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(Stock Exchange Code 9065)
June 9, 2022

To Shareholders with Voting Rights:

Kimihiro Nakamura
President (Representative Director)
Sankyu Inc.
6-7 Minatomachi, Moji-ku, Kitakyusyu-shi,
Fukuoka
Head Office: 5-23, Kachidoki, 6-chome,
Chuo-ku, Tokyo

NOTICE OF THE 113th ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We hereby inform you that the 113th Annual General Meeting of Shareholders of Sankyu Inc. (the “Company”) will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by mailing the Voting Rights Exercise Form or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by following the Instructions for the Exercise of Voting Rights, no later than 5:30 p.m. on Thursday, June 23, 2022, Japan time.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)
- 2. Place:** Conference room at the Company located at 5-23, Kachidoki, 6-chome, Chuo-ku, Tokyo (Please see the map of the venue for the General Meeting of Shareholders at the end of this document (Japanese version).)
- 3. Meeting Agenda:**
 - Matters to be reported:**
 1. The Business Report and Consolidated Financial Statements for the Company’s 113th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 113th Fiscal Year (April 1, 2021 - March 31, 2022)
 - Proposals to be resolved:**
 - Proposal 1:** Distribution of Surplus
 - Proposal 2:** Partial Amendments to the Articles of Incorporation
 - Proposal 3:** Election of 5 Directors
 - Proposal 4:** Election of 1 Corporate Auditor
 - Proposal 5:** Election of 1 Substitute Corporate Auditor

4. Instructions for the Exercise of Voting Rights

(1) Method for exercising voting rights

You can exercise your voting rights through one of the following three means: by attending the meeting, mailing the Voting Rights Exercise Form, or via the Internet.

(2) Handling of duplicate voting

If you have exercised your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet shall be deemed effective.

If you have exercised your voting rights more than once via the Internet, only the final execution shall be deemed effective.

If you attend the meeting after exercising your voting rights by mailing the Voting Rights Exercise Form or via the Internet, your voting rights shall be deemed to have been exercised at the meeting.

(3) Exercising of voting rights by a proxy

If you are unable to attend the meeting, another shareholder with voting rights can attend the meeting as a proxy. However, please note that it is necessary to submit the written proof of the right of proxy.

(4) Disclosure via the Internet

Of the documents needed to be attached to this notice of convocation, the items 1) to 5) below are posted on the Company's website (<https://www.sankyu.co.jp/>), in accordance with laws and regulations as well as the provisions in Article 16 of the Company's Articles of Incorporation and are therefore not included in this attached document.

- 1) Systems and Policies of the Company
- 2) Consolidated Statements of Changes in Equity
- 3) Notes to Consolidated Financial Statements
- 4) Statements of Changes in Equity
- 5) Notes to Non-consolidated Financial Statements

The Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements that were audited by the Board of Corporate Auditors include the items 1) to 5) above in addition to those stated in this attached document. The Non-consolidated Financial Statements and Consolidated Financial Statements that were audited by the Accounting Auditor include the items 2) and 5) above in addition to those stated in this attached document.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and Consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.sankyu.co.jp/>).

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company recognizes stable return of profits to shareholders as one of its top management priorities and has a basic policy on profit distribution to distribute earnings based on business results while making strategic capital investments and enhancing its financial soundness for future business development.

Based on this policy, the year-end dividend for this fiscal year shall be as follows, taking into consideration business results for this fiscal year and future enhancement of business competitiveness and financial structure.

1. Items related to the year-end dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
55 yen per common share of the Company
Total of 3,217,310,602 yen
- (2) Date the distribution of surplus comes into effect:
June 27, 2022

If this Proposal is approved as proposed, the annual dividend for this fiscal year will be 110 yen per share, including an interim dividend.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for proposal

- (1) The amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Meetings of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.
 - 1) The proposed Article 16 provides that information contained in the reference materials for General Meetings of Shareholders, etc. shall be provided electronically. To this end, the Company proposes to make necessary changes.
 - 2) The provisions in respect of Disclosure by Internet and Deemed Provision of Reference Documents for General Meeting of Shareholders and Other Documents (Article 16 of the current Articles of Incorporation) will no longer be required and will be deleted.
 - 3) In line with the above additions and deletions, supplementary provisions concerning the effective date, etc. shall be established.
- (2) The Company proposes to amend its Articles of Incorporation as follows to attract capable and diverse talents and create an environment where they can fully play their expected roles. Each Corporate Auditor has given their consent to the proposed Article 29.
 - 1) The proposed Article 29 provides that Directors may be exempted from their liability for damages within the limits stipulated by laws and regulations. It also provides that the Company may sign an agreement with non-executive Directors to limit their liability for damages.
 - 2) The proposed Article 39 provides that Corporate Auditors may be exempted from their liability for damages within the limits stipulated by laws and regulations. It also provides that the Company may sign an agreement with Corporate Auditors to limit their liability for damages.
 - 3) The provisions in respect of Liability Limitation Agreement with External Directors (Article 29 of the current Articles of Incorporation) and Liability Limitation Agreement with External Corporate Auditors (Article 39 of the current Articles of Incorporation) will no longer be required and will be deleted.
- (3) The Company also proposes to amend its Articles of Incorporation as follows to allow for electromagnetic means with regard to minutes and resolutions.
 - 1) The proposed Article 19 abolishes the affixation of signature and seal to the minutes of General Meetings of Shareholders and shall require recording of the proceedings of General Meetings of Shareholders.
 - 2) The proposed Article 26 stipulates that agreement in writing or by electromagnetic means shall be deemed to constitute a resolution of the Board of Directors.
 - 3) The proposed Article 27 stipulates that minutes of the Board of Directors meetings shall be affixed with signatures and seals or electronic signatures.
 - 4) The proposed Article 37 stipulates that minutes of the Board of Corporate Auditors meetings shall be affixed with signatures and seals or electronic signatures.

2. Details of amendments

The details of the amendments are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS	CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS
Article 16 <u>(Disclosure by Internet and Deemed Provision of Reference Documents for General Meeting of Shareholders and Other Documents)</u> <u>The Company may, in relation to convocation of general meeting of shareholders, by disclosing information relating to matters to be stated or displayed in reference documents for the general meeting of shareholders, business reports, financial statements and consolidated financial statements via</u>	(Deleted)

Current Articles of Incorporation	Proposed Amendments
<p><u>means of the Internet in accordance with the provisions of the Ministry of Justice Ordinance, deem that such information has been provided to shareholders.</u></p> <p>(Newly established)</p>	<p><u>Article 16 (Measures for Provision in Electronic Format, etc.)</u></p> <p>1. <u>The Company shall, in relation to convocation of general meeting of shareholders, provide information contained in reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p>2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>
<p>Article 19 (Minutes)</p> <p><u>Records of the proceedings and outcomes of the general meeting of shareholders, as well as matters required under the laws and regulations shall be stated in the minutes, and affixed with the respective signatures and seals by the Chairman and Directors present.</u></p>	<p>Article 19 (Minutes)</p> <p>The proceedings and outcomes of the general meeting of shareholders, as well as matters required under the laws and regulations shall be stated in the minutes <u>or recorded.</u></p>
<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 26 (Resolution of the Board of Directors Meeting)</p> <p>2. When all Directors agree on the matters for resolution at a meeting of the Board of Directors in writing, the Company shall deem there to have been a resolution of the Board of Directors to approve and pass the relevant matters for resolution; provided, however, that this shall not apply to the case where the Corporate Auditor states an objection.</p>	<p>CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 26 (Resolution of the Board of Directors Meeting)</p> <p>2. When all Directors agree on the matters for resolution at a meeting of the Board of Directors in writing <u>or by electromagnetic record</u>, the Company shall deem there to have been a resolution of the Board of Directors to approve and pass the relevant matters for resolution; provided, however, that this shall not apply to the case where the Corporate Auditor states an objection.</p>
<p>Article 27 (Minutes of the Board of Directors Meeting)</p> <p>Records of the proceedings and outcomes of the Board of Directors Meetings, as well as matters required under the laws and regulations shall be stated in the minutes, and affixed with the respective signatures and seals by the Directors and Corporate Auditors present.</p>	<p>Article 27 (Minutes of the Board of Directors Meeting)</p> <p>Records of the proceedings and outcomes of the Board of Directors Meetings, as well as matters required under the laws and regulations shall be stated in the minutes, and affixed with the respective signatures and seals <u>or electronic signatures</u> by the Directors and Corporate Auditors present.</p>
<p><u>Article 29 (Liability Limitation Agreement with External Directors)</u></p> <p><u>The Company may execute an agreement to limit liability under Article 423(1) of the Companies Act with external directors pursuant to the provisions of Article 427(1) of the Companies Act; provided, however, that the maximum amount of liability under the relevant agreement shall be the minimum liability amount specified under the laws and regulations.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p>Article 29 (<u>Exemption from Liability of Directors</u>)</p>

Current Articles of Incorporation	Proposed Amendments
	<ol style="list-style-type: none"> 1. <u>Pursuant to the provisions of Article 426 (1) of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Directors (including former Directors) from their liability for damages prescribed in Article 423 (1) of the Companies Act within the limits specified under the laws and regulations.</u> 2. <u>The Company may execute an agreement to limit liability under Article 423(1) of the Companies Act with Directors (excluding Executive Directors, etc.) pursuant to the provisions of Article 427(1) of the Companies Act; provided, however, that the maximum amount of liability under the relevant agreement shall be the minimum liability amount specified under the laws and regulations.</u>
<p>CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS Article 37 (Minutes of the Board of Corporate Auditors Meeting)</p> <p>Records of the proceedings and outcomes of the Board of Corporate Auditors Meetings, as well as matters required under the laws and regulations shall be stated in the Minutes, and affixed with the respective signatures and seals by the Corporate Auditors present.</p>	<p>CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS Article 37 (Minutes of the Board of Corporate Auditors Meeting)</p> <p>Records of the proceedings and outcomes of the Board of Corporate Auditors Meetings, as well as matters required under the laws and regulations shall be stated in the Minutes, and affixed with the respective signatures and seals <u>or electronic signatures</u> by the Corporate Auditors present.</p>
<p><u>Article 39 (Liability Limitation Agreement with External Corporate Auditors)</u></p> <p><u>The Company may execute an agreement to limit liability under Article 423(1) of the Companies Act with external corporate auditors pursuant to the provisions of Article 427(1) of the Companies Act; provided, however, that the maximum amount of liability under the relevant agreement shall be the minimum liability amount specified under the laws and regulations.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 39 (Exemption from Liability of Corporate Auditors)</u></p> <ol style="list-style-type: none"> 1. <u>Pursuant to the provisions of Article 426 (1) of the Companies Act, the Company may, by a resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from their liability for damages prescribed in Article 423 (1) of the Companies Act within the limits specified under the laws and regulations.</u> 2. <u>The Company may execute an agreement to limit liability under Article 423(1) of the Companies Act with Corporate Auditors pursuant to the provisions of Article 427(1) of the Companies Act; provided, however, that the maximum amount of liability under the relevant agreement shall be the minimum liability amount specified under the laws and regulations.</u>
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u></p>

Current Articles of Incorporation	Proposed Amendments
	<ol style="list-style-type: none"> <li data-bbox="820 210 1433 555">1. <u>The deletion of Article 16 (Disclosure by Internet and Deemed Provision of Reference Documents for General Meeting of Shareholders and Other Documents) of the current Articles of Incorporation and the establishment of Article 16 (Measures for Provision in Electronic Format, etc.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u> <li data-bbox="820 560 1433 721">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held within six (6) months from the Effective Date.</u> <li data-bbox="820 725 1433 887">3. <u>These Supplementary Provisions shall be deleted after six (6) months have elapsed from the Effective Date or after three (3) months have elapsed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>

Proposal 3: Election of 5 Directors



The term of office of 3 Directors Terukazu Okahashi, Makoto Ogawa and Takashi Ogawa will expire at the conclusion of this Annual General Meeting of Shareholders. Further, Director Hideki Miyoshi offered to resign as Director at the conclusion of this Annual General Meeting of Shareholders.



To strengthen the supervisory function, the Company's Board of Directors aims to build a system that allows opinions of External Directors independent from the executive management team to be reflected more effectively by promoting the separation of the business execution function from the Board of Directors.


Accordingly, the election of 5 Directors is proposed.

The candidates are as follows:

No.	Name	Current positions	Gender	Responsibilities	Attendance at the Board of Directors' meetings
1	Terukazu Okahashi [Reappointment] [External Director] [Independent Director]	Director	Male		100% (16 out of 16 meetings)
2	Makoto Ogawa [Reappointment] [External Director] [Independent Director]	Director	Male		100% (16 out of 16 meetings)
3	Naoko Saiki [New appointment] [External Director] [Independent Director]		Female		-
4	Masahiro Ohba [New appointment]	Executive Managing Officer	Male	Member of the Board, Executive Managing Officer in Business	-
5	Nobuyuki Aoki [New appointment]	Executive Managing Officer	Male	Member of the Board, Executive Managing Officer in Area; supervising Area; and supervising Safety & Environment	-

No.	Name (Date of birth) (Age)	Past experience, positions and responsibilities	Number of shares of the Company held
1	 Terukazu Okahashi (November 25, 1949) (72) Male [Reappointment] [External Director] [Independent Director]	April 1972 Joined Mitsui & Co., Ltd. April 2006 Managing Officer, Deputy General Manager, Osaka Office, Mitsui & Co., Ltd. April 2009 President and CEO, Mitsui & Co. (Canada) Ltd. March 2011 Retired from Mitsui & Co. (Canada) Ltd. May 2011 Advisor, Seiko Holdings Corporation June 2014 External Director, the Company (to present) [Significant concurrent positions] Outside Director, Infomart Corporation Outside Director, Mercuria Investment Co., Ltd.	0
[Reason for nomination as candidate and expected role] Mr. Terukazu Okahashi has served as President and CEO of Mitsui & Co. (Canada) Ltd. and provided useful advice to the Company's management based on his extensive experience and deep insight as a global corporate executive. The Company nominated him as a candidate for Director because we expect that he will continue to fulfill a sufficient role of decision-making on important matters for the Board of Directors and supervision of management execution from an independent and objective standpoint as External Director. [Years of service as External Director]: 8 years (as of the conclusion of this Annual General Meeting of Shareholders)			
2	 Makoto Ogawa (March 24, 1961) (61) Male [Reappointment] [External Director] [Independent Director]	April 1983 Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare) June 2016 Secretariat, Central Labour Relations Commission, Ministry of Health, Labour and Welfare July 2017 Director-General, Employment Security Bureau, Ministry of Health, Labour and Welfare July 2018 Retired from the Ministry of Health, Labour and Welfare June 2020 External Director, the Company (to present) [Significant concurrent positions] Not applicable	0
[Reason for nomination as candidate and expected role] Mr. Makoto Ogawa is a former bureaucrat of the Ministry of Labor (currently the Ministry of Health, Labour and Welfare) and has served in several important positions, including the Director-General of the Employment Security Bureau of the Ministry of Health, Labour and Welfare. With his extensive experience in labor administration, he has been providing useful advice in a wide range of areas of the Company, including human resources, labor management, safety, and health. The Company nominated him as a candidate for Director because we expect that he will continue to fulfill a sufficient role of decision-making on important matters for the Board of Directors and supervision of management execution from an independent and objective standpoint as External Director. [Years of service as External Director]: 2 years (as of the conclusion of this Annual General Meeting of Shareholders)			

No.	Name (Date of birth) (Age)	Past experience, positions and responsibilities	Number of shares of the Company held
3	 <p>Naoko Saiki (October 11, 1958) (63) Female</p> <p>[New appointment] [External Director] [Independent Director]</p>	<p>April 1982 Joined the Ministry of Foreign Affairs July 2014 Director-General, Economic Affairs Bureau; Councillor, Cabinet Secretariat (Japanese Government's TPP Headquarters)</p> <p>October 2015 Director-General, International Legal Affairs Bureau July 2017 Director-General, Foreign Service Training Institute January 2019 Retired from the Ministry of Foreign Affairs April 2020 Visiting Professor, Graduate School of Public Policy, The University of Tokyo (to present)</p> <p>[Significant concurrent positions] Outside Director, Sojitz Corporation Outside Audit & Supervisory Board Member, Development Bank of Japan Inc. Outside Director, Komatsu Ltd.</p>	0
<p>[Reason for nomination as candidate and expected role] Ms. Naoko Saiki is a former bureaucrat of the Ministry of Foreign Affairs and has served in several important positions, including the Director-General of the Economic Affairs Bureau and the Director-General of the International Legal Affairs Bureau. After retiring from the Ministry of Foreign Affairs, she has continued to serve as an outside director of other companies and participate in and contribute to sports and cultural organizations. Although she has never been directly involved in corporate management, the Company nominated her as a candidate for Director because we expect that she will fulfill a sufficient role of decision-making on important matters for the Board of Directors and supervision of management execution from an independent and objective standpoint as External Director.</p>			
No.	Name (Date of birth) (Age)	Past experience, positions and responsibilities	Number of shares of the Company held
4	 <p>Masahiro Ohba (February 27, 1957) (65) Male</p> <p>[New appointment]</p>	<p>April 1979 Joined the Company April 2005 General Manager, Plant Maintenance Administration Dept., Plant Engineering Services (“PE”) Division April 2008 General Manager, Shunan Branch June 2011 Corporate Officer; Deputy General Manager, PE Division; and General Manager, Plant Maintenance Services Sub-Division April 2016 Executive Managing Officer (to present) Deputy General Manager, PE Division; General Manager, Plant Maintenance Services Sub-Division; and General Manager, Plant Maintenance Administration Dept. October 2020 General Manager, PE Division; and General Manager, Plant Maintenance Services Sub-Division April 2022 Member of the Board, Executive Managing Officer in Business (to present)</p> <p>[Significant concurrent positions] Not applicable</p>	4,100
<p>[Reason for nomination as candidate] Mr. Masahiro Ohba has extensive experience in business operations. He assumed key positions in the PE Division, the Company's core business. He served as branch manager and Senior General Manager; and currently serves as Member of the Board, Executive Managing Officer in Business. The Company nominated him as a candidate for Director because we expect that he will fulfill a sufficient role of decision-making on important matters for the Company's business section and supervision of management execution by making use of these experiences.</p>			

No.	Name (Date of birth) (Age)	Past experience, positions and responsibilities	Number of shares of the Company held
5	 Nobuyuki Aoki (June 26, 1958) (63) Male [New appointment]	April 1982 Joined the Company March 2008 Transferred to SANKYU S.A. (Brazil) April 2012 General Manager, Kimitsu Branch April 2016 Corporate Officer, Eastern Japan Area June 2016 Corporate Officer April 2022 Executive Managing Officer (to present) Member of the Board, Executive Managing Officer in Area; supervising Area; and supervising Safety & Environment (to present)	5,400
	[Significant concurrent positions] Not applicable		
[Reason for nomination as candidate] Mr. Nobuyuki Aoki has extensive experience in business operations of Area. He was involved in our mainstay steel business and engaged in steelmaking operations in Brazil. He then served as branch manager and Corporate Officer for Eastern Japan Area, the head of a regional management unit, and currently serves as Member of the Board, Executive Managing Officer in Area. The Company nominated him as a candidate for Director because we expect that he will fulfill a sufficient role of decision-making on important matters for the Company's business section and supervision of management execution by making use of these experiences.			


(Notes)

1. The age of each candidate is the full age as of the conclusion of this Annual General Meeting of Shareholders.
2. There are no special interests between each candidate and the Company.
3. Matters regarding the candidates for External Directors are as follows.
 - (1) Liability limitation agreement with non-executive Director
 The Company has entered into an agreement with Mr. Terukazu Okahashi and Mr. Makoto Ogawa to limit their liability pursuant to Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. Upon approval of this proposal, the Company intends to continue the said agreement with Mr. Terukazu Okahashi and Mr. Makoto Ogawa, and newly conclude the said agreement with Ms. Naoko Saiki. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations if he has performed his duties in good faith and without gross negligence.
 - (2) The Company registered Mr. Terukazu Okahashi and Mr. Makoto Ogawa as Independent Directors with the Tokyo Stock Exchange, Inc. and Fukuoka Stock Exchange. If the election of Mr. Terukazu Okahashi, Mr. Makoto Ogawa, and Ms. Naoko Saiki is approved, they will continue to serve as Independent Directors.
4. The Company has entered into a directors and officers liability insurance contract (D&O insurance) with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming all Directors as the insured to allow the Company to secure superior human resources and to prevent the diminishment of business execution. The said insurance contract will be renewed in October 2022. Upon approval of this proposal, they will each become the insured under the insurance contract.
 Outline of D&O insurance contract
 - 1) Actual proportion of the premiums borne by the insured
 The insurance premium is borne by the Company except for a portion to cover shareholder derivative actions, which is borne by the individual director or officer.
 - 2) Outline of insurance incidents to be covered by the contract
 - Where a claim for damages is submitted against a director or an officer by a third party alleging that he or she caused damage to the third party
 - Where a claim for damages is submitted against a director or an officer by the Company alleging he or she caused damage to the Company as a result of shareholder derivative actions
 - 3) If measures are taken so that the properness of the duties of the individual director or officer will not be impaired by the contract, including that content.
 The insurance premium is borne by the Company except for the portion insured with shareholder derivative actions.

Proposal 4: Election of 1 Corporate Auditor

Corporate Auditor Hiroshi Arita offered to resign as Corporate Auditor at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 1 Corporate Auditor is proposed. The Board of Corporate Auditors has given its approval to this proposal.

The candidate is as follows:

No.	Name (Date of birth) (Age)	Past experience and positions	Number of shares of the Company held
1	 <p data-bbox="225 887 395 1039">Misao Nonaka (June 13, 1960) (62) Male [New appointment]</p>	<p data-bbox="448 600 1150 658">May 1986 Joined the Company April 2012 General Manager, Internal Audit Dept. (to present)</p> <p data-bbox="448 696 775 754">[Significant concurrent positions] Not applicable</p>	100
<p data-bbox="196 1081 560 1106">[Reason for nomination as candidate]</p> <p data-bbox="196 1113 1469 1227">Since joining the Company, Mr. Misao Nonaka has been engaged in financial operations and was appointed General Manager of the Internal Audit Dept. in April 2012. He has the expertise and extensive experience in the Company's internal audit and internal controls. The Company nominated him as a candidate for Corporate Auditor as we expect that he will audit the execution of duties of the Company's Directors from an objective position as Corporate Auditor by making use of these experiences.</p>			

(Notes)

1. The age of the candidate is the full age as of the conclusion of this Annual General Meeting of Shareholders.
2. There are no special interests between the candidate and the Company.
3. If the election of Mr. Misao Nonaka is approved, subject to the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation,” the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations if he has performed his duties in good faith and without gross negligence.
4. The Company has entered into a directors and officers liability insurance contract (D&O insurance) with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming all Corporate Auditors as the insured to allow the Company to secure superior human resources and to prevent the diminishment of execution of the duties. The said insurance contract will be renewed in October 2022. Upon approval of this proposal, Mr. Misao Nonaka will become the insured under the insurance contract.

Outline of D&O insurance contract

 - 1) Actual proportion of the premiums borne by the insured
The insurance premium is borne by the Company except for a portion to cover shareholder derivative actions, which is borne by the individual director or officer.
 - 2) Outline of insurance incidents to be covered by the contract
 - Where a claim for damages is submitted against a director or an officer by a third party alleging that he or she caused damage to the third party
 - Where a claim for damages is submitted against a director or an officer by the Company alleging he or she caused damage to the Company as a result of shareholder derivative actions
 - 3) If measures are taken so that the properness of the duties of the individual director or officer will not be impaired by the contract, including that content.
The insurance premium is borne by the Company except for the portion insured with shareholder derivative actions.


Proposal 5: Election of 1 Substitute Corporate Auditor

The effectiveness of the election of Mr. Yoshihiro Nishi, the Substitute Corporate Auditor appointed at the 111th Annual General Meeting of Shareholders held on June 25, 2020, will expire at the beginning of this Annual General Meeting of Shareholders. The Company proposes the election of 1 Substitute Corporate Auditor in preparation for a contingency in which the Company does not have the number of Corporate Auditors required by laws and regulations.

The effectiveness of the election of the Substitute Corporate Auditor under this proposal may be cancelled based on the resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Board of Corporate Auditors.

The Board of Corporate Auditors has given its approval to this proposal.

The candidate is as follows:

No.	Name (Date of birth) (Age)	Past experience and positions	Number of shares of the Company held
1	 Yoshihiro Nishi (May 4, 1972) (50) Male [External Director] [Independent Corporate Auditor]	December 2008 Lawyer registration (Dai-Ichi Tokyo Bar Association) January 2009 Joined Daiichi Kyodo Law Office (to present) June 2016 Substitute Corporate Auditor, the Company (to present) [Significant concurrent positions] Attorney-at-law	0
[Reason for nomination as candidate] Although Mr. Yoshihiro Nishi has never been directly involved in corporate management as Director or Corporate Auditor, he has the expertise and extensive experience as an attorney-at-law and is qualified as a person with legal knowledge required by Principle 4.11 of the Corporate Governance Code. The Company nominated him as a candidate for Substitute Corporate Auditor as we expect that he will fulfill a sufficient role from an independent and objective standpoint if his election as External Corporate Auditor is approved.			

(Notes)

1. The age of the candidate is the full age as of the conclusion of this Annual General Meeting of Shareholders.
2. There are no special interests between the candidate and the Company.
3. Mr. Yoshihiro Nishi, a candidate for Substitute Corporate Auditor, is a candidate for External Corporate Auditor.
4. If the election of Mr. Yoshihiro Nishi is approved, the Company intends to enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations if he has performed his duties in good faith and without gross negligence.
5. The Company registered External Corporate Auditor as Independent Director/Auditor with the Tokyo Stock Exchange, Inc. and Fukuoka Stock Exchange. Mr. Yoshihiro Nishi will serve as Independent Auditor, if he assumes office as External Corporate Auditor due to a shortfall in the number of Corporate Auditors prescribed by laws and regulations after his election has been approved as proposed in this Proposal
6. The Company has entered into a directors and officers liability insurance contract (D&O insurance) with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, naming all Corporate Auditors as the insured to allow the Company to secure superior human resources and to prevent the

diminishment of execution of the duties. The said insurance contract will be renewed in October 2022. If this proposal is approved and Mr. Yoshihiro Nishi is appointed External Corporate Auditor, he will become the insured, as the number of Corporate Auditors specified by laws and regulations will not be sufficient.

Outline of D&O insurance contract

- 1) Actual proportion of the premiums borne by the insured
The insurance premium is borne by the Company except for a portion to cover shareholder derivative actions, which is borne by the individual director or officer.
- 2) Outline of insurance incidents to be covered by the contract
 - Where a claim for damages is submitted against a director or an officer by a third party alleging that he or she caused damage to the third party
 - Where a claim for damages is submitted against a director or an officer by the Company alleging he or she caused damage to the Company as a result of shareholder derivative actions
- 3) If measures are taken so that the properness of the duties of the individual director or officer will not be impaired by the contract, including that content.
The insurance premium is borne by the Company except for the portion insured with shareholder derivative actions.

Reference

The following table shows the composition of the Board of Directors and the Board of Corporate Auditors (skill matrix) in the event that the proposals for the election of Directors and Corporate Auditors are approved.

The Board of Directors and the Board of Corporate Auditors are comprised of Directors and Corporate Auditors who are rich in diversity with their knowledge, high sense of ethics, sense of fairness, integrity, expertise and experiences, etc.

The number of directors is sufficient to enable the Board of Directors to function effectively and efficiently. In addition, an appropriate number of outside directors have been appointed to ensure a highly transparent and objective supervisory function.

Board of Directors	Director	Independent Director	Corporate management experience	Corporate planning	Finance and accounting	International experience	IT and technology development	Dealing with administrative and policy matters
	1) Kimikazu Nakamura		•	•				
	2) Kimihiro Nakamura		•	•				
	3) Yasuto Ago		•				•	
	4) Katsuaki Morofuji		•		•			
	5) Masahiro Ohba		•					
	6) Nobuyuki Aoki		•			•		
	7) Terukazu Okahashi	•	•			•		
	8) Keijiro Hori	•	•		•			
	9) Makoto Ogawa	•				•		•
	10) Naoko Saiki	•				•		•

Board of Corporate Auditors	Corporate Auditor	Independent Corporate Auditor	Finance and accounting	Legal and attorney-at-law	Knowledge of financial industry	Knowledge of audit firm	Knowledge of the Company's business
	1) Misao Nonaka		•				•
	2) Yoshiteru Tsuji		•		•		
	3) Norihisa Ogawa	•		•			
	4) Ryuzo Shiraha	•	•			•	

* The names marked with color indicate newly appointed candidates.

* The above table does not represent all the knowledge, experience, and abilities possessed by the Directors and Corporate Auditors.