

June 10, 2022

To our shareholders

Atsushi Kaneda
Representative Director,
President and Chief Executive Officer
H-ONE CO., LTD.
11-5, Sakuragi-cho 1-chome, Omiya-ku,
Saitama-shi, Saitama 330-0854, Japan

Notice of the 16th Ordinary General Meeting of Shareholders

You are hereby notified that the 16th Ordinary General Meeting of Shareholders of H-ONE CO., LTD. (the “Company”) will be held as indicated below.

To prevent the spread of novel coronavirus disease (COVID-19) and ensure the safety of our shareholders, if you attend the meeting, please stay informed of the occurrence status and check your physical condition on the date of the meeting, and also take measures to prevent infection, such as wearing a mask, when attending.

If you exercise your voting rights in writing or by electronic means (via the Internet, etc.), please exercise your voting rights by 5:00 p.m. on Tuesday, June 28, 2022 (Japan Time), having reviewed the Reference Documents for the General Meeting of Shareholders, which follow this notice.

1. Date and Time: June 29, 2022 (Wednesday) 10:00 a.m. (reception opens at 9:30 a.m.) (Japan Time)

2. Venue: 11-5, Sakuragi-cho 1-chome, Omiya-ku, Saitama-shi, Saitama, Japan
Saisan Hall, 8th Floor, KS Building

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 16th fiscal year (from April 1, 2021 to March 31, 2022), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 16th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- | | |
|-------------------|---|
| Proposal 1 | Appropriation of the Surplus |
| Proposal 2 | Partial Amendments to the Articles of Incorporation |
| Proposal 3 | Election of Six (6) Directors |
| Proposal 4 | Election of Two (2) Audit & Supervisory Board Members |
| Proposal 5 | Election of One (1) Substitute Audit & Supervisory Board Member |

4. Disclosure via the Internet

- (1) Of those documents that would require appending to this notice, the following materials have been made available on the Company’s website mentioned below in accordance with laws and regulations, and Article 15 of the Company’s Articles of Incorporation, and are therefore not presented in this notice:
 - i. The “Consolidated Statements of Changes in Equity” and “Notes to the Consolidated Financial Statements” as a part of the Consolidated Financial Statements
 - ii. The “Non-consolidated Statements of Changes in Equity” and “Notes to the Financial Statements” as a part of the Non-consolidated Financial Statements

Moreover, in addition to each of the documents presented in this notice, the Consolidated Financial Statements and Non-consolidated Financial Statements reviewed by the Audit & Supervisory Board Members and the Accounting Auditor, include the “Consolidated Statements of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Equity,” and “Notes to the Financial Statements” posted on the Company’s website.

- (2) In the event that any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised matters of these documents will be posted on the Company’s website mentioned below.

The Company’s website: https://www.h1-co.jp/ (only available in Japanese)

Reference Documents for the General Meeting of Shareholders

Proposal 1 Appropriation of the Surplus

With regard to the appropriation of the surplus, having taken into account the performance for the fiscal year under review and future business expansion, the Company proposes the following:

Year-end dividends

- | | |
|--|---------------|
| (1) Type of dividends: | Cash |
| (2) Dividend allocation and their aggregate amount thereof | |
| Dividend per common share of the Company: | ¥12 |
| Total dividends: | ¥340,695,240 |
| (3) Effective date of dividends of surplus: | June 30, 2022 |

(Reference Note)

Dividend Policy

The Company regards the continuous return of profits to its shareholders as a highly important management policy, and maintains a basic policy to stably implement dividends according to the Company's performance to its shareholders over the long term, having taken into consideration future business expansion, investments in facilities, and the like, as well as striving to improve the return on equity attributable to owners of the parent (ROE).

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>(Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>Article 15</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p> <p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p>Articles 16 to 48 (Provisions omitted)</p>	<p>Articles 16 to 48 (Unchanged)</p>
<p>(Newly established)</p>	<p><u>(Supplementary Provisions)</u></p> <p><u>1. The deletion of Article 15 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 15 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Date of Enforcement”).</u></p> <p><u>2. Notwithstanding the provision of the preceding paragraph, Article 15 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u></p> <p><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Proposal 3 Election of Six (6) Directors

The terms of office of all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes to revise management structure by decreasing the number of Directors by one (1) and electing six (6) Directors.

Candidates for Director are as follows:

List of Candidates for Director

Candidate No.	Name	Current Position Within the Company	Responsibilities Within the Company and Significant Concurrent Positions Outside the Company	
1	Atsushi Kaneda	Representative Director		Re-election
2	Kiyofumi Ota	Director	- Chief Operating Officer of the Administration Operations - Compliance Officer - Responsible for Environmental Activities	Re-election
3	Hiroyuki Watanabe	Director	- Chief Operating Officer of the Production Operations and General Manager of the Production Planning Group - Risk Management Officer	Re-election
4	Keiichiro Maruyama	Director	- Deputy Managing Partner of Nagawa-Okamura Law Firm - Outside Corporate Auditor of TODA CORPORATION - Chairman of the Board of Tokyo College of Music	Re-election Outside Independent
5	Kunihiro Todokoro	Director	- Representative Director, Chairperson and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.	Re-election Outside Independent
6	Sawako Yamamoto	Director		Re-election Outside Independent

Re-election: Candidate for re-election as Director

Outside: Candidate for Outside Director

Independent: Independent Officer as stipulated by the Tokyo Stock Exchange

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
1	<p style="text-align: center;">Atsushi Kaneda (August 23, 1961) [Re-election]</p> <p>Attendance at the Board of Directors meetings (12/12)</p>	<p>Mar. 1985 Joined Hongo Seisakusho</p> <p>Dec. 2005 Operating Officer of HONGO CO., LTD.</p> <p>Apr. 2006 Operating Officer and Factory Operating Officer of the Koriyama Factory of the Company</p> <p>Apr. 2007 General Manager of the Corporate Management Planning Operations of the Company</p> <p>Jun. 2007 Senior Operating Officer of the Company</p> <p>Jun. 2008 Managing Director of the Company</p> <p>Apr. 2010 Chief Operating Officer of the Production Operations of the Company</p> <p>Apr. 2011 Chief Operating Officer of the Development & Engineering Operations of the Company</p> <p>Jun. 2011 Representative Director, President and Chief Operating Officer of the Development & Engineering Operations of the Company</p> <p>Apr. 2012 Representative Director and President of the Company</p> <p>Jun. 2016 Representative Director, President and Chief Executive Officer of the Company (current position)</p>	19
<p>[Reasons for Nomination as a Candidate for Director]</p> <p>Mr. Atsushi Kaneda has many years of experience in the fields of development and production, during which he has been engaged in the establishment of two subsidiaries in the United States. Since the establishment of the Company in its current form through the merger in 2006, he has engaged in expanding operations of the Company's business as supervisor of the corporate planning, production and development divisions, and possesses abundant experience and considerable insight related to the global operation of business. Since being appointed as Representative Director of the Company, he has demonstrated potent leadership skills that capitalize on this experience and knowledge, and he has driven forward efforts to enhance the Company Group's corporate value.</p> <p>Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has renominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
2	<p style="text-align: center;">Kiyofumi Ota (September 23, 1960) [Re-election]</p> <p>Attendance at the Board of Directors meetings (12/12)</p>	<p>Apr. 1983 Joined the Industrial Bank of Japan, Ltd. (current Mizuho Bank, Ltd.)</p> <p>Apr. 2008 General Manager of the Dalian Branch of Mizuho Corporate Bank (China), Ltd. (current Mizuho Bank (China), Ltd.)</p> <p>Sep. 2010 Joined the Company Executive Vice President of GH Auto Parts Industries Inc.</p> <p>Apr. 2011 President of QH Auto Parts Industries Inc. and Executive Vice President of GH Auto Parts Industries Inc.</p> <p>Jun. 2011 Operating Officer of the Company</p> <p>Jan. 2013 Assistant to Chief Operating Officer of the Administration Operations</p> <p>Apr. 2013 Deputy Operating Officer of the Administration Operations of the Company</p> <p>Jun. 2013 Director of the Company</p> <p>Apr. 2014 Chief Operating Officer of the Administration Operations of the Company (current position)</p> <p>Jun. 2014 Managing Director of the Company</p> <p>Apr. 2016 Compliance Officer (current position) and Responsible for Environmental Activities of the Company (current position)</p> <p>Jun. 2016 Director and Senior Managing Officer of the Company (current position)</p>	7
<p>[Reasons for Nomination as a Candidate for Director]</p> <p>Mr. Kiyofumi Ota has pursued duties related to China for many years during his time serving in financial institutions. Having engaged in the management of Chinese subsidiaries after joining the Company, he now supervises accounting and finance, HR and labor, and compliance and the governance of the Company Group as the supervisor of the administration division, and he therefore possesses abundant experience and considerable insight related to the global operation of business.</p> <p>Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has renominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
3	Hiroyuki Watanabe (February 25, 1960) [Re-election] Attendance at the Board of Directors meetings (10/10)	<p>Mar. 1978 Joined Hirata Press Kogyo Co., Ltd.</p> <p>Oct. 2006 General Manager of the Production Division of the Maebashi Factory of the Company</p> <p>Apr. 2011 Factory Operating Officer of the Kameyama Factory of the Company</p> <p>Jun. 2012 Operating Officer of the Company</p> <p>Apr. 2014 General Manager of the Production Planning Group of the Company (current position)</p> <p>Jun. 2014 Director of the Company</p> <p>Aug. 2014 Factory Operating Officer of the Koriyama Factory of the Company</p> <p>Jun. 2016 Senior Operating Officer of the Company</p> <p>Apr. 2019 Managing Officer (current position), Chief Operating Officer of the Production Operations (current position), and Risk Management Officer of the Company (current position)</p> <p>Mar. 2021 Factory Operating Officer of the Kameyama Factory of the Company</p> <p>Jun. 2021 Director and Managing Officer of the Company (current position)</p>	9
<p>[Reasons for Nomination as a Candidate for Director]</p> <p>Mr. Hiroyuki Watanabe has engaged in management of the Company's Canadian subsidiary and business operations in production bases in Japan in the past. He presently supervises various initiatives for strengthening the Company Group's business foundation and risk management system as the supervisor of production divisions. He therefore possesses abundant experience and considerable insight related to the manufacturing and marketing of automobile parts, the primary business of the Company Group.</p> <p>Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has renominated him as a candidate for Director.</p>			

Note: Mr. Hiroyuki Watanabe was elected at the 15th Ordinary General Meeting of Shareholders held on June 23, 2021, so "Attendance at the Board of Directors meetings" refers to meetings held on this date onward.

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)	
4	Keiichiro Maruyama (November 27, 1963) [Re-election] [Candidate for Outside Director] [Independent Officer] Attendance at the Board of Directors meetings (12/12)	Apr. 1998	Registered as lawyer (TOKYO BAR ASSOCIATION)	—
		Apr. 1998	Joined Nagawa-Okamura Law Firm	
		Jan. 2001	Deputy Managing Partner of Nagawa-Okamura Law Firm (current position)	
		May 2009	Director of Tokyo College of Music	
		Jul. 2010	Director of Johokusaitama Gakuen (Incorporated Educational Institution) (current position)	
		Jun. 2014	Outside Director of the Company (current position)	
		Jun. 2016	Outside Corporate Auditor of TODA CORPORATION (current position)	
		Apr. 2021	Chairman of the Board of Tokyo College of Music (current position)	
	[Reasons for Nomination as a Candidate for Outside Director and Expected Roles] Mr. Keiichiro Maruyama possesses abundant experience and considerable insight cultivated as a lawyer. Since his appointment as an Outside Director of the Company, he has been active in making proposals and recommendations regarding the management of the Company Group in Board of Directors meetings of the Company. The Company has determined he will be able to continue making statements on the execution of business of the Company Group from a professional viewpoint as a lawyer, while overseeing the business from his independent and fair standpoint, and so the Company has renominated him as a candidate for Outside Director. He does not have experience of directly contributing to the management of a company; however, he has elevated and broad perspective as a lawyer. Moreover, given that he is knowledgeable of the governance of companies and has sufficient discernment as an Outside Director, the Company has judged that he is able to appropriately execute his duties.			
	[Considerations on His Independence] Nagawa-Okamura Law Firm, at which Mr. Keiichiro Maruyama serves as Deputy Managing Partner, has entered into a legal consulting contract with the Company; however, the remuneration amounts paid by the Company are small. Also, TODA CORPORATION and the Tokyo College of Music, at which he serves in significant concurrent positions, have no transactions with the Company. For the above reasons, the Company has judged that there are no problems with regards to his independence. Moreover, the Company has submitted notification of his position as Independent Officer to the Tokyo Stock Exchange.			

Notes:

1. Mr. Keiichiro Maruyama's tenure as Outside Director will be eight (8) years upon the conclusion of this General Meeting of Shareholders.
2. The Company has entered into an agreement with Mr. Keiichiro Maruyama to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Director, the Company intends to roll over this limitation of liability contract with him.

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
5	Kunihiro Todokoro (May 29, 1954) [Re-election] [Candidate for Outside Director] [Independent Officer] Attendance at the Board of Directors meetings (12/12)	Apr. 1977	Joined Saitama Bank, Ltd. (current Saitama Resona Bank, Limited)
		Jun. 2009	Representative Director and Vice President of Saitama Resona Bank, Limited
		Jun. 2013	Representative Director and President of J AND S INSURANCE SERVICE Co., Ltd.
		Jun. 2015	Representative Director and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.
		Jun. 2016	Outside Director of the Company (current position)
		Jun. 2019	Chair of SAITAMA KEIZAI DOYUKAI (current position)
		Jun. 2020	Representative Director and Chairperson of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.
		Apr. 2021	Representative Director, Chairperson and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD. (current position)
	[Reasons for Nomination as a Candidate for Outside Director and Expected Roles] Mr. Kunihiro Todokoro has engaged in the management of a financial institution and multiple business companies. Since his appointment as an Outside Director of the Company, he has been active in leveraging this abundant experience and considerable insight to make proposals and recommendations regarding the management of the Company Group in Board of Directors meetings of the Company. The Company has determined he will be able to continue making statements on the execution of business of the Company Group from a professional viewpoint as the one experienced in management, while overseeing the business of the Company Group from his independent and fair standpoint, and so the Company has renominated him as a candidate for Outside Director.		
	[Considerations on His Independence] The Company makes transactions related to storage and warehousing of goods with FUJI WAREHOUSE&TRANSPORTATION CO., LTD., at which Mr. Kunihiro Todokoro serves as Representative Director, Chairperson and President; however, the remuneration amounts paid by the Company are small. In addition, the Company is a borrower of Saitama Resona Bank, Limited, of which Mr. Kunihiro Todokoro was formerly Representative Director and Vice President; however, more than nine (9) years have passed since he retired from that position. For the above reasons, the Company has judged that there are no problems with regards to his independence. Moreover, the Company has submitted notification of his position as Independent Officer to the Tokyo Stock Exchange.		

Notes:

1. Mr. Kunihiro Todokoro's tenure as Outside Director will be six (6) years upon the conclusion of this General Meeting of Shareholders.
2. The Company has entered into an agreement with Mr. Kunihiro Todokoro to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Director, the Company intends to roll over this limitation of liability contract with him.

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company		Number of the Company's Shares Owned (Thousands of Shares)
6	Sawako Yamamoto (June 5, 1960) [Re-election] [Candidate for Outside Director] [Independent Officer] Attendance at the Board of Directors meetings (10/10)	Apr. 1983	Joined Secretariat of Fair Trade Commission (current General Secretariat of Fair Trade Commission)	—
		Jun. 2008	Division Manager, Personnel Division, Secretariat, General Secretariat of Fair Trade Commission	
		Sep. 2012	Deputy Director General, Investigation Bureau, General Secretariat of Fair Trade Commission	
		Jul. 2014	Senior Deputy Secretary General, Secretariat, General Secretariat of Fair Trade Commission	
		Jun. 2016	Director General, Investigation Bureau, General Secretariat of Fair Trade Commission	
		Jun. 2021	Outside Director of the Company (current position)	
		Jan. 2022	Member of the National Personnel Authority's Exchange Examination Committee (current position)	
[Reasons for Nomination as a Candidate for Outside Director and Expected Roles] Ms. Sawako Yamamoto has held important positions at the Fair Trade Commission. Since her appointment as an Outside Director of the Company, she has been active in leveraging the abundant experience and considerable insight cultivated through these positions to make proposals and recommendations regarding the execution of business at the Company Group in Board of Directors meetings of the Company. The Company has determined she will be able to continue making statements on the execution of business of the Company Group from a professional viewpoint as an expert in corporate law, while overseeing the business of the Company Group from an independent and fair standpoint, and so the Company has renominated her as a candidate for Outside Director. She does not have experience of directly contributing to the management of a company; however, she has elevated and broad perspective backed by her experience serving at the Fair Trade Commission. Moreover, given that she is knowledgeable of the governance of companies and has sufficient discernment as an Outside Director, the Company has judged that she is able to appropriately execute her duties.				
[Considerations on Her Independence] The Fair Trade Commission, at which Ms. Sawako Yamamoto served as Director General of the Investigation Bureau until July 2018, has no transactions with the Company. For the above reasons, the Company has judged that there are no problems with regards to her independence. Moreover, the Company has submitted notification of her position as Independent Officer to the Tokyo Stock Exchange.				

Notes:

- Ms. Sawako Yamamoto's tenure as Outside Director will be one (1) year upon the conclusion of this General Meeting of Shareholders.
- The Company has entered into an agreement with Ms. Sawako Yamamoto to limit her liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Director, the Company intends to roll over this limitation of liability contract with her.
- Ms. Sawako Yamamoto was elected at the 15th Ordinary General Meeting of Shareholders held on June 23, 2021, so "Attendance at the Board of Directors meetings" refers to meetings held on this date onward.

Notes applicable to all of the six (6) candidates above:

- There are no special interests between any of the candidates for Directors and the Company.
- The number of shares of the Company owned by each of the candidates for Director includes the shares held under the name of the Officer's Shareholder Association.
- The Company has not entered into an indemnity agreement stipulated by Article 430-2, Paragraph 1 of the Companies Act, with each of the candidates for Director.
- The Company has entered into a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act. According to the said insurance agreement, if a claim for damages is made against the insured resulting from the insured's action (including nonfeasance) in the capacity of such position during the period of insurance, legal compensation for damages and fees for legal actions, etc. will be compensated. However, in order not to impair the appropriateness of duty execution by the insured, the policy includes an exemption such that it does not cover criminal acts of the insured or damages to an officer in person who has intentionally acted in violation of the law. If each candidate for Director is appointed as Director, he/she will become one of the insureds under said insurance agreement. The Company plans to renew the said insurance agreement under the same conditions during the Directors' terms of office.

Proposal 4 Election of Two (2) Audit & Supervisory Board Members

The terms of office of two (2) Audit & Supervisory Board Members, Nobuyoshi Itoh and Hiroki Murakami, will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes to elect two (2) Audit & Supervisory Board Members.

This proposal has obtained the consent of the Audit & Supervisory Board.

Candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
1	Kazuo Yamashita (August 22, 1963) [New election] Attendance at the Board of Directors meetings - Attendance at the Audit & Supervisory Board meetings -	Mar. 1984 Joined Hirata Press Kogyo Co., Ltd. Apr. 2012 General Manager of the Accounting Division of the Company (current position) Jun. 2015 Operating Officer of the Company (current position)	15
[Reasons for Nomination as a Candidate for Audit & Supervisory Board Member] Mr. Kazuo Yamashita has been engaged in operations related to consolidated financial statements and the like for many years as the supervisor of the Accounting Division. He possesses abundant experience regarding the management of the Company Group, including supervising the Company Group's accounting and financial affairs and internal controls, and considerable insight related to finance and accounting. Given this, the Company has determined that he can sufficiently fulfill the role of supervising management and the execution of business within the Company Group, and so the Company has nominated him as a candidate for Audit & Supervisory Board Member. He will be appointed as a Full-time Audit & Supervisory Board Member at a meeting of the Audit & Supervisory Board following the conclusion of this Ordinary General Meeting of Shareholders.			

Note: The number of shares of the Company owned by Mr. Kazuo Yamashita includes the shares held under the name of the Employee's Shareholder Association.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
2	Hiroki Murakami (December 30, 1974) [Re-election] [Candidate for Outside Audit & Supervisory Board Member] [Independent Officer] Attendance at the Board of Directors meetings (12/12) Attendance at the Audit & Supervisory Board meetings (12/12)	Oct. 2004 Registered as lawyer (Gunma Bar Association) Oct. 2004 Joined Kogure Law Firm Jan. 2009 Director of MURAKAMI HIROKI LAW OFFICE (current position) Oct. 2010 Member of Gunma Official Documents Disclosure Judging Committee (current position) Apr. 2012 Deputy Chairman of Gunma Bar Association Jun. 2018 Outside Audit & Supervisory Board Member of the Company (current position)	—
	[Reasons for Nomination as a Candidate for Outside Audit & Supervisory Board Member and Expected Roles] Mr. Hiroki Murakami possesses abundant experience and considerable insight cultivated as a lawyer. Since his appointment as an Outside Audit & Supervisory Board Member of the Company, he has been appropriately supervising the execution of business, including making recommendations regarding the function and operation of a compliance structure for the Company Group in Board of Directors meetings of the Company. The Company expects that he will be able to continue to provide recommendations regarding the management of the Company Group and supervise the execution of business from his independent and fair standpoint, and so the Company has renominated him as a candidate for Outside Audit & Supervisory Board Member. He does not have experience of directly contributing to the management of a company; however, he has elevated and broad perspective as a lawyer. Moreover, given that he is knowledgeable of the governance of companies and has sufficient discernment as an Outside Audit & Supervisory Board Member, the Company has judged that he is able to appropriately execute his duties.		
	[Considerations on His Independence] MURAKAMI HIROKI LAW OFFICE, at which Mr. Hiroki Murakami serves as Director, has no transactions with the Company and has no contractual relationships, such as for consulting, with the Company. For the above reasons, the Company has judged that there are no problems with regards to his independence. Moreover, the Company has submitted notification of his position as Independent Officer to the Tokyo Stock Exchange.		

Notes:

- Mr. Hiroki Murakami's tenure as Outside Audit & Supervisory Board Member will be four (4) years upon the conclusion of this General Meeting of Shareholders.
- The Company has entered into an agreement with Mr. Hiroki Murakami to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Outside Audit & Supervisory Board Member, the Company intends to roll over this limitation of liability contract with him.

Notes applicable to all of the two (2) candidates above:

- There are no special interests between any of the candidates for Audit & Supervisory Board Member and the Company.
- The Company has not entered into an indemnity agreement stipulated by Article 430-2, Paragraph 1 of the Companies Act, with each of the candidates for Audit & Supervisory Board Member.
- The Company has entered into a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act.

According to the said insurance agreement, if a claim for damages is made against the insured resulting from the insured's action (including nonfeasance) in the capacity of such position during the period of insurance, legal compensation for damages and fees for legal actions, etc. will be compensated.

However, in order not to impair the appropriateness of duty execution by the insured, the policy includes an exemption such that it does not cover criminal acts of the insured or damages to an officer in person who has intentionally acted in violation of the law.

If each candidate for Audit & Supervisory Board Member is appointed as Audit & Supervisory Board Member, he will become one of the insureds under said insurance agreement.

The Company plans to renew the said insurance agreement under the same conditions during the Audit & Supervisory Board Members' terms of office.

Proposal 5 Election of One (1) Substitute Audit & Supervisory Board Member

In preparation for the case of absences causing the number of Audit & Supervisory Board Members required by law not being met, the Company proposes the election of one (1) substitute Audit & Supervisory Board Member, pursuant to the provisions of Article 329, Paragraph 3 of the Companies Act.

This proposal has obtained the consent of the Audit & Supervisory Board.

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

Name (Date of Birth)	Career Summary and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned Name (Date of Birth)
Hiroyuki Iijima (October 27, 1974)	Apr. 1997 Joined Plaza Create Co., Ltd. Oct. 2002 Joined Iijima Certified Public Tax Accountant Office (current position) Apr. 2007 Registered as a certified public tax accountant	—
<p>[Reasons for Nomination as a Candidate for Substitute Outside Audit & Supervisory Board Member]</p> <p>Mr. Hiroyuki Iijima is an active certified public tax accountant and, if he is appointed as Audit & Supervisory Board Member, the Company's supervisory organization will benefit from the specialized knowledge and experience that he has cultivated as a certified public tax accountant; therefore, the Company proposes his appointment as a substitute Outside Audit & Supervisory Board Member.</p> <p>He does not have experience of directly contributing to the management of a company; however, he has elevated and broad perspective as a certified public tax accountant. Moreover, given that he has sufficient discernment to be an Outside Audit & Supervisory Board Member, the Company has determined that he is able to appropriately execute his duties.</p>		
<p>[Considerations on His Independence]</p> <p>Iijima Certified Public Tax Accountant Office, at which Mr. Hiroyuki Iijima is engaged in his significant concurrent position, has no transactions with the Company and has no contractual relationships, such as for consulting, with the Company.</p> <p>For the above reasons, the Company has judged that there are no problems with regards to his independence.</p> <p>If he is appointed as Audit & Supervisory Board Member, the Company intends to submit notification of his position as Independent Officer to the Tokyo Stock Exchange.</p>		

Notes:

1. There are no special interests between Mr. Hiroyuki Iijima and the Company.
2. Mr. Hiroyuki Iijima is a candidate for substitute Outside Audit & Supervisory Board Member.
3. If Mr. Hiroyuki Iijima is appointed as Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act.
4. If Mr. Hiroyuki Iijima is appointed as Audit & Supervisory Board Member, he will become one of the insureds under a Directors and Officers liability insurance agreement in accordance with Article 430-3, Paragraph 1 of the Companies Act. According to the said insurance agreement, if a claim for damages is made against the insured resulting from the insured's action (including nonfeasance) in the capacity of such position during the period of insurance, legal compensation for damages and fees for legal actions, etc. will be compensated. However, in order not to impair the appropriateness of duty execution by the insured, the policy includes an exemption such that it does not cover criminal acts of the insured or damages to an officer in person who has intentionally acted in violation of the law.

(Reference)

Basic Policy for Corporate Governance

Based on our Management Philosophy, the Company has formulated a basic sustainability policy to “become a company that contributes to the world” by promoting various activities in each ESG (environment, society, and governance) area.

Based on this basic policy, the Company recognizes the enhancement of corporate governance as one of its important issues in management and will consistently take initiatives for the continuous growth of the Company Group, responding to the expectation and trust from our shareholders, customers, employees, and society.

The Corporate Governance System

The Company is a company with an Audit & Supervisory Board and has established the following organs: General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditor. In addition, the Company has streamlined the decision-making and enhancement of supervising functions on business execution by the Board of Directors by expanding the Operating Officer system such as by delegating business execution to Operating Officers.

1. Board of Directors

In order to supervise business execution from a wider perspective, the Board of Directors consists of seven (7) Directors, including three (3) Outside Directors. The Board of Directors, upon deliberation, passes resolutions for important matters concerning management and matters designated by laws and regulations.

The Company has appointed one (1) lawyer, one (1) person who possesses management experience at another company, and one (1) woman who has experience serving at an administrative organ as Outside Directors.

The Company thinks that a composition which combines Inside Directors who have a thorough understanding of the Company’s business and industry trends with Outside Directors who have varied experience, insight, and values will result in the optimal overall structure for the Board of Directors in terms of the balance of knowledge, experience, and abilities, diversity, and other aspects.

At this General Meeting of Shareholders, the Company is proposing the election of six (6) Directors.

2. Audit & Supervisory Board

The Audit & Supervisory Board consists of three (3) Audit & Supervisory Board Members, including two (2) Outside Audit & Supervisory Board Members. The Audit & Supervisory Board requests, when deemed appropriate, reports on the progress and results of operational audits and internal control audits conducted by Audit Operations, which is an independent internal audit division. It also attends important meetings including the Board of Directors meetings, and audits Directors’ execution of duties and decision-making of the Board of Directors by examining the business and financial status from a neutral and objective standpoint.

At this General Meeting of Shareholders, the Company is proposing the election of two (2) Audit & Supervisory Board Members.

3. Other optional meeting bodies

- (1) The Management Committee, which consists of the Representative Director and chief operating officers or general managers of the six operations and the three overseas regional operations, adopts a system where important matters concerning business execution are either presented to the Board of Directors after prior deliberation, or resolved within its scope of authority and reported to the Board of Directors for an efficient and speedy decision making by the Board of Directors.
- (2) To ensure mutual collaboration between Outside Directors and Audit & Supervisory Board Members, the Information Exchange Meeting for Independent Officers, which consists of Independent Officers and Full-time Audit & Supervisory Board Member, is held monthly. At the Information Exchange Meeting for Independent Officers, understanding is shared through reports of business status of the Company Group made by Full-time Audit & Supervisory Board Member, or by related general managers when needed, and opinions which are mutually exchanged among Independent Officers.
- (3) In order to ensure transparency and objectivity in the process of determining remuneration, the Nomination and Remuneration Committee, chaired by Outside Independent Directors, determine, after final consultation, the amounts of remuneration, etc. for the Company’s Officers. Moreover, if changes are to be made on the policy concerning determination of calculation methods for the amounts of remuneration, etc. for Officers, they are determined by the Board of Directors after prior deliberation at the Nomination and Remuneration Committee.

4. Standards for independence

For elections of independent outside officers (Directors and Audit & Supervisory Board Members), aside from the requirements for outside officers pursuant to the Companies Act, the Company has set out a standard for designating independent outside officers so that candidates will meet qualifications of Independent Officer as stipulated by the Tokyo Stock Exchange and will be free of possible conflict of interest with general shareholders.

5. Policy for nominating candidates for Directors and Audit & Supervisory Board Members

With regard to candidates for Directors, election or nomination is made with comprehensive consideration from the perspective of abundance in experience, high-level expertise, considerable insight, and ethical point of view. The election or nomination for candidates for Directors is determined by the Board of Directors after prior deliberation at the Nomination and Remuneration Committee, which is chaired by Outside Independent Directors.

With regard to candidates for Audit & Supervisory Board Members, nominations are made with consideration from the perspective of insight into finance, accounting and legal affairs, and knowledge related to the Company’s businesses.

If Proposals 3 and 4 are approved and passed as proposed for this Ordinary General Meeting of Shareholders, the Board of Directors and the Audit & Supervisory Board will be composed as follows:

Name	Position Within the Company	Gender	Independence	Professionalism and Experience					
				Corporate management	Legal affairs and risk management	Finance and accounting	Manufacture, engineering, and research & development	Government and administrative organ	Global experience (experience of working overseas)
Atsushi Kaneda	Representative Director President and Chief Executive Officer			○			○		○
Kiyofumi Ota	Director Senior Managing Officer			○	○	○			○
Hiroyuki Watanabe	Director Managing Officer			○	○		○		○
Keiichiro Maruyama	Director Outside Independent		○		○				
Kunihiro Todokoro	Director Outside Independent		○	○					○
Sawako Yamamoto	Director Outside Independent	Female	○		○			○	
Kazuo Yamashita	Full-time Audit & Supervisory Board Member					○			○
Hiroyuki Kawai	Audit & Supervisory Board Member Outside Independent		○			○			
Hiroki Murakami	Audit & Supervisory Board Member Outside Independent		○		○				

Outside: Outside Director or Outside Audit & Supervisory Board Member
Independent: Independent Officer as stipulated by the Tokyo Stock Exchange