senior Partner since July 2020. Furthermore, Yokogawa Electric Corporation, of which Takashi Nishijima serves as Chairman, and its consolidated subsidiaries have business relations with the Company Group including sales and purchases of products. However, sales involving the relations account for only less than 1% of the consolidated sales of Yokogawa group in each fiscal year and less than 1% of the consolidated sales of the Company Group in each fiscal year, indicating that there is no materiality that would affect his independence as Outside Director. The Company has designated Yuko Yasuda as an independent director as specified in the regulations of the Tokyo Stock Exchange and reported the designation to the exchange; if the election of Yuko Yasuda is approved and adopted, the Company intends that she should continue to be an independent director. In addition, Takashi Nishijima meets the requirements for independent director as specified in the regulations of the Tokyo Stock Exchange and, assuming that the election of Takashi Nishijima is approved, the Company has designated him as an independent director and reported the designation to the exchange.
 2. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into an agreement with Yuko Yasuda limiting her liability for damages under Article 423, Paragraph (1) of the Companies Act. The liability for damages under the agreement is restricted to the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act. If the reelection of Yuko Yasuda is approved and passed, the Company plans to continue the agreement. In addition, if the election of Takashi Nishijima is approved and passed, the Company plans to enter into the aforementioned liability limitation agreement with him. The liability for damages under the agreement shall be restricted to the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act.
 3. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) agreement, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, with an insurance company. The insurance agreement covers damages that may arise from the insured being liable for the execution of their duties or being subject to a claim related to the pursuit of such liability. All candidates for Members of the Board of Directors are planned to be included as insured under this Directors and Officers Liability Insurance agreement, if they are elected as Members of the Board of Directors. However, there are certain exemptions; for example, damages shall not be covered if they were caused as a result of a criminal act or an intentional action taken with the knowledge that they are in violation of laws and regulations. In addition, the Company plans to renew the agreement with the same terms at the time of renewal in June 2022.
 4. In addition to the number of meetings of the Board of Directors held in the “Attendance at meetings of the Board of Directors in the fiscal year under review,” one resolution is deemed to have been made by the Board of Directors by written resolution based on the provisions of Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company.


Proposal No. 4: Election of Four (4) Members of the Board of Directors who are Audit and Supervisory Committee Members


The terms of office of all four (4) current Members of the Board of Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed that four (4) Members of the Board of Directors who are Audit and Supervisory Committee Members be elected.


The candidates for Members of the Board of Directors who are Audit and Supervisory Committee Members are as follows:


The Company has obtained the consent of the Audit and Supervisory Committee for this proposal.

Candidate No.	Name	Current positions and responsibilities in the Company
1	Yoshiro Ozawa <input type="checkbox"/> Reappointment	Member of the Board of Directors who is an Audit and Supervisory Committee Member (Standing)
2	Hyo Kambayashi <input type="checkbox"/> Reappointment <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Member of the Board of Directors who is an Audit and Supervisory Committee Member
3	Takatoshi Yamamoto <input type="checkbox"/> Reappointment <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Member of the Board of Directors who is an Audit and Supervisory Committee Member
4	Naoko Munakata <input type="checkbox"/> Reappointment <input type="checkbox"/> Outside <input type="checkbox"/> Independent	Member of the Board of Directors who is an Audit and Supervisory Committee Member

Candi- date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors
1	<p data-bbox="268 524 432 636">Yoshiro Ozawa (April 16, 1962) [Reappointment]</p> 	<p data-bbox="485 275 847 300">Apr 1985 Entered the Company</p> <p data-bbox="485 320 1257 371">Mar 2009 Assigned as General Manager of Accounting Department of the Company</p> <p data-bbox="485 392 1265 443">Jul 2013 Assigned as General Manager of Human Resources Department, Administration Group of the Company</p> <p data-bbox="485 463 1217 515">Jul 2017 Assigned as Director of Human Resources Group, Planning Administration Unit of the Company</p> <p data-bbox="485 535 1254 609">Jun 2018 Assumed the position of Member of the Board of Directors and Audit and Supervisory Committee Member of the Company (present)</p>	<p data-bbox="1337 275 1481 454">(at the conclusion of this General Meeting of Shareholders) 4 years</p> <p data-bbox="1337 474 1485 654">Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p data-bbox="1337 674 1485 909">Attendance at meetings of the Audit and Supervisory Committee in the fiscal year under review 10/10 (100%)</p> <p data-bbox="1337 929 1485 1003">Relationship of special interest N/A</p> <p data-bbox="1337 1023 1485 1097">Shares of the Company owned 3,000 shares</p>
<p data-bbox="236 1126 587 1151">Reason for nomination as candidate</p> <p data-bbox="236 1153 1485 1279">Yoshiro Ozawa has been involved in accounting, finance, and personnel affairs in Japan and overseas for many years at the Company and its group companies, and has extensive experience and insight in these fields. Yoshiro Ozawa has been nominated as a candidate for Member of the Board of Directors who is an Audit and Supervisory Committee Member because the Company expects that he will continue to strengthen the decision-making functions and audit and supervisory functions of the Board of Directors.</p>			

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	
2	<p>Hyo Kambayashi (October 15, 1951)</p> <p>[Reappointment] [Outside] [Independent]</p> 	<p>Nov 1976 Entered Arthur Andersen & Co.</p> <p>Jul 1991 Assumed the position of Worldwide Partner of Arthur Andersen</p> <p>Jul 1993 Assumed the position of Senior Partner of Asahi & Co.</p> <p>Sep 2001 Assumed the position of Board Member of Andersen Worldwide Organization</p> <p>Jan 2003 Assumed the position of President and Representative Director of Protiviti Japan Co., Ltd.</p> <p>Apr 2004 Assumed the position of Visiting Professor of Tama Graduate School of Business</p> <p>May 2005 Assumed the position of Representative Director of Robert Half Japan</p> <p>Apr 2010 Assumed the position of Visiting Professor of Aoyama Gakuin University Graduate School of Professional Accountancy</p> <p>Jan 2011 Assumed the position of President and Chief Executive Officer of Protiviti LLC</p> <p>Jan 2016 Assumed the position of Chairman and Senior Managing Director of Protiviti LLC</p> <p>Oct 2016 Assumed the position of Chairman of Japan Internal Control Research Association</p> <p>Jun 2017 Assumed the position of Outside Audit & Supervisory Board Member of Sojitz Corporation</p> <p>Jun 2018 Assumed the position of Outside Director and Audit and Supervisory Committee Member of the Company (present)</p> <p>Apr 2021 Assumed the position of Senior Managing Director of Protiviti LLC (present)</p> <p>(Significant Concurrent Positions) Senior Managing Director of Protiviti LLC</p>	<p>Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders) 4 years</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p>Attendance at meetings of the Audit and Supervisory Committee in the fiscal year under review 10/10 (100%)</p> <p>Relationship of special interest N/A</p> <p>Shares of the Company owned –</p>
<p>Reason for nomination as candidate</p> <p>Hyo Kambayashi has been engaged in affairs concerning financial auditing, internal control advising, risk management, and strengthening governance for many years as a certified public accountant and executive and has extensive experience and insight in corporate accounting, auditing and internal control. As an Outside Director and Audit and Supervisory Committee Member of the Company since 2018, he has contributed to strengthening the functions of the Board of Directors from an independent perspective by leveraging his experience and insight in managing the affairs of the Company. Hyo Kambayashi has been nominated as a candidate for Outside Director who is an Audit and Supervisory Committee Member because the Company expects that he will continue to strengthen the decision-making functions and audit and supervisory functions of the Board of Directors.</p>			

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders)
3	<p>Takatoshi Yamamoto (October 20, 1952)</p> <p>[Reappointment] [Outside] [Independent]</p> 	<p>Apr 1975 Entered Nomura Research Institute, Ltd.</p> <p>Apr 1989 Entered Morgan Stanley Japan Limited</p> <p>Dec 1995 Assumed the position of Managing Director of Morgan Stanley Japan Limited</p> <p>Jun 1999 Assumed the position of Managing Director of Tokyo Office and Deputy Chairman of Morgan Stanley Japan Limited</p> <p>Jul 2005 Assumed the position of Managing Director and Deputy Chairman of UBS Securities Japan Co., Ltd.</p> <p>Jun 2009 Assumed the position of Executive Managing Director of CASIO COMPUTER CO., LTD.</p> <p>Jun 2011 Assumed the position of Advisor of CASIO COMPUTER CO., LTD.</p> <p>Jun 2012 Assumed the position of Outside Corporate Auditor of Fuji Heavy Industries Ltd.</p> <p>Jun 2013 Assumed the position of Outside Audit & Supervisory Board Member of Tokyo Electron Ltd.</p> <p>Jun 2016 Assumed the position of Outside Director of Hitachi, Ltd. (present)</p> <p>Jun 2019 Assumed the position of Outside Director of the Company</p> <p>Jun 2020 Assumed the position of Outside Director and Audit and Supervisory Committee Member of the Company (present)</p> <p>Oct 2021 Assumed the position of Director of the Value Reporting Foundation (present)</p> <p>(Significant Concurrent Positions) Outside Director of Hitachi, Ltd. Director of the Value Reporting Foundation</p>	<p>3 years</p> <p>Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p>Attendance at meetings of the Audit and Supervisory Committee in the fiscal year under review 10/10 (100%)</p> <p>Relationship of special interest N/A</p> <p>Shares of the Company owned 3,000 shares</p>
<p>Reason for nomination as candidate and outline of expected roles</p> <p>Takatoshi Yamamoto has extensive experience of corporate analysis of companies in Japan and overseas as a securities analyst, particularly in regard to the electronics industry, and has specialized insight in finance and accounting, in addition to a wealth of experience related to global corporate management. Leveraging his experience and insight in managing the affairs of the Company as an Outside Director since 2019 and as an Outside Director and Audit and Supervisory Committee Member of the Company since 2020, he has contributed to strengthening the functions of the Board of Directors from an independent perspective. Takatoshi Yamamoto has been nominated as a candidate for Outside Director who is an Audit and Supervisory Committee Member because the Company expects that he will continue to strengthen the decision-making functions and audit and supervisory functions of the Board of Directors.</p>			

Candi-date No.	Name of Candidate (Birthdate)	Brief Personal History, Positions, Responsibilities and Significant Concurrent Positions	Period in office as Member of the Board of Directors (at the conclusion of this General Meeting of Shareholders)
4	<p data-bbox="252 499 448 551">Naoko Munakata (February 12, 1962)</p> <p data-bbox="268 577 432 663">[Reappointment] [Outside] [Independent]</p> 	<p data-bbox="483 275 1254 327">Apr 1984 Entered Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p data-bbox="483 342 1238 394">Sep 2011 Assumed the position of Director-General, Multilateral Trade System Department, Trade Policy Bureau</p> <p data-bbox="483 409 1286 461">Jun 2013 Assumed the position of Director-General for Trade Policy Bureau Assumed the position of Councilor of Cabinet Secretariat</p> <p data-bbox="483 477 1254 528">Jul 2014 Assumed the position of Director General, Trade and Economic Cooperation Bureau</p> <p data-bbox="483 544 1286 573">Jul 2015 Assumed the position of Executive Secretary to the Prime Minister</p> <p data-bbox="483 589 1238 618">Jul 2017 Assumed the position of Commissioner of Japan Patent Office</p> <p data-bbox="483 633 1270 685">Nov 2019 Assumed the position of Advisor for The Dai-ichi Life Research Institute INC.</p> <p data-bbox="483 723 1206 775">Jun 2020 Assumed the position of Outside Director and Audit and Supervisory Committee Member of the Company (present)</p> <p data-bbox="483 790 1238 842">Apr 2021 Assumed the position of Professor of the University of Tokyo Graduate School of Public Policy (present)</p> <p data-bbox="483 857 1238 909">Sep 2021 Assumed the position of Outside Director of ExaWizards Inc. (present)</p> <p data-bbox="483 925 1174 1021">(Significant Concurrent Positions) Professor of the University of Tokyo Graduate School of Public Policy Outside Director of ExaWizards Inc.</p>	<p data-bbox="1337 275 1493 461">2 years</p> <p data-bbox="1337 477 1493 663">Attendance at meetings of the Board of Directors in the fiscal year under review 12/12 (100%)</p> <p data-bbox="1337 678 1493 909">Attendance at meetings of the Audit and Supervisory Committee in the fiscal year under review 10/10 (100%)</p> <p data-bbox="1337 925 1493 999">Relationship of special interest N/A</p> <p data-bbox="1337 1014 1493 1111">Shares of the Company owned 100 shares</p>
<p data-bbox="236 1122 863 1151">Reason for nomination as candidate and outline of expected role</p> <p data-bbox="236 1151 1493 1361">Naoko Munakata has extensive experience in and insight into the national administrative fields of economics, international trade and intellectual property, among others. As an Outside Director and Audit and Supervisory Committee Member of the Company since 2020, she has contributed to strengthening the functions of the Board of Directors by leveraging her experience and insight in managing the affairs of the Company from an independent perspective. Furthermore, while never having been involved in corporate management in any way other than serving as an outside officer, she possesses sufficient experience in organizational management in central bureaucracy. She has been nominated as a candidate for Outside Director who is an Audit and Supervisory Committee Member because the Company expects that she will continue to strengthen decision-making functions and audit and supervisory functions of the Board of Directors.</p>			

- Notes:
1. Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata are candidates for Outside Director and meet the criteria for independence prescribed by the Company. See page 26 for the criteria for independence.
Although the Company outsources consulting services to Protiviti LLC, where Hyo Kambayashi serves as Senior Managing Director, the business amounts to less than 1% of sales of Protiviti LLC in each fiscal year and less than 1% of the consolidated sales of the Company Group in each fiscal year, indicating that there is no materiality that would affect his independence as Outside Director.
The Company has designated Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata as independent directors as specified in the regulations of the Tokyo Stock Exchange and reported the designation to the exchange; if the election of each person is approved and passed, the Company intends that they should continue to be independent directors.
 2. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company has entered into agreements with Yoshiro Ozawa, Hyo Kambayashi, Takatoshi Yamamoto, and Naoko Munakata limiting their liability for damages under Article 423, Paragraph (1) of the Companies Act. The liability for damages under the agreements is restricted to the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act. If the reelection of each person is approved and passed, the Company plans to continue the said agreements with each person.
 3. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) agreement, as stipulated in Article 430-3, Paragraph (1) of the Companies Act, with an insurance company. The insurance agreement covers damages that may arise from the insured being liable for the execution of their duties or being subject to a claim related to the pursuit of such liability. All candidates for Members of the Board of Directors are planned to be included as insured under this Directors and Officers Liability Insurance agreement, if they are elected as Members of the Board of Directors. However, there are certain exemptions; for example, damages shall not be covered if they were caused as a result of a criminal act or an intentional action taken with the knowledge that they are in violation of laws and regulations. In addition, the Company plans to renew the agreement with the same terms at the time of renewal in June 2022.
 4. In addition to the number of meetings of the Board of Directors held in the “Attendance at meetings of the Board of Directors in the fiscal year under review,” one resolution is deemed to have been made by the Board of Directors by written resolution based on the provisions of Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company.

<Reference>

■ **Composition of the Board of Directors After Election and Skill Matrix**

If Proposal No. 3 and Proposal No. 4 are approved and passed as proposed, the composition of the Board of Directors as well as primary skills, experiences, and knowledge held by each Member of the Board of Directors will be as follows. The proportion of Independent Outside Directors in the Board of Directors will be 50%.

Positions in the Company Name (age)	Corporate and business management	Technology, research, and development	Insight into industry	Internationality and global experience
Chairman of the Board and Representative Director Tsuneo Murata (70)	●	●	●	●
President and Representative Director Norio Nakajima (60)	●	●	●	●
Member of the Board of Directors Senior Executive Vice President Hiroshi Iwatsubo (59)	●	●	●	●
Member of the Board of Directors Executive Vice President Masanori Minamide (57)	●		●	●
Outside Director Yuko Yasuda (60) <u>Outside</u> <u>Independent</u>	●			●
Outside Director Takashi Nishijima (64) <u>Outside</u> <u>Independent</u>	●	●	● Solution business	●
Member of the Board of Directors who is an Audit and Supervisory Committee Member (Standing) Yoshiro Ozawa (60)			●	●
Outside Director who is an Audit and Supervisory Committee Member Hyo Kambayashi (70) <u>Outside</u> <u>Independent</u>	●			●
Outside Director who is an Audit and Supervisory Committee Member Takatoshi Yamamoto (69) <u>Outside</u> <u>Independent</u>	●		●	●
Outside Director who is an Audit and Supervisory Committee Member Naoko Munakata (60) <u>Outside</u> <u>Independent</u>		●		●

Positions in the Company Name (age)	Finance and accounting	Legal affairs and compliance	HR, personnel affairs, and human resource development	Sales and marketing	Industrial and trade policy	Governance and risk management
Chairman of the Board and Representative Director Tsuneo Murata (70)				●		●
President and Representative Director Norio Nakajima (60)				●		
Member of the Board of Directors Senior Executive Vice President Hiroshi Iwatsubo (59)				●		
Member of the Board of Directors Executive Vice President Masanori Minamide (57)	●	●			●	●
Outside Director Yuko Yasuda (60) <u>Outside</u> <u>Independent</u>			●			●
Outside Director Takashi Nishijima (64) <u>Outside</u> <u>Independent</u>				●		●
Member of the Board of Directors who is an Audit and Supervisory Committee Member (Standing) Yoshiro Ozawa (60)	●		●			●
Outside Director who is an Audit and Supervisory Committee Member Hyo Kambayashi (70) <u>Outside</u> <u>Independent</u>	●	●				●
Outside Director who is an Audit and Supervisory Committee Member Takatoshi Yamamoto (69) <u>Outside</u> <u>Independent</u>	●			●		
Outside Director who is an Audit and Supervisory Committee Member Naoko Munakata (60) <u>Outside</u> <u>Independent</u>					●	●

<Reference>

■ **Guideline for Nomination of Candidates for Members of the Board of Directors**

The Company appoints as senior management people who have the knowledge, experience, and qualities to contribute to business execution, taking into consideration the business content, scale, and management environment, etc., of the Company. Also, personnel with knowledge, experience, and qualities that can contribute to enabling the Board of Directors to function (determination of basic management principles and important business execution, as well as supervision of execution of duties of Members of the Board of Directors) are selected as candidates for Members of the Board of Directors taking into account the balance and diversity in the expertise, experience, and capabilities of the overall Board of Directors as a whole. Additionally, in appointing Outside Directors, the Company seeks personnel across a wide and diverse range, and works to secure candidates who satisfy the independence standards of the Tokyo Stock Exchange and the criteria for independence of the Company.

Especially, with regard to candidate Members of the Board of Directors who will be Audit and Supervisory Committee Members, as noted above, the Company selects personnel with a wealth of knowledge and experience regarding management administration and business operations who have qualities that can contribute to improvement in the soundness and transparency of management and audit the business execution of Members of the Board of Directors from a fair and objective standpoint.

With the intent of improving the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination of Members of the Board of Directors, the Company established a Nomination Advisory Committee as an advisory organ of the Board of Directors. The committee considers criteria for selection of candidates for Members of the Board of Directors, independence standards for Independent Outside Directors, nomination of Members of the Board of Directors, and nomination of Representative Directors and executive Members of the Board of Directors, and reports its findings to the Board of Directors.

All candidates for Proposal No. 3 and Proposal No. 4 are selected based on the reported findings of the Nomination Advisory Committee.

[Criteria for Independence of Outside Directors]

The Company sets the following criteria for independence in order to strengthen operational execution decisions of the Board of Directors and monitoring functions of business execution by Members of the Board of Directors, and increase the independence and neutrality of the auditing system.

Summary of the Criteria for Independence of Outside Directors

- (1) The person is not an executive of the Company or its current subsidiary or a company that was a subsidiary within the past three years.
- (2) The person is not currently a major shareholder or an executive of a major shareholder.
- (3) The person is not an executive of a company, etc., that is currently a significant client or supplier or was a significant client or supplier within the past three years with the Company or its current subsidiary.
* “Significant client or supplier” refers to one with which the Company has transactions of 2% or more of consolidated net sales of the Company or of the client or supplier.
- (4) The person is not an executive of an organization that has received within the past three years a donation or grant of over 10.00 million yen per annum from the Company or its current subsidiary.
- (5) The person is not an executive of a company or a subsidiary of that company, or a company or a subsidiary of that company that within the past three years has employed a Member of the Board of Directors, Statutory Auditor, or Vice President of the Company or its current subsidiary.
- (6) The person does not have any significant transaction relationship with the Company, such as a consulting or advisory agreement, and has not had a significant transaction relationship in the past.
- (7) The person is not an executive of the Independent Auditor of the Company.
- (8) The person is not the spouse or a relative within the second degree of kinship, etc., of a Member of the Board of Directors, Statutory Auditor, or Vice President of the Company or its current subsidiary.
- (9) The person does not carry the risk of creating a constant substantial conflict of interest between the Company’s general shareholders as a whole for reasons other than those considered in (1) through (8) above.

■ Opinion of the Audit and Supervisory Committee

The Audit and Supervisory Committee deliberated the election of the Company's Members of the Board of Directors (excluding Members of the Board of Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter) and their remuneration, while also confirming the results of discussions by the Nomination Advisory Committee and the Remuneration Advisory Committee.

The nomination of candidates for Members of the Board of Directors has been decided based on an evaluation of the status of business execution and business performance of each candidate for the fiscal year under review, the candidate's comments in the Board of Directors meetings, and the candidate's career history, etc. up until present. Remuneration for Members of the Board of Directors has been decided based on discussion on such matters as the remuneration standards and system, as well as the specific computation method for the amount of remuneration.

Therefore, the Audit and Supervisory Committee judges that the procedures for deciding nomination and remuneration for Members of the Board of Directors are appropriate and the details are suitable.