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Securities Code: 6967

June 7, 2022

To our shareholders:

Susumu Kurashima
Representative Director of Board, President
SHINKO ELECTRIC INDUSTRIES CO., LTD.
80 Oshimada-machi, Nagano-shi, Nagano, Japan

Notice of the 87th Ordinary General Meeting of Shareholders

This notice is to inform you of the 87th Ordinary General Meeting of Shareholders of SHINKO ELECTRIC INDUSTRIES CO., LTD. (the “Company”), to be held as described below.

If you do not attend on the day, you may exercise your voting rights in writing or via the internet. Please review the Reference Documents for General Meeting of Shareholders, which are provided on the following pages, and exercise your voting rights by no later than Monday, June 27, 2022 at 5:15 p.m. (JST).

1 Date and Time: Tuesday, June 28, 2022, at 10:00 a.m. (JST)

2 Venue: Kurita Sogo Center of the Company
711 Kurita, Nagano-shi, Nagano, Japan

3 Purposes of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the 87th Term (from April 1, 2021 to March 31, 2022), and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee.
2. Non-consolidated Financial Statements for the 87th Term (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendments to the Articles of Incorporation
- Proposal No. 3:** Election of Five Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 4:** Election of Three Directors who are Audit and Supervisory Committee Members
- Proposal No. 5:** Payment of Bonuses to Directors
- Proposal No. 6:** Revision of Amount of Remuneration, Etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 7:** Determination of Amount of Remuneration, Etc. for the Allotment of Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors who are not Audit and Supervisory Committee Members)

4. Matters Related to the Exercise of Voting Rights:

- (1) Please be advised that if you exercise your voting rights both in writing and via the internet, the content of the vote you made via the internet shall be handled as the valid vote.
- (2) If you exercise your voting rights via the internet multiple times, the content of the final vote that you made shall be the valid vote. In addition, if you exercise your voting rights multiple times using a personal computer or smartphone, the content of the final vote that you made shall be the valid vote.

- When attending the meeting, please present the enclosed voting form at the reception desk.
- Pursuant to provisions of laws and regulations and Article 17 of the Articles of Incorporation, the following items have been posted online on the Company's website (in Japanese only).
 - (i) Notes to Consolidated Financial Statements
 - (ii) Notes to Non-consolidated Financial Statements
- In the event of an amendment being made to the Reference Documents for General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, it will be posted online on the Company's website (in Japanese only).

Company website: <https://www.shinko.co.jp>

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

In consideration of the business performance of the fiscal year under review, future business development and other matters, the Company proposes the appropriation of surplus for the fiscal year under review as follows:

Year-end dividends

The Company regards the enhancement of the return of profit to its shareholders as one of the most important management policies. Giving consideration to the financial position, profit level, plans for capital investment in growth markets, etc., the Company proposes to pay a year-end dividend of ¥27.50 per share for the fiscal year under review, an increase of ¥10.00 from the previous fiscal year.

As a result of this, including the interim dividend of ¥17.50 that was paid on November 29, 2021, the annual dividend will total ¥45.00 per share.

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and aggregate amount thereof
¥27.50 per common share of the Company
Total payment: ¥3,714,974,835
- (3) Effective date of dividends of surplus
June 29, 2022

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

This proposal intends to change part of the Articles of Incorporation as follows.

1. Reasons for the Amendments

Since 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) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 17 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of Reference Documents for General Meeting of Shareholders, etc. via electronic media, and will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (2) Since the provisions for Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders via the Internet (Article 17 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (3) Accompanying the aforementioned establishment and deletion of provisions, Supplementary Provisions regarding the effective date, etc. will be established.

2. Details of the Amendments

The proposed amendments to the Articles of Incorporation are as follows:

(Underlined parts represent planned amendments.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter III General Meeting of Shareholders</p> <p><u>Article 17. (Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders via the Internet)</u></p> <p><u>When convening a General Meeting of Shareholders, it shall be deemed that the Company has provided shareholders with necessary information that should be described or indicated in reference materials for the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements have been provided to the Shareholders by disclosing them via the Internet in accordance with the Ordinances of the Ministry of Justice.</u></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter III General Meeting of Shareholders (Deleted)</p> <p><u>Article 17. (Provision of Information via Electronic Media, Etc.)</u></p> <p><u>The Company shall provide information contained in the Reference Documents for General Meeting of Shareholders and other materials via electronic media when it convenes a General Meeting of Shareholders.</u></p> <p><u>Among items for which the measures for providing information via electronic media will be taken, the Company may exclude all or some of those items in accordance with the Ordinance of the Ministry of Justice 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>

Current Articles of Incorporation	Proposed Amendments
<p>Supplementary Provisions (Newly established)</p>	<p>Supplementary Provisions <u>Article 2. (Transitional Measures Regarding the Provision of Information via Electronic Media, Etc.)</u> <u>The deletion of the current Article 17 and the establishment of the new Article 17 of Articles of Incorporation shall be effective on 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> <u>Regardless of the provisions stipulated in the preceding clause, the current Article 17 of the Articles of Incorporation shall be effective with regard to the General Meetings of Shareholders to be held within six months from the Date of Enforcement.</u> <u>This Article 2. of Supplementary Provision shall be deleted on either of the later day on which six months from the Date of Enforcement have passed or three months from the date of the General Meetings of Shareholders mentioned in the preceding clause have passed.</u></p>

Proposal No. 3: Election of Five Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all five Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this meeting. Therefore, the Company proposes the election of five Directors (excluding Directors who are Audit and Supervisory Committee Members).

In deciding this proposal, it has been examined in advance by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors. This proposal has been also considered by the Audit and Supervisory Committee, but no objections were raised.

Candidates for election as Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name	Title in the Company	
1	Masami Fujita	Representative Director of Board, Chairperson	Reappointment
2	Susumu Kurashima	Representative Director of Board, President	Reappointment
3	Yasuhisa Makino	Representative Director of Board, and Executive Managing Corporate Officer	Reappointment
4	Takashi Ozawa	Director of Board, and Managing Corporate Officer	Reappointment
5	Jun Niimi	Outside Director of Board	Reappointment Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p style="text-align: center;">Masami Fujita (September 22, 1956)</p> <p style="text-align: center;"><u>Reappointment</u></p> <p style="text-align: center;">Rate of attendance at Meetings of the Board of Directors 14/14</p>	<p>Apr. 1980 Joined Fujitsu Limited</p> <p>Dec. 2001 General Manager, Secretary's Office, Fujitsu Limited</p> <p>June 2006 Corporate Vice President, Fujitsu Limited</p> <p>June 2009 Corporate Senior Vice President, Fujitsu Limited</p> <p>Apr. 2010 Corporate Senior Executive Vice President, Fujitsu Limited</p> <p>June 2010 Corporate Senior Executive Vice President and Director, Fujitsu Limited</p> <p>June 2012 Corporate Senior Executive Vice President and Representative Director, Fujitsu Limited</p> <p>Apr. 2016 President and Representative Director, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)</p> <p>June 2017 External Board Director, Hazama Ando Corporation (current position)</p> <p>Jan. 2019 Executive Adviser, Fujitsu Marketing Limited (currently Fujitsu Japan Limited)</p> <p>Apr. 2019 Executive Vice President of the Company</p> <p>June 2019 Representative Director of Board, President</p> <p>June 2021 Representative Director of Board, Chairperson (current position)</p>	6,100 shares
<p>[Reasons for nomination as candidate]</p> <p>Masami Fujita has been engaged in the operations of human resources division of Fujitsu Limited for many years. He has been in charge of human resources, general affairs, and legal affairs since his appointment as Corporate Executive Officer of Fujitsu Limited, and during that time he had been a driving force in promoting the establishment of internal management systems for the entire Fujitsu Group. In the role of Corporate Senior Executive Vice President and Representative Director of Fujitsu Limited and President and Representative Director of Fujitsu Marketing Limited (currently Fujitsu Japan Limited), he has accumulated extensive experience and broad insight in corporate management including corporate governance. At the Company, he oversaw the execution of the Company's operations as Representative Director of Board, President, and currently he serves as chairperson of the Company's Board of Directors as Representative Director of Board, Chairperson. He manages the Company's general management from a perspective of further strengthening corporate governance, and also serves as a member of the Nomination and Remuneration Advisory Committee. The Company judges that he will continue to appropriately make decisions related to important management matters and supervise the execution of operations, for which reason it proposes his election.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
2	<p>Susumu Kurashima (December 3, 1963)</p> <p><u>Reappointment</u></p> <p>Rate of attendance at Meetings of the Board of Directors 11/11</p>	<p>Apr. 1986 Joined the Company</p> <p>Dec. 2005 Senior Manager of Manufacturing Department II of Component Division</p> <p>June 2006 Director of Stamping Department of Leadframe Division</p> <p>June 2011 Senior Director of Leadframe Division</p> <p>Dec. 2012 Corporate Officer</p> <p>June 2015 General Manager of Leadframe Division</p> <p>June 2016 Senior Corporate Officer</p> <p>Apr. 2018 General Manager of Leadframe Division</p> <p>Feb. 2019 Managing Corporate Officer</p> <p>Aug. 2019 President and Director of SHINKO ELECTRONICS (MALAYSIA) SDN. BHD.</p> <p>Apr. 2021 Executive Vice President of the Company</p> <p>June 2021 Representative Director of Board, President (current position)</p>	7,600 shares
<p>[Reasons for nomination as candidate]</p> <p>Susumu Kurashima has been engaged in the operation of the component business and leadframe business of the Company for many years, and has accumulated extensive experience and achievements in operations of manufacturing divisions, including supervision of manufacturing departments, technology development and management of overseas subsidiaries, etc. Having served as supervising manager of the Marketing and Sales Division and Equipment Engineering Division, he is highly knowledgeable about the Company business and its customers, and has broad insight into matters such as trends and technologies in the fields where the Company operates. In his current role as Representative Director of Board, President, he manages the Company's general management and oversees the execution of Company's operations. The Company judges that he will continue to appropriately make decisions related to important management matters and supervise the execution of operations, for which reason it proposes his election.</p>			
3	<p>Yasuhisa Makino (October 25, 1964)</p> <p><u>Reappointment</u></p> <p>Rate of attendance at Meetings of the Board of Directors 11/11</p>	<p>Apr. 1987 Joined Fujitsu Limited</p> <p>June 2006 Director, Disclosure & Risk Management Department, Corporate Controller Division, Corporate Finance Unit, Fujitsu Limited</p> <p>June 2014 Head, FUJITSU Way Office, Fujitsu Limited</p> <p>Oct. 2018 Head, FUJITSU Way Office, and Deputy Head, Legal, Compliance & IP Unit, Fujitsu Limited</p> <p>Oct. 2019 Deputy Head, Legal, IP & Internal Control Unit, Fujitsu Limited</p> <p>Apr. 2021 Executive Managing Corporate Officer of the Company</p> <p>June 2021 Representative Director of Board, and Executive Managing Corporate Officer (current position)</p>	1,000 shares
<p>[Reasons for nomination as candidate]</p> <p>Yasuhisa Makino has been engaged in the operations of the finance and accounting divisions at Fujitsu Limited for many years. He has accumulated extensive experience and achievements related to finance and accounting, and was also in charge of internal control and compliance for the entire Fujitsu Group in positions including Head of FUJITSU Way Office and Deputy Head of Legal, IP & Internal Control Unit of Fujitsu Limited. Through these, he has gained broad insight in corporate management. In his current role as corporate officer in charge of Legal, Compliance & IP Division and Accounting & Finance Division, he takes responsibility for the execution of operations related to each Division, and also manages the Company's overall operations as Representative Director of Board. The Company judges that he will continue to appropriately make decisions related to important management matters and supervise the execution of operations, for which reason it proposes his election.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company's shares owned
4	Takashi Ozawa (November 27, 1961) Reappointment Rate of attendance at Meetings of the Board of Directors 14/14	Apr. 1984 June 2002 June 2013 Dec. 2013 June 2016 June 2017	Joined Fujitsu Limited Joined the Company Vice General Manager of IC Assembly Division Corporate Officer General Manager of IC Assembly Division (current position) Senior Corporate Officer Director of Board, and Managing Corporate Officer (current position)	13,300 shares
[Reasons for nomination as candidate] Takashi Ozawa has been engaged in the IC assembly business at the Company for many years, and has accumulated extensive experience and achievements in technology development and operations of manufacturing divisions, etc. In his current role as corporate officer in charge of Quality Assurance Division, General Engineering Support Division, Environmental Management Division and Research & Development Division, and General Manager of IC Assembly Division, he takes responsibility for the execution of operations related to each Division, and is also involved in the management of the Company as a Director of Board. The Company judges that he will continue to appropriately make decisions related to important management matters and supervise the execution of operations, for which reason it proposes his election.				
5	Jun Niimi (January 27, 1956) Reappointment Outside Independent Rate of attendance at Meetings of the Board of Directors 14/14	Apr. 1979 Apr. 2003 July 2006 July 2008 Aug. 2010 Sept. 2011 July 2014 Nov. 2017 Apr. 2020 June 2020 Apr. 2022	Joined the Ministry of Foreign Affairs Minister, the Embassy of Japan in the Russian Federation Minister, the Embassy of Japan in the Kingdom of Thailand Deputy Director-General, the Ministry of Economy, Trade and Industry Deputy Assistant Minister, the Ministry of Foreign Affairs Consul General of Japan in Los Angeles General Manager, International Division of Secretariat, the House of Representatives Ambassador Extraordinary and Plenipotentiary to the Portuguese Republic (until Dec. 2019) Professor, School of Global Studies, Tama University (current position) Outside Director of Board of the Company (current position) Dean, School of Global Studies, Tama University (current position)	0 shares
[Reasons for nomination as candidate and summary of expected role] Jun Niimi has expertise and a wealth of experience in international affairs following an extensive career at the Ministry of Foreign Affairs, and from his involvement in areas including international trade policy at the Ministry of Economy, Trade and Industry. At the Company he is currently an Outside Director of Board and Chairperson of the Nomination and Remuneration Advisory Committee. The Company proposes his election expecting that he will continue to put his knowledge to use in making decisions related to important management matters and supervising the execution of operations from an independent, objective position as an Outside Director.				

- Notes:
1. Jun Niimi is a candidate for Outside Director. He is currently an Outside Director of the Company, and at the conclusion of this meeting his tenure will have been two years.
 2. Although Jun Niimi has not been involved in the past in the corporate management by a method other than serving as an Outside Director, the Company judges that he is capable of properly executing the duties as an Outside Director for the reasons stated above.
 3. The Company has entered into an agreement with Jun Niimi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If his election is approved and adopted, the Company plans to renew the aforementioned agreement with him.

4. The Company has concluded a Directors' & Officers' liability insurance contract with an insurance company. This insurance indemnifies the insured against damage compensation, legal costs, etc. arising from claims for damages caused by an act (including nonfeasance) of the insured including Directors of the Company performed as a director, etc. The candidates will be insured by the contract. The Company plans to renew the insurance contract with such terms and conditions at the time of the next renewal of the contract.
5. The Company has submitted notification to the Tokyo Stock Exchange that Jun Niimi has been designated as an Independent Director prescribed by the aforementioned exchange.

Proposal No. 4: Election of Three Directors who are Audit and Supervisory Committee Members

The terms of office of all three Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes the election of three Directors who are Audit and Supervisory Committee Members.

In deciding this proposal, it has been examined in advance by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors. This proposal has also already obtained the consent of the Audit and Supervisory Committee.

Candidates for election as Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Title in the Company	
1	Akihiko Ito	Director of Board, Standing Audit and Supervisory Committee Member	Reappointment
2	Namiko Araki	Outside Director of Board, Audit and Supervisory Committee Member	Reappointment Outside Independent
3	Kunikazu Kobayashi	Outside Director of Board, Audit and Supervisory Committee Member	Reappointment Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
1	<p>Akihiko Ito (February 13, 1960)</p> <p><u>Reappointment</u></p> <p>Rate of attendance at Meetings of the Board of Directors 14/14</p> <p>Rate of attendance at Meetings of the Audit and Supervisory Committee 9/9</p>	<p>Apr. 1982 Joined the Company</p> <p>June 1999 Senior Manager of Accounting Department</p> <p>Dec. 2000 Senior Manager of Business Planning Department, Leadframe Division</p> <p>July 2004 Director of Business Planning & Administration Department, Component Division</p> <p>June 2006 Director of Business Planning & Administration Department, Plastic Laminated Package Division</p> <p>Dec. 2006 Senior Director of Plastic Laminated Package Division I</p> <p>June 2009 Deputy General Manager of Plastic Laminated Package Division, Product Unit I</p> <p>Dec. 2012 Corporate Officer Vice General Manager of Plastic Laminated Package Division and Senior Director of Accounting & Finance Division</p> <p>June 2018 Director of Board, Standing Audit and Supervisory Committee Member (current position)</p>	6,300 shares
<p>[Reasons for nomination as candidate]</p> <p>Akihiko Ito has been engaged in the operations of the accounting & finance division and several manufacturing divisions, including the plastic laminated package business of the Company for many years. He has accumulated extensive experience and achievements in corporate management and planning and operations of manufacturing divisions, etc. At the Company, he is currently a Director of Board who is a Standing Audit and Supervisory Committee Member, and a member of the Nomination and Remuneration Advisory Committee. The Company judges that he is capable of properly fulfilling his role as a Director of Board who is an Audit and Supervisory Committee Member, and proposes his election to continue to put his knowledge to use in making decisions related to important management matters and auditing and supervising the execution of operations.</p>			
2	<p>Namiko Araki (August 7, 1974)</p> <p><u>Reappointment</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p> <p>Rate of attendance at Meetings of the Board of Directors 14/14</p> <p>Rate of attendance at Meetings of the Audit and Supervisory Committee 9/9</p>	<p>Apr. 2009 Joined NIFTY Corporation</p> <p>June 2009 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association)</p> <p>Dec. 2011 Joined Murashima • Hozumi Law Office (current position)</p> <p>June 2017 Head of Legal Affairs Group, Human Resources & General Affairs Division, NIFTY Corporation</p> <p>Aug. 2017 Resigned from NIFTY Corporation</p> <p>June 2018 Outside Director of Board, Audit and Supervisory Committee Member of the Company (current position)</p>	0 shares
<p>[Reasons for nomination as candidate and summary of expected role]</p> <p>Namiko Araki has expertise and a wealth of experience as an attorney at law. At the Company, she is currently an Outside Director of Board, Audit and Supervisory Committee Member, and a member of the Nomination and Remuneration Advisory Committee. The Company proposes her election expecting that she will continue to put her knowledge to use in making decisions related to important management matters and auditing and supervising the execution of operations from an independent, objective position as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares owned
3	<p>Kunikazu Kobayashi (March 29, 1950)</p> <p><u>Reappointment</u> <u>Outside</u> <u>Independent</u></p> <p>Rate of attendance at Meetings of the Board of Directors 14/14</p> <p>Rate of attendance at Meetings of the Audit and Supervisory Committee 9/9</p>	<p>Oct. 1973 Joined Tokyo Office of Coopers & Lybrand (currently PricewaterhouseCoopers)</p> <p>Sept. 1977 Registered as certified public accountant</p> <p>Aug. 1981 Established Kobayashi Accounting Office</p> <p>Dec. 1981 Registered as certified tax accountant</p> <p>Oct. 1989 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)</p> <p>Aug. 1995 Representative Partner, Asahi Audit Corporation (currently KPMG AZSA LLC)</p> <p>May 1997 Head of Nagano Office, Asahi Audit Corporation</p> <p>Jan. 2003 Representative Partner, ASAHI Tax Corporation</p> <p>Jan. 2012 Representative Partner and Chairman, Agata Global Tax Corporation Representative Director, Agata Global Consulting Co., Ltd.</p> <p>June 2017 External Director, Daidoh Limited</p> <p>Feb. 2019 Representative Partner, Chairman and Director, Agata Global Tax Corporation Director, Agata Global Consulting Co., Ltd.</p> <p>Apr. 2020 Senior Executive Advisor, Agata Global Tax Corporation (current position)</p> <p>June 2020 Outside Director of Board, Audit and Supervisory Committee Member of the Company (current position)</p>	0 shares
<p>[Reasons for nomination as candidate and summary of expected role]</p> <p>Kunikazu Kobayashi has expertise and a wealth of experience as a certified public accountant and tax accountant. Also, he has been engaged in corporate management of tax accountancy corporations, a consulting corporation, etc. for many years. At the Company, he is currently an Outside Director of Board, Audit and Supervisory Committee Member, and a member of the Nomination and Remuneration Advisory Committee. The Company proposes his election expecting that he will continue to put his knowledge to use in making decisions related to important management matters and auditing and supervising the execution of operations from an independent, objective position as an Outside Director who is an Audit and Supervisory Committee Member.</p>			

- Notes:
1. Namiko Araki and Kunikazu Kobayashi are candidates for Outside Directors.
 2. Namiko Araki and Kunikazu Kobayashi are currently Outside Directors of the Company who are Audit and Supervisory Committee Members, and at the conclusion of this meeting, their tenure will have been four years and two years, respectively.
 3. Although Namiko Araki has not been involved in the past in the corporate management by a method other than serving as an Outside Director, the Company judges that she is capable of properly executing the duties as an Outside Director for the reasons stated above.
 4. The Company has entered into an agreement with Akihiko Ito, Namiko Araki, and Kunikazu Kobayashi to limit their liability for damages under Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If their election is approved and adopted, the Company plans to renew the aforementioned agreement with each one of them.
 5. The Company has concluded a Directors' & Officers' liability insurance contract with an insurance company. This insurance indemnifies the insured against damage compensation, legal costs, etc. arising from claims for damages caused by an act (including nonfeasance) of the insured including Directors of the Company performed as a director, etc. The candidates will be insured by the contract. The Company plans to renew the insurance contract with such terms and conditions at the time of the next renewal of the contract.
 6. The Company has submitted notification to the Tokyo Stock Exchange that Namiko Araki and Kunikazu Kobayashi have been designated as Independent Directors prescribed by the aforementioned exchange.
 7. If the election of Akihiko Ito, Namiko Araki and Kunikazu Kobayashi is approved, they are planned to be appointed as Audit and Supervisory Committee Members to perform duties prescribed in Article 399-3, paragraph 1 and paragraph 2 of the Companies Act by the Audit and Supervisory Committee.

(Reference) Constitution of the Board of Directors

In the event that Proposal No. 3 and Proposal No. 4 are approved, the constitution of the Board of Directors of the Company will be as shown below following the Board of Directors Meeting and the Audit and Supervisory Committee Meeting that is held after the conclusion of the General Meeting of Shareholders.

(Seven men, one woman (12.5% of the Directors are women.))

Name	Title in the Company	Area of expertise especially expected from the Directors						
		Manufacturing	Technology development	Marketing and sales	Overseas business /International affairs	Legal affairs and risk management	Finance and accounting	Management experience
Masami Fujita	Representative Director of Board, Chairperson			●		●		●
Susumu Kurashima	Representative Director of Board, President	●	●	●	●			●
Yasuhisa Makino	Representative Director of Board, and Executive Managing Corporate Officer					●	●	
Takashi Ozawa	Director of Board, and Managing Corporate Officer	●	●	●	●			
Jun Niimi	Outside Director of Board				●	●		
Akihiko Ito	Director of Board, Standing Audit and Supervisory Committee Member	●					●	
Namiko Araki	Outside Director of Board, Audit and Supervisory Committee Member					●		
Kunikazu Kobayashi	Outside Director of Board, Audit and Supervisory Committee Member						●	●

Proposal No. 5: Payment of Bonuses to Directors

In consideration of the business performance, etc., of the fiscal year under review, the Company proposes to pay bonuses of ¥77,000,000 in total to the four Directors (excluding Directors who were Audit and Supervisory Committee Members, and Outside Directors who were not Audit and Supervisory Committee Members) in office at the end of the fiscal year under review.

In deciding this proposal, it has been also examined in advance by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors. This proposal has been considered by the Audit and Supervisory Committee, but no objections were raised.

By the resolution of Board of Directors Meeting, the Company has adopted a policy on decisions on the content of the remuneration etc. for individual Directors. The Company judges that this proposal is appropriate, because it is consistent with this policy, and because it was confirmed that it has been examined by the Nomination and Remuneration Advisory Committee, and considered and concluded by the Audit and Supervisory Committee that it has no objections, as described above.

Proposal No. 6: Revision of Amount of Remuneration, Etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)

It was approved at the 81st Ordinary General Meeting of Shareholders held on June 28, 2016 that the annual maximum amount of remuneration for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) was ¥250 million. However, in order to further increase the linkage with the status of business performance to enhance corporate value, the Company proposes that this limit be revised to an annual maximum amount of ¥450 million, inclusive of bonuses (of which the annual maximum amount paid to Outside Directors is ¥40 million; bonuses are not paid), based on a level derived from executive remuneration survey data of companies in the same industry and on a similar scale compiled by an external investigative agency, taking into account their increased responsibilities accompanying expansion of business operations, etc. In deciding this proposal, it has been examined in advance by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors. This proposal has been also considered by the Audit and Supervisory Committee, but no objections were raised.

By the resolution of Board of Directors Meeting, the Company has adopted a policy on decisions on the content of the remuneration etc. for individual Directors. In the event that this proposal and Proposal No. 7 are approved, this policy will be changed in order to ensure consistency with the contents that were approved. The overview of the said change is described on page 19 of this Notice for your reference. The Company judges that this proposal is appropriate, because the contents are necessary and reasonable as a maximum limit on remuneration based on standards for calculation of remuneration to individuals that were based on this policy, the number of Directors eligible for such remuneration, and other factors, and also because it was confirmed that it has been examined by the Nomination and Remuneration Advisory Committee, and considered and concluded by the Audit and Supervisory Committee that it has no objections, as described above. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is currently five (including one Outside Director). Subject to the approval of Proposal No. 3, the number will remain the same.

Proposal No. 7: Determination of Amount of Remuneration, Etc. for the Allotment of Restricted Shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors who are not Audit and Supervisory Committee Members)

Subject to the approval of Proposal No. 6, the annual maximum amount of remuneration etc. to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) will be ¥450 million (of which the annual maximum amount paid to Outside Directors will be ¥40 million; bonuses will not be paid).

In order to provide Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors who are not Audit and Supervisory Committee Members; hereinafter referred to as “Eligible Directors”) an incentive to sustainably increase the Company’s corporate value and to further promote shared value between Directors and shareholders, the Company proposes to allot to Eligible Directors common shares of the Company that are subject to certain restricted transfer periods and to the provisions of grounds for share acquisition without contribution (hereinafter referred to as “Restricted Shares”) as follows.

Based on comprehensive consideration of duties and role of Eligible Directors, and other matters, the Company proposes to establish an annual maximum limit of total amount on monetary remuneration claims for payment to Eligible Directors in relation to Restricted Shares of ¥100 million, to be separate from the above amount of Directors’ remuneration etc. In deciding this proposal, it has been examined in advance by the Nomination and Remuneration Advisory Committee, in which a majority of members are Independent Outside Directors. This proposal has been also considered by the Audit and Supervisory Committee, but no objections were raised.

The Company judges that this proposal is appropriate, because the above remuneration amount and the content of allocation of Restricted Shares including details stated in “Specific Details and Limit on Number of Restricted Shares Allotted to Eligible Directors” below is decided based on comprehensive consideration of duties and role of the Eligible Directors, the policy on decisions on the content of the remuneration etc. for individual Directors (In the event that this proposal and Proposal No. 6 is approved, this policy will be changed in order to ensure consistency with the contents that were approved, and the overview of the said change is described on page 19 of this Notice for your reference), and other factors, because the dilution rate of shares is minimal owing to the maximum limit prescribed in No. 2 below of approximately 0.03% of the total number of shares issued per fiscal year (the percentage out of the total number of shares issued assuming that the above maximum limit of Restricted Shares are issued over a period of ten years is approximately 0.3%), and because it was confirmed that it has been examined by the Nomination and Remuneration Advisory Committee, and considered and concluded by the Audit and Supervisory Committee that it has no objections, as described above. The number of Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) is currently five (including one Outside Director). Subject to the approval of Proposal No. 3, the number will remain the same.

Specific Details and Limit on Number of Restricted Shares Allotted to Eligible Directors

1. Allotment of and Pay-in for Restricted Shares

Based on a resolution by the Board of Directors, the Company will allot Restricted Shares to Eligible Directors by the following method. Monetary remuneration claims related to Restricted Shares shall be provided to Eligible Directors within the above annual limit, and each Eligible Director shall receive the full amount of these monetary remuneration claims by way of in-kind contribution.

The amount to be paid for the Restricted Shares shall be determined by the Company's Board of Directors within an extent that is not particularly advantageous to the Eligible Directors who subscribe to the Restricted Shares. This amount shall be decided based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Company's Board of Directors regarding the issue or disposal of Restricted Shares (or if there is no closing price on such date, the closing price on the closest preceding trading day).

The above monetary remuneration claims shall be provided subject to the conditions that the Eligible Director consents to the above in-kind contribution and has concluded an agreement on allotment of Restricted Shares that includes the contents prescribed in No. 3 below.

2. Total Number of Restricted Shares

The total number of Restricted Shares allotted to Eligible Directors is 40,000, and this shall be the limit on the number of allotted Restricted Shares in each fiscal year.

However, if, on or after the day on which this proposal is approved, the Company performs a share split (including allotment of common shares without contribution) or a reverse share split of its common shares, or any other equivalent reason arises necessitating an adjustment to the total number of the Restricted Shares, the Company shall be permitted to rationally adjust the relevant total number of Restricted Shares.

3. Contents of Agreement on Allotment of Restricted Shares

In relation to the allotment of Restricted Shares, the agreement on allotment of Restricted Shares that is concluded between the Company and an Eligible Director who will receive such allotment based on a resolution by the Company's Board of Directors shall include the following.

(1) Details of Transfer Restrictions

An Eligible Director who has received allotment of Restricted Shares shall not transfer to a third party, pledge as collateral, create a security interest in, gift before death, bequest, or otherwise dispose of (such restrictions are hereinafter referred to as "Transfer Restrictions") with regards to the Restricted Shares that were allotted to the Eligible Director (hereinafter referred to as "Allotted Shares") during the period from the date when the Restricted Shares were allotted until the date when that Eligible Director retires or otherwise terminates all of his/her positions as a Director, Corporate Officer, and employee of the Company (this period is hereinafter referred to as the "Restriction Period").

(2) Acquisition of Restricted Shares without contribution

In the event that an Eligible Director who has received allotment of Restricted Shares retires or otherwise terminates all of his/her positions as a Director, Corporate Officer, and employee of the Company on or after the starting date of the Restriction Period and on or before the day preceding the date of an Ordinary General Meeting of Shareholders, the Company shall automatically acquire such Allotted Shares without contribution, unless the reason for his/her retirement from office is deemed justifiable by the Company's Board of Directors. In the event that an Eligible Director commits an act that causes damage to the Company or that degrades the social credibility or corporate value of the Company, and he/she is subjected to disciplinary action or equivalent treatment by the Company, the Company shall acquire all or a portion of the Allotted Shares without contribution.

In the event that the Restriction is not canceled based on the reasons for lifting the Transfer Restrictions in (3) below at the time when the Restriction Period in (1) above expires, then the Company shall acquire the corresponding Allotted Shares without contribution.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions on all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Eligible Director who received allotment of Restricted Shares remained continuously in the position of Director, Corporate Officer, or employee of the Company from the starting date of the Restriction Period until the date of the first subsequent Ordinary General Meeting of Shareholders of the Company.

However, if the Eligible Director retires or otherwise terminates all of his/her positions as a Director, Corporate Officer, and employee of the Company on or after the starting date of the Restriction Period and on or before the day preceding the date of an Ordinary General Meeting of Shareholders, due to a reason that the Company's Board of Directors deems justifiable, the Company shall rationally adjust the number of the Allotted Shares on which the Transfer Restrictions are to be lifted, and the timing of lifting, as needed.

(4) Treatment during reorganization, etc.

If, during the Restriction Period, a resolution relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary or other reorganization, etc. is approved at the Company's General Meeting of Shareholders (or the Company's Board of Directors Meeting in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. by resolution of the Company's Board of Directors prior to the date on which the reorganization, etc. becomes effective.

In such case, the Company shall, based on the above provisions, automatically acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted.

(Reference) Overview of the Change in Policy for Making Decisions on the Content of the Remuneration, Etc. for Individual Directors (excluding Directors who are Audit and Supervisory Committee Members)

Following is an overview of the changes in this policy, which will be carried out in the event that Proposal No. 6 and Proposal No. 7 are approved in order to ensure consistency with the contents that were approved.

- Of the performance-based remuneration, the performance-based portion paid together with the base remuneration (fixed remuneration) will be abolished, and instead, Restricted Shares will be allotted. Moreover, in place of bonuses paid after a resolution at the Ordinary General Meeting of Shareholders, bonuses will be paid within the maximum limit of amount of remuneration, etc. approved at the General Meeting of Shareholders including the base remuneration. Directors who are Audit and Supervisory Committee Members, and Outside Directors who are not Audit and Supervisory Committee Members shall not be eligible for Restricted Shares and bonuses.
- As the indicators to calculate bonuses, in place of the Company's ROE, which was mainly used previously, net sales, ordinary profit, and ROIC (ordinary profit ÷ invested capital (average net assets and interest bearing liabilities during the period)) of the Shinko Group will be used.