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(Stock Exchange Code 1961)
June 3, 2022

To Shareholders with Voting Rights:

Hirokazu Ishida
Representative Director and President
SANKI ENGINEERING CO., LTD.
8-1, Akashicho, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 98th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We wish to express our sincerest condolences for all of those affected by the COVID-19 outbreak and those who lost their lives.

Please be informed that the 98th Annual General Meeting of Shareholders of SANKI ENGINEERING CO., LTD. (the “Company”) will be held for the purposes as described below.

Carefully considering this situation in response to the spread of COVID-19, we have decided to take appropriate measures to prevent infections and hold the General Meeting of Shareholders.

From the perspective of infection prevention, we consider the safety of our shareholders to be the utmost importance, and strongly urge all shareholders to exercise their voting rights in writing or via the Internet beforehand and refrain from visiting the venue on the day of the General Meeting of Shareholders.

You may exercise your voting rights by either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:00 p.m. Japan time on Wednesday, June 22, 2022.

[Exercising Voting Rights in Writing]

Please indicate your proposals on the enclosed Voting Rights Exercise Form, and return it such that it arrives by the above deadline for exercise.

[Exercising Voting Rights via the Internet]

Please review the “Guide to Exercising Voting Rights via the Internet” on page 5 (Japanese version only), access the voting rights exercise website designated by the Company (<https://www.web54.net>), and enter your proposals by the above deadline for exercise, in accordance with the on-screen instructions.

Please note that we will not provide souvenirs to shareholders attending the meeting.

- 1. Date and Time:** Thursday, June 23, 2022 at 10:00 a.m. Japan time
(Reception opens: 9:00 a.m.)
- 2. Place:** Sakura Room, 4th Floor, Main Building, Imperial Hotel Tokyo
1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 98th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 98th Fiscal Year (April 1, 2021 - March 31, 2022)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of 12 Directors
- Proposal 4:** Election of 2 Audit & Supervisory Board Members
- Proposal 5:** Election of 1 Substitute Audit & Supervisory Board Member
- Proposal 6:** Determination of Restricted Stock Compensation for Directors
- Proposal 7:** Determination of Restricted Stock Compensation for Audit & Supervisory Board Members

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1. English versions of this Notice of Annual General Meeting of Shareholders and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<https://www.sanki.co.jp/>).
 2. Of the documents to be included in this notice of the General Meeting of Shareholders, "Matters relating to the Company's Stock Acquisition Rights," "Matters relating to Accounting Auditor" and "Company's Structure and Policy" of the Business Report and "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" of the Consolidated Financial Statements as well as "Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements" of the Non-consolidated Financial Statements are posted on the Company's website (<https://www.sanki.co.jp/>) pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, and are therefore not provided in the Appendix of this notice of the General Meeting of Shareholders. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements described in the Appendix of this notice of the General Meeting of Shareholders are excerpt of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor in preparing the accounting audit report, and the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members in preparing the audit report.
 3. Should the Appendix and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<https://www.sanki.co.jp/>).
 4. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Response to Prevent the Spread of COVID-19

1. Request all shareholders to exercise their voting rights in writing or via the Internet beforehand
We request our shareholders to exercise their voting rights in writing or via the Internet in advance when possible.
2. Announcement regarding video streaming before and after the meeting
Streaming video of the Business Report for the fiscal year ended March 31, 2022 and the Issues to be Addressed will be posted on the Company's website (<https://www.sanki.co.jp/>) around Thursday, June 16, 2022 before the day of the meeting.
In addition, the on-demand video of this General Meeting of Shareholders will be delivered through the Company's website (<https://www.sanki.co.jp/>).
3. Guidance on the call for questions before the meeting
We will accept questions about the Matters to be Reported and Proposals to be Resolved in this General Meeting of Shareholders on the Company's website (<https://www.sanki.co.jp/>).
<Deadline> Monday, June 20, 2022 at 5:00 p.m.
4. Announcement regarding online live streaming of the meeting
This General Meeting of Shareholders will be broadcast live on the day on the Internet so that you can watch the proceedings from your own home or other places. For further details, please see pages 6 and 7 (Japanese version only). After the live streaming, we will accept questions or comments you may have about the live streaming on the Company's website (<https://www.sanki.co.jp/>).
<Deadline> Friday, June 24, 2022 at 5:00 p.m.
5. Request to shareholders attending in person
 - Please note that the number of shareholders to enter the venue may be limited, depending on the number of attendees in order to provide sufficient space between attendees. We would like to ask for your kind understanding in advance.
 - We will prepare alcohol disinfectant for shareholders near the reception at the venue.
If you will be attending the meeting, please bring and wear a face mask on the day.
 - We shall be measuring the temperatures of all attendees near the reception at the venue. If you have a fever or are feeling unwell, you may be refused entry to the meeting and we may request for you to leave.
 - The operating staff shall be wearing masks as they measure temperatures and check whether shareholders are feeling unwell.
 - From the standpoint of shortening the duration of this General Meeting of Shareholders in order to prevent infections, the explanation of the matters to be reported (including the audit report) and the proposals at the meeting hall may be abbreviated. We hereby request all shareholders to read this Notice of Convocation of the General Meeting of Shareholders beforehand.
 - Depending on the developments of the COVID-19 outbreak and announcements, etc. to be made by the government, etc. by the day of the General Meeting of Shareholders, the response method might be altered. Please be sure to check the Company's website (<https://www.sanki.co.jp/>) for the latest information.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders an important management policy.

In fiscal year 2019 as the first year of Phase 2 of the medium-term management plan “Century 2025,” among the Group’s management goals for Phase 2, a total payout ratio of 70% or higher has been set as a target, with a basic policy of paying a stable dividend of 60 yen or more per share each year and flexibly acquiring the Company’s treasury stock of approximately 5 million shares during the period of Phase 2.

Fiscal year 2021 ended March 31, 2022 marked the final year of Phase 3, and we were almost able to achieve the targets projected under the plan, and recorded results exceeding those of the previous year.

Accordingly, the Company proposes a year-end dividend for the fiscal year under review as follows, in addition to a special dividend.

1. Items Related to the Year-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
50 yen per common share of the Company
(Including an ordinary dividend of 35 yen and a special dividend of 15 yen)
Total of 2,788,034,900 yen

- (2) Effective date of the appropriation of surplus
June 24, 2022

Furthermore, the Company paid an interim dividend of 35 yen per share, and therefore the total dividend for the fiscal year under review will be 85 yen per share.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

(1) Introduction of a system for electronic provision of materials for general meetings of shareholders

The revised stipulations stipulated 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 system for electronic provision of materials for general meetings of shareholders, the Company proposes the following amendments to the Company's Articles of Incorporation.

- 1) Article 16, Paragraph 1 of the proposed amendments stipulates that information that is the content of Reference Documents for the General Meeting of Shareholders, etc., shall be provided electronically.
- 2) Article 16, Paragraph 2 of the proposed amendments establishes stipulations to limit the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- 3) As stipulations concerning Internet disclosure and deemed provision of reference documents for general meetings of shareholders (Article 16 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted.
- 4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

(2) Introduction of a general meeting of shareholders without a designated location

The "Act Partially Amending the Act on Strengthening Industrial Competitiveness" (Act No. 70 of March 2021) and other acts came into effect on June 16, 2021. This Act stipulates that a listed company may hold a general meeting of shareholders without a designated location (the so-called "virtual-only meeting of shareholders"), provided that the company provides to that effect in its Articles of Incorporation.

The Company believes that additional options in selecting the methods for holding general meetings of shareholders would benefit our shareholders, taking into consideration the spread of infectious diseases, large-scale disasters such as natural disasters, and the advancement of digitalization in the entire society. Accordingly, in order to allow the Company to hold a general meeting of shareholders without a designated location, the Company proposes to amend Article 13 of the current Articles of Incorporation.

The Company has given confirmation of both the Minister of Economy, Trade and Industry and the Minister of Justice, in accordance with ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice, that the Company fulfills their requirements, and have made contributions to strengthening industrial competitiveness while giving consideration to securing shareholders' interests.

(3) Changes of the person authorized to convene the Board of Directors meetings

To provide flexibility in the convocation and operation of the Board of Directors meetings, the Company proposes to delete the provision relating to the person who are authorized to convene a Board of Directors meeting (Article 24 of the current Articles of Incorporation) and to set forth a provision to authorize such person in accordance with the Rules for the Board of Directors of the Company (Article 27 of the proposed amendment to the Articles of Incorporation).

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
<p>Chapter 3: General Meeting of Shareholders</p> <p>Article 13 The Annual General Meeting of Shareholders shall be convened in June of each year. An Extraordinary General Meeting of Shareholders may be convened from time to time as necessary. (Newly established)</p> <p>Articles 14-15 (Omitted)</p> <p><u>Article 16</u> <u>In convening the General Meeting of Shareholders, the Company may deem to have provided to shareholders information regarding matters that shall be stated or presented in the Reference Materials for the General Meeting of shareholders, the Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements, by disclosing them via the Internet in accordance with ordinances of the Ministry of Justice.</u> (Newly established)</p> <p>Articles 17-18 (Omitted)</p> <p>Chapter 4: Directors and Board of Directors Articles 19-23 (Omitted)</p> <p><u>Article 24</u> <u>A Board of Directors meeting shall be convened by the President.</u> <u>If the President is unable to act, a Board of Directors meeting shall be convened by another Director in an order predetermined by a resolution of the Board of Directors.</u></p>	<p>Chapter 3: General Meeting of Shareholders</p> <p>Article 13 1. The Annual General Meeting of Shareholders shall be convened in June of each year. An Extraordinary General Meeting of Shareholders may be convened from time to time as necessary. 2. <u>The Company may hold a General Meeting of Shareholders without a designated location.</u></p> <p>Articles 14-15 (Unchanged) (Deleted)</p> <p><u>Article 16</u> 1. <u>In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of Reference Documents for the General Meeting of Shareholders, etc.</u> 2. <u>Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u></p> <p>Articles 17-18 (Unchanged)</p> <p>Chapter 4: Directors and Board of Directors Article 19-23 (Unchanged) (Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p>Articles <u>25-27</u> (Omitted) (Newly established)</p> <p>(Newly established)</p>	<p>Articles <u>24-26</u> (Renumbered) <u>Article 27</u> <u>Unless otherwise provided by law or these Articles of Incorporation, matters concerning the Board of Directors shall be governed by the Rules for the Board of Directors.</u></p> <p>(Supplementary provisions) <u>Article 1</u> <u>The amendments of Article 16 shall take effect on September 1, 2022, the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u></p> <p><u>Article 2</u> <u>Notwithstanding the provisions of the previous paragraph, Article 16 of the Articles of Incorporation prior to the amendments shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</u></p> <p><u>Article 3</u> <u>These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.</u></p>

Proposal 3: Election of 12 Directors

The terms of office of all Directors (11 Directors) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the addition of one (1) Director in order to further strengthen the corporate governance structure and the election of 12 Directors is proposed.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities	Attendance at the Board of Directors' meetings	
1	<input type="checkbox"/> Reappointed Tsutomu Hasegawa	Representative Director and Chairman (of the Board)	100% (13/13)	
2	<input type="checkbox"/> Reappointed Hirokazu Ishida	Representative Director and President	100% (13/13)	
3	<input type="checkbox"/> Reappointed Eiji Mitsuishi	Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters	100% (13/13)	
4	<input type="checkbox"/> Reappointed Masayuki Kudo	Director; Senior Executive Officer; General Manager, Sustainability Promotion Division	100% (13/13)	
5	<input type="checkbox"/> Reappointed Kazuaki Iijima	Director; Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters	100% (11/11)	
6	<input type="checkbox"/> Reappointed Hirotooshi Fukui	Director; Managing Executive Officer; General Manager, General Affairs and Human Resources Division	100% (13/13)	
7	<input type="checkbox"/> Reappointed Yoshio Kawabe	Director; Managing Executive Officer; General Manager, Accounting Division; Chief Financial Officer	100% (13/13)	
8	<input type="checkbox"/> Reappointed Yukiteru Yamamoto	<input type="checkbox"/> External <input type="checkbox"/> Independent	External Director; Chair of the Board of Directors	100% (13/13)
9	<input type="checkbox"/> Reappointed Kazuhiko Kashikura	<input type="checkbox"/> External <input type="checkbox"/> Independent	External Director	100% (13/13)
10	<input type="checkbox"/> Reappointed Keiji Kono	<input type="checkbox"/> External <input type="checkbox"/> Independent	External Director	100% (11/11)
11	<input type="checkbox"/> Reappointed Akihiko Matsuda	<input type="checkbox"/> External <input type="checkbox"/> Independent	External Director	100% (11/11)
12	<input type="checkbox"/> Newly appointed Tamami Umeda	<input type="checkbox"/> External <input type="checkbox"/> Independent	-	-

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Tsutomu Hasegawa (March 4, 1953) <u>Reappointed</u>	<p>April 1975 Joined the Company</p> <p>June 2008 Executive Officer; Deputy General Manager, Tokyo Branch, Mechanical & Electrical Contracting Headquarters</p> <p>April 2009 Executive Officer; General Manager, Business Strategy Division, Mechanical & Electrical Contracting Headquarters</p> <p>April 2010 Superior Executive Officer; General Manager, Tokyo Branch, Mechanical & Electrical Contracting Headquarters</p> <p>April 2011 Managing Executive Officer; General Manager, Tokyo Branch</p> <p>April 2012 Senior Executive Officer; General Manager, Sales Administration Division</p> <p>June 2012 Director; Senior Executive Officer; General Manager, Sales Administration Division</p> <p>April 2013 Representative Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters</p> <p>April 2015 Representative Director and President</p> <p>April 2020 Representative Director and Chairman (of the Board)</p> <p>To present</p> <p><Responsibilities> Secretarial Office</p>	36,300
<p>Reason for nomination</p> <p>Since April 2015, as Representative Director and President, Mr. Tsutomu Hasegawa has continually demonstrated his leadership in a myriad of situations and engaged in business operations. Since April 2020, he has displayed his managerial abilities, insight and capabilities cultivated over the years in the position of Representative Director and Chairman. The Company has judged that he is essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
2	Hirokazu Ishida (January 22, 1959) <u>Reappointed</u>	<p>April 1983 Joined the Company</p> <p>April 2012 Executive Officer; Deputy General Manager, Sales Administration Division</p> <p>April 2013 Executive Officer; General Manager, Hokkaido Branch Office</p> <p>April 2016 Managing Executive Officer; General Manager, Sales Administration Division, Mechanical & Electrical Contracting Headquarters</p> <p>June 2017 Director; Managing Executive Officer; General Manager, Sales Administration Division, Mechanical & Electrical Contracting Headquarters</p> <p>April 2018 Director; Senior Executive Officer; General Manager, Management Planning Office</p> <p>April 2020 Representative Director and President</p> <p>To present</p> <p><Responsibilities> Internal Audit Office, Management Planning Office and Legal Affairs Office</p>	31,400
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Hirokazu Ishida engaged in the facilities construction business for many years, and possesses abundant experience, knowledge and achievements related to the Company's business. He also has served in positions including General Manager of the Management Planning Office, and has been doing his utmost to promote strengthening of the management foundation and the long-term vision "Century 2025" since April 2020, as Representative Director and President. The Company has judged that he is essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Eiji Mitsuishi (February 24, 1952) <u>Reappointed</u>	<p>April 1972 Joined the Company</p> <p>April 2011 Executive Officer; Deputy General Manager, Chubu Branch</p> <p>April 2013 Managing Executive Officer; General Manager, Chubu Branch</p> <p>April 2017 Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters</p> <p>June 2017 Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters</p> <p>To present</p> <p><Responsibilities> Mechanical & Electrical Contracting Headquarters (excluding International Business Administration Division), Labor Safety, Health & Environment Promotion Office</p>	33,500
		<p>Reason for nomination</p> <p>Mr. Eiji Mitsuishi has many years of experience in operation and division management of the facilities construction business. Currently, he serves as General Manager of the Mechanical & Electrical Contracting Headquarters, and is making efforts in the promotion of workstyle reforms at construction sites and the prevention of work accidents. The Company has judged that his above experience and achievements are essential for the Group to further enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>	
4	Masayuki Kudo (June 27, 1959) <u>Reappointed</u>	<p>April 1985 Joined the Company</p> <p>June 2014 Executive Officer; General Manager, Facility Systems Division</p> <p>April 2017 Managing Executive Officer; Deputy General Manager, Mechanical & Electrical Contracting Headquarters</p> <p>April 2018 Managing Executive Officer</p> <p>June 2018 Director; Managing Executive Officer</p> <p>April 2021 Director; Senior Executive Officer; General Manager, CSR Promotion Division</p> <p>April 2022 Director; Senior Executive Officer; General Manager, Sustainability Promotion Division</p> <p>To present</p> <p><Responsibilities> Sustainability Promotion Division, Chief Cost Inspector Office, Information Systems Office, International Business Administration Division of the Mechanical & Electrical Contracting Headquarters, Facility Systems Division</p>	21,300
		<p>Reason for nomination</p> <p>After getting abundant operational experience, including experience overseas, as an engineer in the facilities construction business, Mr. Masayuki Kudo served as General Manager of the Facility Systems Division. Currently, as General Manager of the Sustainability Promotion Division, he is demonstrating his outstanding skills to promote sustainability and raise awareness of compliance in the workplace. The Company has judged that his above achievements and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Kazuaki Iijima (August 12, 1958) <u>Reappointed</u>	April 1984 April 2016 October 2018 April 2021 June 2021 <Responsibilities> Plants & Machinery Systems Headquarters, Technical Research & Development Center	12,100
		<p>Joined the Company</p> <p>Executive Officer; General Manager, Technology Research Institute</p> <p>Executive Officer; General Manager, Technical Research & Development Center</p> <p>Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters</p> <p>Director; Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters</p> <p>To present</p>	
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Kazuaki Iijima has achievements as an engineer and experience as a manager in the research and development and the energy saving business. Currently, as General Manager of the Plants & Machinery Systems Headquarters, he contributes to the development of the machinery systems business and the environmental systems business. The Company has judged that his above experience and achievements are essential for the Company to further enhance corporate value, and has therefore nominated him as a candidate for Director.</p>			
6	Hirotooshi Fukui (May 12, 1958) <u>Reappointed</u>	April 1982 April 2012 April 2013 April 2016 June 2016 June 2020 April 2022 <Responsibilities> General Affairs and Human Resources Division, Sanki Techno Center	19,900
		<p>Joined the Company</p> <p>Executive Officer; General Manager, Technology Development Division</p> <p>Executive Officer; General Manager, Technology Research Institute</p> <p>Executive Officer</p> <p>Full-time Audit & Supervisory Board Member</p> <p>Director; Executive Officer; General Manager, General Affairs and Human Resources Division</p> <p>Director; Managing Executive Officer; General Manager, General Affairs and Human Resources Division</p> <p>To present</p>	
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Hirotooshi Fukui has amassed a wide range of operational experience as an engineer in the facilities construction business. Thereafter, he served as the manager responsible for the technology development departments, and currently contributes to the enhancement of human resource development and working environment as General Manager of the General Affairs and Human Resources Division. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Yoshio Kawabe (October 31, 1960) Reappointed	<p>April 1984 Joined the Company</p> <p>April 2015 Executive Officer; General Manager, Administration Division</p> <p>June 2015 Director; Executive Officer; General Manager, Administration Division</p> <p>April 2017 Director; Executive Officer; General Manager, Accounting Division</p> <p>June 2017 Executive Officer; General Manager, Accounting Division</p> <p>June 2020 Director; Executive Officer; General Manager, Accounting Division; Chief Financial Officer</p> <p>April 2022 Director; Managing Executive Officer; General Manager, Accounting Division; Chief Financial Officer</p> <p>To present</p> <p><Responsibilities> Accounting Division</p>	9,900
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Yoshio Kawabe has engaged mainly in accounting and finance-related operations and the promotion of internal control. After serving as a manager responsible for the administration departments including general affairs and human resources, he currently serves as General Manager of the Accounting Division and focuses on capital and finance policies. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
8	Yukiteru Yamamoto (June 3, 1953) External Independent Officer Reappointed	<p>April 1977 Joined MITSUI LIFE INSURANCE MUTUAL COMPANY</p> <p>June 2008 Director; Managing Executive Officer, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>April 2009 Representative Director and President; Chief Operating Officer; General Manager, Operational Improvement Promotion Division</p> <p>April 2012 Representative Director and President; Chief Operating Officer</p> <p>June 2013 Special Advisor</p> <p>June 2014 External Director, the Company</p> <p>April 2015 Advisor, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>March 2017 Retired from MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>June 2020 External Director; Chair of the Board of Directors, the Company</p> <p>To present</p>	12,100
<p>Reason for nomination</p> <p>Mr. Yukiteru Yamamoto has served in positions including Representative Director and President of MITSUI LIFE INSURANCE COMPANY LIMITED (currently TAIJU LIFE INSURANCE COMPANY LIMITED) and Executive Member of the Policy Board of the Japan Business Federation, and he thus possesses abundant operational experience and wide-ranging knowledge regarding corporate management. He currently contributes to the enhancement of corporate governance as Chair of the Board of Directors of the Company. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Kazuhiko Kashikura (April 13, 1954) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Independent Officer</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Reappointed</div>	April 1977 Joined Mitsui Bank Co., Ltd. June 2005 Executive Officer; General Manager, Operations Audit Division, Sumitomo Mitsui Banking Corporation April 2008 Executive Officer April 2008 Retired from Sumitomo Mitsui Banking Corporation May 2008 Representative Director and President, SMBC Staff Service Co., Ltd. May 2013 Retired from SMBC Staff Service Co., LTD. June 2013 Representative Director and President, SMBC Finance Service Co., Ltd. June 2017 Representative Director and Chairman June 2018 External Director, the Company To present Retired from the position of Representative Director and Chairman, SMBC Finance Service Co., Ltd.	4,400
Reason for nomination Mr. Kazuhiko Kashikura has served as Executive Officer of Sumitomo Mitsui Banking Corporation and a top executive at the same group companies and he thus has abundant experience and broad insight in corporate management. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
10	Keiji Kono (September 18, 1957) <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Independent Officer</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; text-align: center;">Reappointed</div>	April 1980 Joined The Bank of Japan May 1999 Manager, Price Statistics Section, Research and Statistics Department February 2001 Manager, Economic Statistics Section, Research and Statistics Department November 2002 Deputy General Manager, Nagoya Branch March 2004 General Manager, Matsue Branch July 2006 Associate Director-General, Financial Markets Department November 2007 General Manager, Fukuoka Branch May 2009 Director-General, Information System Services Department April 2010 Retired from The Bank of Japan May 2010 Full-time Advisor, Chugai Pharmaceutical Co., Ltd. October 2010 Executive Officer; Deputy Head, Lifecycle Management Marketing Unit November 2010 Executive Officer; Head, Lifecycle Management Unit 2, Lifecycle Management Marketing Unit April 2012 Executive Officer; Deputy Head, Marketing & Sales Division January 2013 Executive Officer; Head, IT Supervisory Division October 2015 Executive Officer in charge of Global Health Policy; Head, IT Supervisory Division January 2017 Executive Officer in charge of External Affairs Department and Global Health Policy April 2017 Senior Vice President in charge of External Affairs Department and Global Health Policy April 2021 Part-time Advisor To present June 2021 External Director, the Company To present <Significant concurrent position> Part-time Advisor, Chugai Pharmaceutical Co., Ltd.	500
Reason for nomination Mr. Keiji Kono has served in managerial positions in key departments of The Bank of Japan as a financial specialist. In Chugai Pharmaceutical Co., Ltd., he has held the office of Executive Officer serving as Head of the IT Supervisory Division and fulfilled roles including promoting overseas activities that contribute to society, and he thus has abundant experience and broad insight in corporate management. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
11	Akihiko Matsuda (January 7, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">External</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Independent Officer</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reappointed</div>	April 1985 Joined Tokyo Gas Co., Ltd. April 2013 Technical Solution Department Managing Director, Energy Advance Co., Ltd. March 2015 Retired from Energy Advance Co., Ltd. April 2015 General Manager, Energy Proposal Promotion Department, Tokyo Gas Co., Ltd. April 2017 Executive Officer President and Representative Director, Tokyo Gas Living Engineering Co., Ltd. March 2020 Retired from Tokyo Gas Living Engineering Co., Ltd. April 2020 Advisor, Tokyo Gas Co., Ltd. June 2021 External Director, the Company To present March 2022 Retired from Tokyo Gas Co., Ltd.	500
Reason for nomination Mr. Akihiko Matsuda has served as Executive Officer in Tokyo Gas Co., Ltd. and a top executive at the same group companies and he thus has abundant experience and broad insight in the overall energy business. His advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated him again as a candidate for External Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
12	Tamami Umeda (April 26, 1960) External Independent Officer Newly appointed	<p>April 1985 Joined the Ministry of Health and Welfare</p> <p>September 2006 Director, Disease Control Division, Health Service Bureau, Ministry of Health, Labour and Welfare</p> <p>July 2008 Director, Tuberculosis and Infectious Diseases Control Division, Health Service Bureau</p> <p>July 2009 Director, Medical Care Division, National Hospital Organization</p> <p>April 2012 Planning Officer</p> <p>October 2013 Director in charge of Medical Affairs</p> <p>October 2015 Director-General Counsellor for medical policy and mental health care, Ministry of Health, Labour and Welfare</p> <p>June 2016 Director-General, Environmental Health Department, Ministry of the Environment</p> <p>July 2019 Director General, Bureau of International Health Cooperation National Center for Global Health and Medicine</p> <p>March 2021 Retired from Ministry of Health, Labour and Welfare</p> <p>April 2021 Visiting Researcher, National Center for Global Health and Medicine</p> <p>To present</p> <p><Significant concurrent position> Visiting Researcher, National Center for Global Health and Medicine</p>	None
<p>Reason for nomination</p> <p>Ms. Tamami Umeda is a licensed physician and has held positions such as the Director-General Counsellor, the Ministry of Health, Labour and Welfare and the Director-General, Environmental Health Department, the Ministry of the Environment, and she thus has abundant experience and broad insight regarding the health and hygiene and organizational management. Her advice and supervision based on the experience and insights developed through this background will lead to sustainable enhancement of the corporate value, and the Company has therefore nominated her as a candidate for External Director. Although she does not have experience of being directly involved in corporate management, for the reasons stated above, the Company believes that she will be able to execute the duties as an External Director of the Company properly.</p>			

- (Notes)
- There are no special interests between the candidates and the Company.
 - Mr. Yukiteru Yamamoto, Mr. Kazuhiko Kashikura, Mr. Keiji Kono, Mr. Akihiko Matsuda, and Ms. Tamami Umeda are candidates for External Director.
 - The Company has registered Mr. Yukiteru Yamamoto, Mr. Kazuhiko Kashikura, Mr. Keiji Kono, and Mr. Akihiko Matsuda with the Tokyo Stock Exchange as Independent Officers with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange. If they are reappointed and assume office as Directors, they will continue to be Independent Officers.
 - If Ms. Tamami Umeda is appointed and assume office as Director, the Company intends to register her with the Tokyo Stock Exchange as an Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
 - Number of years since candidates for External Director were appointed External Director
 - Mr. Yukiteru Yamamoto's term in office as External Director will be eight years at the conclusion of this General Meeting of Shareholders.
 - Mr. Kazuhiko Kashikura's term in office as External Director will be four years at the conclusion of this General Meeting of Shareholders.
 - Mr. Keiji Kono's term in office as External Director will be one year at the conclusion of this General Meeting of Shareholders.
 - Mr. Akihiko Matsuda's term in office as External Director will be one year at the conclusion of this General Meeting of Shareholders.
 - Liability limitation agreements with candidates for Director

The Company has entered into agreements with Mr. Yukiteru Yamamoto, Mr. Kazuhiko Kashikura, Mr. Keiji Kono, and Mr. Akihiko Matsuda to limit their liabilities as provided for in Article 423, Paragraph 1, of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations. If Ms. Tamami Umeda is appointed and assume office as Director, the Company intends to enter into the same agreements with her.
 - Outline of the directors' and officers' liability insurance insuring candidates for Director

The Company has entered into a directors' and officers' liability insurance agreement with an insurance company. The

policy covers damages, which are to be borne by the insured, that may arise from those insured persons assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability. All candidates for Director will be insured under said agreement. The Company will renew said agreement under the same terms and conditions at the time of the next renewal.

Proposal 4: Election of 2 Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Etsuji Hitomi and Shozo Fujita will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 2 Audit & Supervisory Board Members is proposed.

Furthermore, the Audit & Supervisory Board has given its approval to this proposal.

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

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Kunihiko Tachi (May 13, 1956) Newly appointed	April 1983 Joined the Company April 2006 General Manager; Accounting Department, Accounting Division April 2010 General Manager; Administration Department, Sanki Techno Support Co., Ltd. April 2013 General Manager; Internal Audit Department, CSR Promotion Division, the Company April 2016 Senior General Manager General Manager; Internal Audit Department, CSR Promotion Division April 2019 General Manager; Internal Audit Department, CSR Promotion Division April 2022 Internal Audit Office To present	None
Reason for nomination Mr. Kunihiko Tachi had worked at the accounting and finance departments of the Company for many years and has a thorough knowledge regarding finance and accounting. He has also been involved in areas such as strict compliance with laws and regulations at the Group as the General Manager of the Internal Audit Department. In order to utilize his abundant operational experience and insight, the Company has nominated him as a candidate for Audit & Supervisory Board Member.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	Shozo Fujita (August 1, 1948) External Independent Officer Reappointed	<p>April 1976 Appointed as a public prosecutor</p> <p>June 2006 Director-General of the Rehabilitation Bureau, The Ministry of Justice</p> <p>January 2008 Director-General of the Public Security Division, Supreme Public Prosecutors Office</p> <p>July 2008 Director-General of Citizen Judge Trial Division</p> <p>June 2010 Superintending Prosecutor, Hiroshima High Public Prosecutors Office</p> <p>December 2010 Superintending Prosecutor, Nagoya High Public Prosecutors Office</p> <p>August 2011 Retired from Nagoya High Public Prosecutors Office</p> <p>September 2011 Registered as an attorney-at-law</p> <p>June 2012 Representative Director and President, The Resolution and Collection Corporation</p> <p>October 2015 Retired from The Resolution and Collection Corporation Joined OKUNO & PARTNERS</p> <p>June 2018 External Audit & Supervisory Board Member, the Company To present</p> <p>October 2018 Retired from OKUNO & PARTNERS</p> <p>February 2019 Established Fujita Shozo Law Office To present</p> <p><Significant concurrent position> Attorney-at-law (Fujita Shozo Law Office) Outside Director, Member of Audit and Supervisory Committee, Asset Management One Co., Ltd. Outside Director, Eco's Co, Ltd Outside Director-Audit and Supervisory Committee Member, Bunka Shutter Co., Ltd.</p>	2,100
<p>Reason for nomination</p> <p>Mr. Shozo Fujita has expertise as a public prosecutor and attorney-at-law, and abundant experience and wide-ranging insights through experience including as Representative Director and President of The Resolution and Collection Corporation and as a director who serves as an audit and supervisory committee member at other companies. In order to utilize his experience and insight developed through this background to audit the Company, the Company has nominated him again as a candidate for External Audit & Supervisory Board Member.</p>			

- (Notes) 1. There are no special interests between the candidates and the Company.
2. (1) Mr. Shozo Fujita is a candidate for External Audit & Supervisory Board Member.
(2) The Company has registered Mr. Shozo Fujita with the Tokyo Stock Exchange as an Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange. If he is reappointed and assume office as External Audit & Supervisory Board Member, he will continue to be an Independent Officer.
3. Number of years since the candidate for External Audit & Supervisory Board Member was appointed External Audit & Supervisory Board Member
Mr. Shozo Fujita's term in office as External Audit & Supervisory Board Member will be four years at the conclusion of this General Meeting of Shareholders.
4. Liability limitation agreement with the candidate for External Audit & Supervisory Board Member
The Company has entered into an agreement with Mr. Shozo Fujita to limit his liability as provided for in Article 423, Paragraph 1, of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations. If Mr. Shozo Fujita is appointed and assumes office as External Audit & Supervisory Board Member, the Company intends to enter into the same agreement with him.
5. Outline of the directors' and officers' liability insurance insuring candidates for Audit & Supervisory Board Member
The Company has entered into a directors' and officers' liability insurance agreement with an insurance company. The policy covers damages, which are to be borne by the insured, that may arise from those insured persons assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability. All candidates for Audit & Supervisory Board Member will be insured under said agreement. The Company will renew said agreement under the same terms and conditions at the time of the next renewal.

Proposal 5: Election of 1 Substitute Audit & Supervisory Board Member

In order to prepare for cases where the number of Audit & Supervisory Board Members falls below prescribed by laws and regulations, the Company proposes the election of one substitute Audit & Supervisory Board Member.

Furthermore, the Audit & Supervisory Board has given its approval to this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
<p>Toshio Suzuki (April 18, 1957)</p> <p>External Independent Officer Newly appointed</p>	<p>September 1985 Joined Asahi Shinwa Audit Corporation August 1988 Registered as certified public accountant May 2000 Partner, Asahi Audit Corporation May 2005 Senior Partner, KPMG AZSA LLC June 2019 Retired from KPMG AZSA LLC July 2019 Established Suzuki Toshio Certified Public Accountant Office To present <Significant concurrent position> Certified public accountant (Suzuki Toshio Certified Public Accountant Office)</p>	<p>None</p>
<p>Reason for nomination In order to utilize Mr. Toshio Suzuki's expertise and experience, etc. developed as a certified public accountant to strengthen the audit systems of the Company, the Company has nominated him as a candidate for substitute External Audit & Supervisory Board Member. Although he does not have experience of being directly involved in corporate management, for the reasons stated above, the Company believes that he will be able to execute the duties as an External Audit & Supervisory Board Member of the Company properly.</p>		

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. (1) The candidate is a candidate for substitute External Audit & Supervisory Board Member.
(2) If Mr. Toshio Suzuki assumes office as Audit & Supervisory Board Member, the Company intends to register him with the Tokyo Stock Exchange as Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
 3. Liability limitation agreement with the candidate for substitute External Audit & Supervisory Board Member
If Mr. Toshio Suzuki is appointed as Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit his liability as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations.
 4. Outline of the directors' and officers' liability insurance insuring the candidate for substitute Audit & Supervisory Board Member
The Company has entered into a directors' and officers' liability insurance agreement with an insurance company. The policy covers damages, which are to be borne by the insured, that may arise from those insured persons assuming liability in connection with the execution of their duties or through receiving claims pertaining to the pursuit of such liability. The candidate for substitute Audit & Supervisory Board Member will be insured under said agreement. The Company will renew said agreement under the same terms and conditions at the time of the next renewal.

Proposal 6: Determination of Restricted Stock Compensation for Directors

With regard to the amount of compensation to the Directors, the resolution adopted at the 94th Annual General Meeting of Shareholders held on June 27, 2018 instituted an amount to be paid of up to a maximum of 650 million yen per year (including a portion of up to 100 million yen for the External Directors as approved at the 96th Annual Meeting of Shareholders held on June 25, 2020). In addition, since the shareholders' approval at the 89th Annual General Meeting of Shareholders held on June 26, 2013, stock acquisition rights, not exceeding 500 (100 shares per stock acquisition right) to be allotted a year, have been granted to the Directors (excluding the External Directors) as stock-based compensation stock options. Furthermore, in line with recent revisions to the Companies Act, the 97th Annual General Meeting of Shareholders held on June 23, 2021 approved the specific matters to grant stock acquisition rights to Directors under the same terms and conditions as in the past.

As a part of revisions to the executive compensation plan, the Company hereby requests approval to pay compensation in the form of restricted stock to Directors (excluding the External Directors; hereinafter the "Eligible Directors") in addition to and separately from the current Director compensation as described above, with objectives of providing incentives to the Eligible Directors to achieve sustainable improvement in corporate value of the Company and further creating shared value with our shareholders.

In light of the objectives of this plan, the Company reached a decision that the compensation in the form of restricted stock is to be paid based on the number of shares that does not fluctuate depending on business performance and is determined in line with their positions and responsibilities.

Upon approval of the resolution of this proposal, the Company will pay monetary compensation claims in the form of restricted stock to the Eligible Directors, totaling not more than 170 million yen per year (including a portion up to 20 million yen for the External Directors, but excluding the employee salaries for Directors who are also employees of the Company). The specific timing of payment and allocation to each Eligible Director shall be delegated to the Board of Directors of the Company.

Should this proposal be approved, the Company will abolish the stock-based compensation stock options, except for those previously granted, and thereafter will not issue new stock acquisition rights to Directors (excluding the External Directors) as stock-based compensation stock options.

There are currently 11 Directors (including 4 External Directors). If Proposal 3 "Election of 12 Directors" is approved as originally proposed, there will be 12 Directors (including 5 External Directors).

In addition, the Eligible Directors shall pay all of the monetary claims under this proposal through a method of in-kind contribution, and receive the issuance or disposition of shares of the Company's common stock pursuant to a resolution of the Board of Directors of the Company. The total number of shares of the common stock to be issued or disposed of in this manner will not exceed 85,000 shares (including the portion of 10,000 shares for the External Directors); provided, however, that the total number of the shares will be reasonably adjusted in the event of a stock split (including a gratis allotment of the common stock), reverse stock split of the common stock on or after the date of this resolution, or other circumstances requiring adjustment to the total number of the shares to be issued or disposed of as restricted stock.

The amount to be paid per share will be determined by the Board of Directors based on the closing price of the common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting (if there was no trading on that date, the closing price on the most recent trading day prior to that date) to the extent not particularly favorable to an Eligible Director who will subscribe for such common stock. In addition, the issuance or disposal of shares of common stock of the Company and the payment of monetary claims as assets contribution in kind shall be subject to the execution of a restricted stock allotment agreement (the "Allotment Agreement") between the Company and the Eligible Directors, which shall include the following. Furthermore, the maximum amount of compensation, the total number of shares of the Company's common stock to be issued or disposed of, and other terms and conditions of granting the restricted shares to the Eligible Directors under this proposal will be determined, in line with the aforementioned objectives, the Company's business conditions, and the "Decision policy regarding the details of compensation, etc., for individual Directors" (to be changed to the contents as described in the [Reference] below in order to ensure alignment with the approval by the Board of Directors, provided that this proposal is approved and adopted). The Company considers it appropriate to change the decision policy, because such change reflects the circumstances and other factors.

If the proposal regarding the restricted stock compensation policy is approved at this General Meeting of Shareholders as originally proposed, the Company plans to apply said policy to all Executive Officers who are not Directors of the Company under the same terms and conditions.

[Outline of the Allotment Agreement]

(1) Transfer restriction period

From the allotment date of the restricted stock until the time immediately following the retirement from the position of an officer or employee of the Company or its subsidiary that is predetermined by the Board of Directors of the Company (the "Restricted Transfer Period"), an Eligible Director may not transfer, create a security interest on, or otherwise dispose of common stock of the Company allotted under the Allotment Agreement (the "Allotted Shares") to any third party (the "Transfer Restrictions"). However, if the time immediately following such retirement or resignation is before the date when three months have elapsed since the end of the fiscal year that includes the date on which the allotment of the allotted shares is to be received, the end of the transfer restriction period may be adjusted within reasonable limits.

(2) Treatment upon retirement of the Company

In the event that an Eligible Director resigns from his/her position as an officer or employee of the Company or its subsidiary before the expiration of the term of office (the "Service Period"), as previously determined by the Board of Directors of the Company, the Company shall automatically acquire the Allotted Shares without consideration, excluding cases when there are reasonable grounds for resignation, such as expiration of term of office or death of the Eligible Director.

(3) Cancellation of transfer restrictions

The Company shall cancel the Transfer Restrictions on all of the Allotted Shares when the Restricted Transfer Period expires, provided that an Eligible Director has continuously held a position as an officer or employee of the Company or its subsidiary as previously determined by the Board of Directors of the Company during the Service Period. However, the number of the Allotted Shares and the timing of the cancellation of Transfer Restrictions shall be reasonably adjusted as necessary in cases when the Eligible Director (i) resigns his/her position as an officer or employee of the Company or its subsidiary before the expiration of the Service Period for justifiable reasons as predetermined by the Board of Directors of the Company, or (ii) resigns his position as an officer or employee of the Company or its subsidiary as predetermined by the Board of Directors the Company for reasons other than justifiable reasons before the expiration of Restricted Transfer Period, even after the expiration of the Service Period. Pursuant to the provisions above, the Company shall automatically acquire the Allotted Shares for which the Transfer Restriction has not been cancelled without consideration immediately after the Transfer Restriction is cancelled.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provisions (1) above, if, during the Transfer Restriction Period, a merger agreement with the Company to be dissolved, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matter relating to organizational restructuring, etc., is approved at a General Meeting of Shareholders (or by the Board of Directors of the Company for organizational restructuring, etc., that does not require approval by the General Meeting of Shareholders of the Company), the Transfer Restrictions on a number of the Allotted Shares will be canceled ahead of the effective date of the organizational restructuring, etc., by resolution of the Board of Directors of the Company based on the period from the commencement date of the Transfer Restriction Period to the effective date of the organizational reorganization, etc. In this case, the Company shall automatically acquire without consideration any of the Allotted Shares whose Transfer Restrictions have not been cancelled immediately after the removal of Transfer Restrictions pursuant to the preceding provisions. In such case provided in the preceding provisions, the Company shall automatically acquire the Allotted Shares for which the Transfer Restriction have not been cancelled without consideration immediately after the Transfer Restriction is cancelled.

(5) Matters other than above

Other matters relating to the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Outline of the decision policy regarding the details of compensation, etc., for individual Directors

- i. Basic policy on compensation, etc., for Directors
 - The Director compensation is designed to provide incentives toward the sustainable enhancement of the Company's corporate value, in order to meet the expectations of all stakeholders.
- ii. Decision policy regarding the basic compensation for individual Directors (including the policy on the timing of the payment)
 - The compensation is paid in a fixed amount to Directors on a monthly basis.
 - The compensation for individual Directors is paid according to their rank, responsibilities, whether the Director has been granted the right to represent or served as Director on a full-time or part-time basis.
- iii. Decision policy regarding indicators of performance-linked compensation (Directors' bonuses) among compensation, etc., for individual Directors and calculation methods of the performance-linked compensation (including the policy on the timing of payment)
 - Directors' bonuses are paid to the executive Directors as an incentive compensation to reward the performance improvement each year after the end of the fiscal year. The Directors' bonuses are paid on an ad hoc basis in cases where it is appropriate to pay out during the fiscal year.
 - The amounts of Directors' bonuses are determined after taking into consideration all the factors based on the indicators such as the achievement ratio of the management goals for the medium-term management plan and other guidelines, as well as both quantitative and qualitative performance evaluation of each individual Director. In the event of a significant deterioration in business performance, serious noncompliance, or other factors, the bonuses are paid out at a lower level or not to be provided.
- iv. Decision policy regarding the details and number of non-monetary compensation, etc., for individual Directors (including the policy on the timing of granting compensation, etc.)
 - The Company grants stock compensation to Directors as an incentive to enhance the corporate value of the Company over the medium to long term at a specific time each year according to their rank and responsibilities.
- v. Decision policy regarding the payout ratio of compensation (for individual Director's compensations, etc.) in ii, iii, and iv above
 - The payout ratio per type of the compensation is determined after taking into all the factors such as their rank, the achievement ratio of the management goals, and the performance evaluation of each individual Director.
- vi. Decision policy regarding the details of compensation, etc., for individual Directors
 - The Company shall delegate the responsibility for determining the fixed compensation and bonuses for each individual Directors to the President and Representative Director of the Company.
 - The President and Representative Director shall determine the fixed compensation and bonuses for individual Directors through the consultation with the Advisory Committee on Nomination and Remuneration, with due respect to the Advisory Committee's recommendations.
 - The Board of Directors shall determine the stock compensation for individual Directors through consultation with the Advisory Committee on Nomination and Remuneration.

Proposal 7: Determination of Restricted Stock Compensation for Audit & Supervisory Board Members

With regard to the amount of compensation to the Audit & Supervisory Board Members, the resolution adopted at the 94th Annual General Meeting of Shareholders held on June 27, 2018 instituted an amount to be paid of up to a maximum of 120 million yen per year.

The Company hereby requests approval to pay compensation in the form of restricted stock to the Audit & Supervisory Board Members (including the External Audit & Supervisory Board Members; hereinafter the "Eligible Members") in addition to and separately from the current Director compensation as described above, with objectives of providing incentives to the Eligible Members to achieve sustainable improvement in corporate value of the Company and further creating shared value with our shareholders.

In light of the objectives of this plan, the Company reached a decision that the compensation in the form of restricted stock is to be paid based on the number of shares that does not fluctuate depending on business performance and is determined in line with their positions and responsibilities.

Upon approval of the resolution of this proposal, the Company will pay monetary compensation claims in the form of restricted stock to the Eligible Members, totaling not more than 20 million yen per year. The specific timing of payment and allocation to each Eligible Member shall be delegated to the Board of Directors of the Company.

There are currently 5 Audit & Supervisory Board Members (including 3 External Audit & Supervisory Board Members). If Proposal 4 "Election of 2 Audit & Supervisory Board Members" is approved as originally proposed, there will be 5 Audit & Supervisory Board Members (including 3 External Audit & Supervisory Board Members).

In addition, the Eligible Members shall pay all of the monetary claims under this proposal through a method of in-kind contribution, and receive the issuance or disposition of shares of the Company's common stock pursuant to a resolution of the Board of Directors of the Company. The total number of shares of the common stock to be issued or disposed of in this manner will not exceed 10,000 shares; provided, however, that the total number of the shares will be reasonably adjusted in the event of a stock split (including a gratis allotment of the common stock), reverse stock split of the common stock on or after the date of this resolution, or other circumstances requiring adjustment to the total number of the shares to be issued or disposed of as restricted stock.

The amount to be paid per share will be determined by the Board of Directors based on the closing price of the common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting (if there was no trading on that date, the closing price on the most recent trading day prior to that date) to the extent not particularly favorable to an Eligible Member who will subscribe for such common stock. In addition, the issuance or disposal of shares of common stock of the Company and the payment of monetary claims as assets contribution in kind shall be subject to the execution of a restricted stock allotment agreement (the "Allotment Agreement") between the Company and the Eligible Members, which shall include the following.

[Outline of the Allotment Agreement]

(1) Transfer restriction period

From the allotment date of the restricted stock until the time immediately following the retirement from the position of an officer or employee of the Company or its subsidiary that is predetermined by the Board of Directors of the Company (the "Restricted Transfer Period"), an Eligible Member may not transfer, create a security interest on, or otherwise dispose of common stock of the Company allotted under the Allotment Agreement (the "Allotted Shares") to any third party (the "Transfer Restrictions"). However, if the time immediately following such retirement or resignation is before the date when three months have elapsed since the end of the fiscal year that includes the date on which the allotment of the allotted shares is to be received, the end of the transfer restriction period may be adjusted within reasonable limits.

(2) Treatment at the retirement of the Company

In the event that an Eligible Member resigns from his/her position as an officer or employee of the Company or its subsidiary before the expiration of the term of office (the "Service Period"), as previously determined by the Board of Directors of the Company, the Company shall automatically acquire the Allotted Shares without consideration, excluding cases when there are reasonable grounds for resignation, such as expiration of term of office or death of the Eligible Member.

(3) Cancellation of transfer restrictions

The Company shall cancel the Transfer Restrictions on all of the Allotted Shares when the Restricted Transfer Period expires, provided that an Eligible Member has continuously held a position as an officer or employee of the Company or its subsidiary as previously determined by the Board of Directors of the Company during the Service Period. However, the number of the Allotted Shares and the timing of the cancellation of Transfer Restrictions shall be reasonably adjusted as necessary in cases when the Eligible Member (i) resigns his/her position as an officer or employee of the Company or its subsidiary before the expiration of the Service Period for justifiable reasons as predetermined by the Board of Directors of the Company, or (ii) resigns his position as an officer or employee of the Company or its subsidiary as predetermined by the Board of Directors of the Company for reasons other than justifiable reasons before the expiration of Restricted Transfer Period, even after the expiration of the Service Period. Pursuant to the provisions above, the Company shall automatically acquire the Allotted Shares for which the Transfer Restriction has not been cancelled without consideration immediately after the Transfer Restriction is cancelled.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provisions (1) above, if, during the Transfer Restriction Period, a merger agreement with the Company to be dissolved, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matter relating to organizational restructuring, etc., is approved at a General Meeting of Shareholders (or by the Board of Directors of the Company for organizational restructuring, etc., that does not require approval by the General Meeting of Shareholders of the Company), the Transfer Restrictions on a number of the Allotted Shares will be canceled ahead of the effective date of the organizational restructuring, etc., by resolution of the Board of Directors of the Company based on the period from the commencement date of the Transfer Restriction Period to the effective date of the organizational reorganization, etc. In this case, the Company shall automatically acquire without consideration any of the Allotted Shares whose Transfer Restrictions have not been cancelled immediately after the removal of Transfer Restrictions pursuant to the preceding provisions. In such case provided in the preceding provisions, the Company shall automatically acquire the Allotted Shares for which the Transfer Restriction have not been cancelled without consideration immediately after the Transfer Restriction is cancelled.

(5) Matters other than above

Other matters relating to the Allotment Agreement shall be determined by the Board of Directors of the Company.

<Reference>

[Policy on nomination of a candidate for Director and Audit & Supervisory Board Member]

The Company established the “Sanki Engineering Corporate Governance Guidelines” and stipulated a policy about nomination of a candidate for Director and Audit & Supervisory Board Member as follows.

1. Candidates for Director

(Policy on nomination of candidates for Director)

- (1) The Board of Directors shall nominate as a candidate for Director a person who is expected to fulfill the role of a Director and the Board of Directors based on the skills that he/she should possess.
- (2) The Board of Directors shall nominate as a candidate for External Director a person who is expected to provide advice from an independent and objective standpoint, and appoint at least one independent Outside Director who has management experience as a top executive at another company.
- (3) If any Director becomes unable to fulfill his/her duties as the Director of the Company for health or medical reasons or causes any damage to the corporate value of the Company due to nonfulfillment of his/her duties, an agenda regarding the dismissal of the Director shall be deliberated by the Board of Directors through examination by the Advisory Committee on Nomination and Remuneration.

(Roles of Directors and the Board of Directors)

- (1) Directors and the Board of Directors shall make effort to realize sustainable growth and enhance corporate value over the medium to long term as entrusted by the shareholders by realizing efficient and effective corporate governance, conducting important decision-making of the Company, and supervising execution of duties.
- (2) Directors and the Board of Directors shall make effort to properly build internal control systems, establish risk management systems and compliance structures, monitor the operation status utilizing the Internal Audit Department throughout all Group companies, and make information disclosure in a timely and appropriate manner.
- (3) The Board of Directors shall supervise the state of progress regarding election of a successor to the chief executive officer whenever necessary.
- (4) The Board of Directors shall establish procedures on transactions with conflicts of interest and deliberate and approve transactions.

2. Candidates for Audit & Supervisory Board Member

(Policy on nomination of candidates for Audit & Supervisory Board Member)

- (1) The Board of Directors shall nominate as a candidate for Audit & Supervisory Board Member a person who has excellent insight and high ethics and is expected to fulfill the role of an Audit & Supervisory Board Member as listed below, subject to prior consent from the Audit & Supervisory Board.
- (2) The Board of Directors shall nominate as a candidate for External Audit & Supervisory Board Member a person who is expected to provide advice from an independent and objective standpoint in addition to qualifications listed in the preceding paragraph.
- (3) The Board of Directors shall make effort to nominate as a candidate for Audit & Supervisory Board Member at least one person who has appropriate knowledge regarding finance and accounting.

(Roles of Audit & Supervisory Board Members)

Audit & Supervisory Board Members who shall play a part of supervision functions in cooperation with the Board of Directors shall make efforts to realize sound and sustainable growth and enhancement of corporate value over the medium to long term, and establish a superior corporate governance structure that can respond to social trust, while maintaining appropriate cooperation with stakeholders by auditing the execution of duties of Directors as an independent organization entrusted by the shareholders.

[Independence Standards for External Officers]

The Company established the “Independence Standards for External Officers” and designates those not applicable to all of categories listed below as an Independent Officer.

1. A person whose major business partner (Note 1) is the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
2. A major business partner (Note 1) of the Company or a major lender (Note 4) of the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
3. A consultant, accounting professional, or legal professional who receives a significant amount of money or other assets (Note 5) from the Company other than Officer remuneration.
4. A person who has fallen under any of items 1 to 3 above in a recent period (Note 6)
5. A relative within the second degree of relationship of a person who falls under any of items (a) to (d) below (excluding a person with whom relationship was dissolved due to a divorce, dissolution, etc.).
 - (a) A person who falls under any of items 1 to 4.
 - (b) An executive person (Note 3) of the Company’s subsidiary
 - (c) A Non-executive Director of the Company’s subsidiary (in the case that an External Audit & Supervisory Board Member is nominated as an Independent Officer)
 - (d) A person who has fallen under the preceding (b) or (c) or an executive person (Note 3) of the Company in a recent period (Note 6)
6. A major shareholder of the Company holding 10% or more of the Company’s total shares for three or more consecutive years in a recent period (Note 6) or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).

(Note 1) A “Major business partner” refers to a business partner with which the Company has transactions corresponding to, in principle, 3% or more of annual consolidated sales of the Company for three or more consecutive years (3% of annual consolidated sales is approximately 5,795 million yen in fiscal 2021)

(Note 2) An “executive person” refers to an Executive Director or employee in the General Manager position or equivalent managerial position and other equally important position

(Note 3) A “juridical person, etc.” refers to a juridical person or any organization other than a juridical person (including agricultural cooperatives and management associations)

(Note 4) A “major lender” refers to a lender from which the balance of loans as of the end of each fiscal year is, in principle, 2% or more of the consolidated total assets of the Company on the same day for three or more consecutive years (2% of the consolidated total asset is approximately 3,672 million yen in fiscal 2021)

(Note 5) A “significant amount of money or other assets” refers to that with a value equivalent to a cash amount of 10 million yen or more per annum

(Note 6) A “recent period” refers to a five-year period before the time point in which the election proposal to be submitted to the shareholder’s meeting is determined