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(Securities code: 7224)

June 3, 2022

ShinMaywa Industries, Ltd.

1-1, Shinmeiwa-cho,
Takarazuka-shi, Hyogo, Japan

Notice of the 98th Annual General Meeting of Shareholders

Dear Shareholders:

Please be informed that the 98th Annual General Meeting of Shareholders of ShinMaywa Industries, Ltd. (the “Company”) will be held as follows.

In order to prevent the spread of COVID-19, we request our shareholders to refrain from attending the meeting in person, and, instead, exercise your voting rights in advance in writing or via the Internet in accordance with “Guidance on Methods for Exercise of Voting Rights” on page 3.

Very truly yours,
Tatsuyuki Isogawa
President and Chief Executive Officer

- 1. Date and Time** Friday, June 24, 2022 at 10:00 a.m. (JST)
- 2. Location** Main Conference Room, on the 5th floor of
ShinMaywa Industries, Ltd. Head Office
1-1, Shinmeiwa-cho, Takarazuka-shi, Hyogo
- 3. Agenda**
- Matters to Be Reported**
1. Report on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 98th Business Term (from April 1, 2021 to March 31, 2022)
 2. Report on the audit results of the Consolidated Financial Statements for the 98th Business Term (from April 1, 2021 to March 31, 2022) by the Accounting Auditors and the Audit & Supervisory Board

Matters to Be Resolved

- Item No. 1** Appropriation of Retained Earnings
- Item No. 2** Partial Amendments to the Articles of Incorporation
- Item No. 3** Election of Nine (9) Directors, Members of the Board
- Item No. 4** Election of Two (2) Audit & Supervisory Board Members
- Item No. 5** Determination of Compensation regarding Performance-linked Stock Compensation for Directors, Members of the Board (excluding Outside Directors, Members of the Board)

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- ◎ 6. Development of Systems Necessary to Ensure the Properness of Operations in the Business Report, and the Consolidated Statement of Changes in Equity, the Non-Consolidated Statement of Changes in Equity, the Notes to the Consolidated Financial Statements and the Notes to the Non-Consolidated Financial Statements, five of the documents to be provided to shareholders in conjunction with this notice, are provided via the Internet on the Company's website (<https://www.shinmaywa.co.jp/>) in accordance with the provision of Article 16 of the Company's Articles of Incorporation as well as the provisions of laws and regulations. Therefore, they have not been included in the documents appended to this notice.
 - ◎ In the event the Business Report, the Consolidated Financial Statements, the Non-Consolidated Financial Statements and the Reference Materials for General Meeting of Shareholders need to be modified, the Company will post such modification on its website (<https://www.shinmaywa.co.jp/>).
 - ◎ If you are attending the meeting, please present the enclosed Form for Exercise of Voting Rights (hereinafter the "Form") to the receptionist on arrival.

Guidance on Methods for Exercise of Voting Rights

The following methods are available for exercising your voting rights. Please review the reference materials from page 4 before exercising your voting rights.

1. Methods for exercise of voting rights

If you are exercising your vote in writing

Please indicate your approval or disapproval for the proposals on the enclosed Form, and return it by postal mail.

Voting deadline: The Form must arrive by 5:00 p.m. on Thursday, June 23, 2022 (JST)

If you are exercising your vote via the Internet

Please access the website for exercising your votes designated by the Company (<https://evote.tr.mufg.jp>), and enter your approval or disapproval for the proposals.

Voting deadline: No later than 5:00 p.m. on Thursday, June 23, 2022 (JST)

If you are attending the meeting

Please present the enclosed Form to the receptionist.

Date and time of the meeting: 10:00 a.m. on Friday, June 24, 2022 (JST)

2. For institutional investors

In addition to exercising voting rights via the Internet as described above, institutional investors may also use the “Electronic Proxy Voting Platform” operated by ICJ, Inc., if they have applied in advance.

3. If voting rights are exercised redundantly

- (1) If you exercise your voting rights both in writing and via the Internet, only the vote submitted via the Internet shall be valid.
- (2) If you exercise your voting rights multiple times via the Internet, only the last vote shall be valid.

Reference Materials for General Meeting of Shareholders

Matters to be Resolved and References

Item No. 1: Appropriation of Retained Earnings

The proposed appropriation of retained earnings for the 98th Business Term is described as follows:

Year-end Dividend

The Company's basic policy on dividends during the period covered by the Medium-term Management Plan "Sustainable Growth with Vision 2030 Phase 1: Transformation" is to maintain a dividend payout ratio of 40-50% on a consolidated basis, considering an appropriate level of shareholder return, business investment for the future, and the retention of sufficient internal reserves to maintain the management foundation.

Based on this policy, the year-end dividend for this fiscal year will be 23 yen per share.

Including the interim dividend (19 yen per share), the total annual dividend for this fiscal year will therefore be 42 yen per share.

(1) Allocation of the asset distributed as dividend to shareholders and the total amount thereof

Dividend per Share of Common Stock: 23 yen

Total Amount: 1,514,176,135 yen

(2) Dividend Effective Date

June 27, 2022

(Reference) Change of Dividend and Payout Ratio

	95th Fiscal year ended March 31, 2019	96th Fiscal year ended March 31, 2020	97th Fiscal year ended March 31, 2021	98th Fiscal year ended March 31, 2022
Dividend per share (Yen)	45	87	38	42
Interim (Yen)	18	66	19	19
Year-end (Yen)	27	21	19	23
Consolidated payout ratio (%)	58.9	76.9	45.5	40.0

(Note) The amount of interim dividend for the 96th Business Term includes the commemorative dividend for the 100th anniversary (45 yen per share).

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

1. Reasons for the proposal

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 come into force 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) Information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) A provision shall be established that allows the Company to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the Internet disclosure and deemed provision of the reference documents for the general meeting of shareholders, etc. (Article 16 of the current Articles of Incorporation), which will become unnecessary due to the introduction of the system for electronic provision, will be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="284 1070 778 1198"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="284 1220 782 1697"><u>Article 16 The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="399 1742 662 1776"><Newly established></p>	<p data-bbox="997 1220 1125 1254" style="text-align: center;"><Deleted></p> <p data-bbox="805 1697 1313 1731">(Measures for Electronic Provision, Etc.)</p> <p data-bbox="805 1742 1297 2058"><u>Article 16 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the</u></p>

	<p><u>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><Newly established></p>	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <ol style="list-style-type: none"> 1. <u>The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendments and Article 16 (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u> 2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to amendments shall remain in force with respect to a general meeting of shareholders to be held on or before February 28, 2023.</u> 3. <u>These supplementary provisions shall be deleted on March 1, 2023 or on the date when three months have elapsed from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u>

Item No. 3: Election of Nine (9) Directors, Members of the Board

The term of office for all nine (9) Directors, Members of the Board expires at the close of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that nine (9) Directors, Members of the Board, be elected.

There are no special interests between each candidate for Director, Member of the Board, and the Company.

The detailed information of the candidates for Directors, Members of the Board is as described on pages 9 to 20:

No.	Name	Category of Candidates	Current position in the Company	Attendance at Meetings of the Board of Directors (Attendance Ratio)	Term of Office of Director, Member of the Board	Gender
1	Tatsuyuki Isogawa	Reappointment	Representative Director, President and Chief Executive Officer	12/12 (100%)	7 years	Male
2	Kanji Ishimaru	Reappointment	Director, Member of the Board, Deputy Chief Executive Officer	12/12 (100%)	10 years	Male
3	Katsuyuki Tanuma	Reappointment	Director, Member of the Board, Senior Managing Executive Officer	12/12 (100%)	6 years	Male
4	Akira Nishioka	Reappointment	Director, Member of the Board, Managing Executive Officer	12/12 (100%)	3 years	Male
5	Toshiki Kume	Reappointment	Director, Member of the Board, Managing Executive Officer	12/12 (100%)	3 years	Male
6	Takashi Kunihara	New	Managing Executive Officer	-	-	Male
7	Yoshifumi Kanda	Reappointment Outside Independent	Outside Director, Member of the Board	12/12 (100%)	4 years	Male
8	Seiko Nagai	Reappointment Outside Independent	Outside Director, Member of the Board	12/12 (100%)	3 years	Female
9	Toshiyuki Umehara	New Outside Independent	-	-	-	Male

New

Candidate for Director, Member of the Board to be newly appointed

Reappointment

Candidate for Director, Member of the Board to be reappointed

Outside

Candidate for Outside Director, Member of the Board

Independent

Candidate for Independent Director as prescribed by Tokyo Stock Exchange, Inc.

Note: The Company has entered into a directors and officers liability insurance contract (D&O insurance), as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. Each candidate for Director will become the insured under the D&O insurance, if they are elected as Director. The D&O insurance policy is outlined below and the Company intends to renew it in June 2022 with the same content.

1) Outline of insured events

Damages and litigation expenses up to 2 billion yen in the event that the insured is liable to the Company or a third party for damages arising from execution of their duties

2) Period of the policy

1 year

3) Ratio of the premium substantially borne by the insured

The insurance premiums for all the insured are fully borne by the Company.

4) Measures not to impair appropriateness of execution of duties by the insured

Under the contract with the insurance company, liability for damages to be assumed by the insured arising from wrongful execution of duties by the insured is exempt from the insurance coverage, such as a claim for damages arising from the insured receiving personal advantage or benefit illegally, a claim for damages arising from a criminal act of the insured, or a claim for damages arising from a decision or act by the insured that was outside the scope of the authority with which he or she was endowed by the Company, so as not to impair appropriateness of execution of duties by the insured.

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
1	Tatsuyuki Isogawa	Reappointment	Jul. 2, 1959 (62 years old)	Male
Number of Shares Owned		28,011		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		7 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1983 Joined the Company</p> <p>Apr. 2012 Executive Officer of the Company Deputy General Manager, Parking Systems Div. of the Company Managing Director, TOKYO ENGINEERING SYSTEMS CORPORATION (currently ShinMaywa Parking Technologies, Ltd.)</p> <p>Apr. 2014 President, Parking Systems Div. of the Company</p> <p>Apr. 2015 Managing Executive Officer of the Company</p> <p>Jun. 2015 Director, Member of the Board of the Company</p> <p>Apr. 2016 Senior Managing Executive Officer of the Company</p> <p>Apr. 2017 Representative Director of the Company (up to present) President and Chief Executive Officer of the Company (up to present)</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having held important posts in the Parking Systems divisions, etc., Mr. Tatsuyuki Isogawa has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a central role in the management of the Company as Representative Director as well as President and Chief Executive Officer. Therefore, the Company expects his continuous efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
2	Kanji Ishimaru	Reappointment	Sep. 20, 1957 (64 years old)	Male
Number of Shares Owned		12,023		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		10 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1982 Joined the Company</p> <p>Apr. 2011 Executive Officer of the Company General Manager, International Business Management Div. and Aircraft Div. of the Company</p> <p>Apr. 2012 Managing Executive Officer of the Company General Manager, Aircraft Div. of the Company</p> <p>Jun. 2012 Director, Member of the Board of the Company (up to present)</p> <p>Apr. 2014 Senior Managing Executive Officer of the Company</p> <p>Aug. 2018 Deputy Chief Executive Officer of the Company (up to present) Vice President, Corporate Planning Div. of the Company (up to present)</p> <p>[Responsibility at the Company] Research & Development, International Business, Sustainability, and Digital Transformation</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having held important posts such as in the Aircraft, International Business Management and Corporate Planning divisions, Mr. Kanji Ishimaru has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a role in the management of the Company as Director, Member of the Board and Deputy Chief Executive Officer. Therefore, the Company expects his continuous efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
3	Katsuyuki Tanuma	Reappointment	Mar. 5, 1956 (66 years old)	Male
Number of Shares Owned		10,096		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		6 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1974 Joined the Company</p> <p>Apr. 2015 Executive Officer of the Company Deputy General Manager, Special Purpose Truck Div. of the Company</p> <p>Apr. 2016 Managing Executive Officer of the Company President, Special Purpose Truck Div. of the Company</p> <p>Jun. 2016 Director, Member of the Board of the Company (up to present)</p> <p>Apr. 2017 Senior Managing Executive Officer of the Company (up to present)</p> <p>[Responsibility at the Company] <i>Monozukuri</i> (Manufacturing / procurement / production technology / quality assurance)</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having fulfilled his duties for a long time as a person responsible for the Special Purpose Truck divisions, etc., Mr. Katsuyuki Tanuma has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a role in the management of the Company as Director, Member of the Board and Senior Managing Executive Officer. Therefore, the Company expects his continuous efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
4	Akira Nishioka	Reappointment	Feb. 24, 1958 (64 years old)	Male
Number of Shares Owned		14,269		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		3 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1982 Joined the Company</p> <p>Apr. 2013 Executive Officer of the Company General Manager, Human Resources & General Affairs Dept. of the Company (up to present)</p> <p>Jun. 2014 Representative Director, President and Chief Executive Officer, ShinMaywa Shoji, Ltd.</p> <p>Apr. 2017 Managing Executive Officer of the Company (up to present)</p> <p>Jun. 2019 Director, Member of the Board of the Company (up to present)</p> <p>[Responsibility at the Company] Legal Affairs</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having held important posts such as in the Human Resources & General Affairs divisions, Mr. Akira Nishioka has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a role in the management of the Company as Director, Member of the Board and Managing Executive Officer. Therefore, the Company expects his continuous efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
5	Toshiki Kume	Reappointment	Jan. 27, 1967 (55 years old)	Male
Number of Shares Owned		11,769		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		3 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1989 Joined the Company</p> <p>Apr. 2014 General Manager, Finance & Accounting Dept. of the Company (up to present)</p> <p>Apr. 2017 Executive Officer of the Company</p> <p>Apr. 2019 Managing Executive Officer of the Company (up to present)</p> <p>Jun. 2019 Director, Member of the Board of the Company (up to present)</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having held important posts such as in the Finance & Accounting divisions, Mr. Toshiki Kume has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a role in the management of the Company as Director, Member of the Board and Managing Executive Officer. Therefore, the Company expects his continuous efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
6	Takashi Kuniyara	New	Feb. 23, 1963 (59 years old)	Male
Number of Shares Owned		7,535		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		-		
Attendance at Meetings of the Board of Directors (attendance ratio)		- (-)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
<p>Apr. 1985 Joined the Company</p> <p>Apr. 2012 Executive Officer of the Company General Manager, Fluid Div. of the Company</p> <p>Apr. 2016 Managing Executive Officer of the Company (up to present)</p> <p>Apr. 2022 General Manager, New Business Strategic Div. of the Company (up to present)</p>				
Reasons for Selection as Candidate for Director, Member of the Board				
<p>Having held important posts such as in the Fluid Div., Mr. Takashi Kuniyara has the knowledge and experience for accurately, justly and effectively making important management decisions as well as supervising execution of duties by Directors, Members of the Board and Executive Officers. He is currently taking on a role in the management of the Company as Managing Executive Officer. Therefore, the Company expects his efforts to share information with other Directors, Members of the Board and strengthen decision-making functions as a constituting member of the Board of Directors.</p>				
Other Special Matters				
None				

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
7	Yoshifumi Kanda	Reappointment Outside Independent	Mar. 10, 1952 (70 years old)	Male
Number of Shares Owned		0		
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders		4 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions				
Apr. 1974 Joined Hitachi, Ltd.				
Apr. 2002 Deputy General Manager, Kansai Area Operation, Hitachi, Ltd.				
Apr. 2004 General Manager, Government & Public Corporation Information Systems Sales Management Division, Information & Telecommunications Group, Hitachi, Ltd.				
Jan. 2006 Executive, Hitachi, Ltd.				
Dec. 2008 General Manager, Chugoku Area Operation, Hitachi, Ltd.				
Apr. 2011 Vice President and Executive Officer, Hitachi, Ltd. General Manager, Power Management Marketing Division, Hitachi, Ltd.				
Apr. 2012 Deputy General Manager, Corporate Sales & Marketing Group, and General Manager, Domestic Division, and General Manager, CS Promotion Center, and General Manager, Power Management Division, Power Systems Company, Power Systems Group, Hitachi, Ltd.				
Apr. 2015 Executive Vice President and Executive Officer, Hitachi Systems Power Services, Ltd.				
Mar. 2017 Retired from Hitachi Systems Power Services, Ltd.				
Apr. 2017 Adviser, Corporate Sales & Marketing Group, Hitachi, Ltd.				
Jun. 2017 Outside Audit & Supervisory Board Member of the Company Outside Director, Member of the Board, RENESAS EASTON Co., Ltd. (currently Glosel Co., Ltd.) (up to present)				
Mar. 2018 Retired from Hitachi, Ltd.				
Jun. 2018 Outside Director, Member of the Board of the Company (up to present)				
[Important concurrent positions] Outside Director, Member of the Board, Glosel Co., Ltd.				

Reasons for Selection as Candidate for Outside Director, Member of the Board and Expected Role

Mr. Yoshifumi Kanda has held various important posts at corporations, including Vice President and Executive Officer, Hitachi, Ltd. and Outside Director, Member of the Board, Glosel Co., Ltd. Thus, he possesses a high level of knowledge in management based on his abundant hands-on experience related to corporate management. Heretofore, he has expressed useful opinions regarding management and engaged in appropriate supervision of business execution by Directors, Members of the Board, based on his knowledge. Therefore, the Company believes that he will continue to provide supervision and advice on business execution by Directors, Members of the Board of the Company from his objective position, which will promote the improvement of corporate governance of the Company and the activation of the Board of Directors. Based on his experience and knowledge, the Company mainly expects him to supervise the Company's management, provide advice concerning management from an objective standpoint independent from the management team, and provide broad and diverse perspectives to assist the Company to achieve enhancement of medium- to long-term corporate value and sustainable growth.

Independence of Outside Director, Member of the Board

There are no special interests including business relationships between the Company and Glosel Co., Ltd.

The Company has registered Mr. Yoshifumi Kanda with the Tokyo Stock Exchange, Inc. as an independent director. If he is re-appointed as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company will continue to register him with the said exchange as an independent director.

Limited Liability Agreement

The Company has entered into an agreement with Mr. Yoshifumi Kanda that provides a limit on liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of the Articles of Incorporation of the Company. The limit on liability under the agreement is the minimum amount of liability stipulated by Article 425, paragraph 1 of the Companies Act. If Mr. Yoshifumi Kanda is re-appointed as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company intends to maintain the limited liability agreement with him.

Other Special Matters

None

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
8	Seiko Nagai	Reappointment Outside Independent	Jun. 22, 1960 (61 years old)	Female

Number of Shares Owned	0
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders	3 years
Attendance at Meetings of the Board of Directors (attendance ratio)	12/12 (100%)

Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions

Apr. 1983 Joined Japan Airlines Co., Ltd.
Apr. 1995 Cabin attendants training instructor, Japan Airlines Co., Ltd.
Apr. 1997 Qualified as Senior cabin attendant for domestic routes, Japan Airlines Co., Ltd.
Apr. 1998 Qualified as Senior cabin attendant (Chief Purser) for international routes, Japan Airlines Co., Ltd.
Oct. 2002 Responsible for product planning for In-flight Sales Group, Japan Airlines Co., Ltd.
Dec. 2006 Manager, Cabin Attendants, Japan Airlines Co., Ltd.
Apr. 2008 Manager, In-flight Sales Group, Japan Airlines Co., Ltd.
Apr. 2012 Manager, Passenger Cabin Dept., JAL Express Co., Ltd.
Oct. 2014 Manager, Cabin Attendants Section 4, Haneda Airport, Japan Airlines Co., Ltd.
Apr. 2015 Professor, College of Foreign Studies, Kansai Gaidai University (up to present)
Jun. 2019 Outside Director, Member of the Board of the Company (up to present)
Jun. 2021 Outside Director of the Board, Oji Holdings Corporation (up to present)

[Important concurrent positions]

Professor, College of Foreign Studies, Kansai Gaidai University
Outside Director of the Board, Oji Holdings Corporation

Reasons for Selection as Candidate for Outside Director, Member of the Board and Expected Role

As well as her work at Japan Airlines Co., Ltd. as Chief Purser for international routes and Manager, Cabin Attendants Section 4, Haneda Airport, Ms. Seiko Nagai also serves as Professor (responsible for hospitality) at the College of Foreign Studies, Kansai Gaidai University, guiding and training her juniors. Thus, she possesses a high level of knowledge in the application of hospitality to corporate activities, based on her abundant hands-on experience. In addition, she is also involved in corporate management, serving as Outside Director of the Board, Oji Holdings Corporation. Heretofore, she has expressed useful opinions regarding management and engaged in appropriate supervision of business execution by Directors, Members of the Board, based on her knowledge. Therefore, the Company believes that she will continue to provide supervision and advice on business execution by Directors, Members of the Board of the Company from her objective position, as well as contribute to a more gender diverse Board of Directors, which will promote the improvement of corporate governance of the Company and the activation of the Board of Directors. Based on her experience and knowledge, the Company mainly expects her to supervise the Company's management, provide advice concerning management from an objective standpoint independent from the management team, and provide broad and diverse perspectives to assist the Company to achieve enhancement of medium- to long-term corporate value and sustainable growth.

Although she has never been involved in corporate management other than serving as Outside Director, Member of the Board, for the reasons given above, the Company believes that she will appropriately carry out her duties as Outside Director, Member of the Board.

Independence of Outside Director, Member of the Board

There are no special interests including business relationships between the Company and each of Kansai Gaidai University and Oji Holdings Corporation.

The Company has registered Ms. Seiko Nagai with the Tokyo Stock Exchange, Inc. as an independent director. If she is re-appointed as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company will continue to register her with the said exchange as an independent director.

Limited Liability Agreement

The Company has entered into an agreement with Ms. Seiko Nagai that provides a limit on liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of the Articles of Incorporation of the Company. The limit on liability under the agreement is the minimum amount of liability stipulated by Article 425, paragraph 1 of the Companies Act. If Ms. Seiko Nagai is re-appointed as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company intends to maintain the limited liability agreement with her.

Other Special Matters

None

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
9	Toshiyuki Umehara	New Outside Independent	Sep. 3, 1957 (64 years old)	Male

Number of Shares Owned	0
Term of Office of Director, Member of the Board Served at the Close of This Annual General Meeting of Shareholders	-
Attendance at Meetings of the Board of Directors (attendance ratio)	- (-%)

Career Summary, Position and Responsibility at the Company, and Important Concurrent Positions

Apr. 1984 Joined Nitto Denko Corporation
Jun. 2010 Vice President, General Manager of Optical Sector, Nitto Denko Corporation
Jun. 2013 Senior Vice President, Nitto Denko Corporation
Apr. 2014 Senior Vice President, General Manager of Corporate Strategy Management Division, Corporate Sector, and General Manager of Procurement Business Division, Nitto Denko Corporation
Jun. 2014 Senior Vice President, CIO, Nitto Denko Corporation
Apr. 2015 Senior Vice President, General Manager of Automotive Products Sector, Nitto Denko Corporation
Jun. 2015 Director, Executive Vice President, Nitto Denko Corporation
Apr. 2017 Director, Executive Vice President, CTO, Nitto Denko Corporation
Jun. 2017 Director, Senior Executive Vice President, CTO, Nitto Denko Corporation
Apr. 2018 Director, Senior Executive Vice President, CTO, concurrently CIO, Nitto Denko Corporation
Jun. 2019 Representative Director, Senior Executive Vice President, CTO, concurrently CIO, Nitto Denko Corporation
Jun. 2020 Retired from Nitto Denko Corporation
Jul. 2020 Executive Director, Hokkaido University (part-time) (up to present)
Aug. 2020 Project Professor, Keio University (up to present)
Jun. 2021 Outside Director, FUJI OIL HOLDINGS, INC. (up to present)

[Important concurrent positions]

Outside Director, FUJI OIL HOLDINGS, INC.
Executive Director, Hokkaido University (part-time)
Project Professor, Keio University

Reasons for Selection as Candidate for Outside Director, Member of the Board and Expected Role

Mr. Toshiyuki Umehara has held various important posts at corporations, including Representative Director, Senior Executive Vice President, Nitto Denko Corporation and Outside Director, FUJI OIL HOLDINGS, INC. Thus, he possesses a high level of knowledge in management based on his abundant hands-on experience related to corporate management. Therefore, the Company believes that he will provide supervision and advice on business execution by Directors, Members of the Board of the Company from his objective position, which will promote the improvement of corporate governance of the Company and the activation of the Board of Directors. Based on his experience and knowledge, the Company mainly expects him to supervise the Company's management, provide advice concerning management from an objective standpoint independent from the management team, and provide broad and diverse perspectives to assist the Company to achieve enhancement of medium- to long-term corporate value and sustainable growth.

Independence of Outside Director, Member of the Board

There are no special interests including business relationships between the Company and each of FUJI OIL HOLDINGS, INC., Hokkaido University, and Keio University.

If Mr. Toshiyuki Umehara is elected as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company will register him with the Tokyo Stock Exchange, Inc. as an independent director.

Limited Liability Agreement

If Mr. Toshiyuki Umehara is elected as Director, Member of the Board at this Annual General Meeting of Shareholders, the Company will enter into an agreement with him that provides a limit on liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of the Articles of Incorporation of the Company. The limit on liability under the agreement is the minimum amount of liability stipulated by Article 425, paragraph 1 of the Companies Act.

Other Special Matters

Mr. Toshiyuki Umehara is a candidate for Outside Director of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. and if he is elected as Outside Director at its ordinary general meeting of stockholders to be held on June 23, 2022, he is scheduled to assume the office of Outside Director of DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.

There are no special interests including business relationships between the Company and DAIICHI KIGENSO KAGAKU KOGYO CO., LTD.

Item No. 4: Election of Two (2) Audit & Supervisory Board Members

The term of office for Audit & Supervisory Board Members Tomosaburo Kinda and Eri Sugiyama expires at the close of this Annual General Meeting of Shareholders. Accordingly, the Company proposes that two (2) Audit & Supervisory Board Members be elected.

As for the proposal, the consent of the Audit & Supervisory Board has been obtained.

There are no special interests between each candidate for Audit & Supervisory Board Member and the Company.

The detailed information of the candidates for Audit & Supervisory Board Members is as described on pages 22 to 25.

No.	Name	Category of Candidates	Current position in the Company	Attendance at Meetings of the Board of Directors (Attendance Ratio)	Attendance at Meetings of the Audit & Supervisory Board (Attendance Ratio)	Term of Office of Audit & Supervisory Board Member	Gender
1	Tomosaburo Kinda	Reappointment Outside Independent	Outside Audit & Supervisory Board Member	12/12 (100%)	12/12 (100%)	4 years	Male
2	Eri Sugiyama	Reappointment Outside Independent	Outside Audit & Supervisory Board Member	12/12 (100%)	12/12 (100%)	4 years	Female

Reappointment

Candidate for Audit & Supervisory Board Member to be reappointed

Outside

Candidate for Outside Audit & Supervisory Board Member

Independent

Candidate for Independent Audit & Supervisory Board Member as prescribed by Tokyo Stock Exchange, Inc.

Note: The Company has entered into a directors and officers liability insurance contract (D&O insurance), as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. Each candidate for Audit & Supervisory Board Member will become the insured under the D&O insurance, if they are elected as Audit & Supervisory Board Member. The D&O insurance policy is outlined below and the Company intends to renew it in June 2022 with the same content.

1) Outline of insured events

Damages and litigation expenses up to 2 billion yen in the event that the insured is liable to the Company or a third party for damages arising from execution of their duties

2) Period of the policy

1 year

3) Ratio of the premium substantially borne by the insured

The insurance premiums for all the insured are fully borne by the Company.

4) Measures not to impair appropriateness of execution of duties by the insured

Under the contract with the insurance company, liability for damages to be assumed by the insured arising from wrongful execution of duties by the insured is exempt from the insurance coverage, such as a claim for damages arising from the insured receiving personal advantage or benefit illegally, a claim for damages arising from a criminal act of the insured, or a claim for damages arising from a decision or act by the insured that was outside the scope of the authority with which he or she was endowed by the Company, so as not to impair appropriateness of execution of duties by the insured.

No.	Name	Category of Candidates	Date of Birth (Age)	Gender
1	Tomosaburo Kinda	Reappointment Outside Independent	Jan. 2, 1952 (70 years old)	Male
Number of Shares Owned		0		
Term of Office of Audit & Supervisory Board Member Served at the Close of This Annual General Meeting of Shareholders		4 years		
Attendance at Meetings of the Board of Directors (attendance ratio)		12/12 (100%)		
Attendance at Meetings of the Audit & Supervisory Board (attendance ratio)		12/12 (100%)		
Career Summary, Position at the Company, and Important Concurrent Positions				
Apr. 1974	Joined Taiyo-Kobe Bank Limited (currently Sumitomo Mitsui Banking Corporation)			
Oct. 1994	Manager, Utajimabashi Branch, The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)			
Jan. 1996	Deputy Manager, Kansai Investigation Dept., The Sakura Bank, Limited (currently Sumitomo Mitsui Banking Corporation)			
Apr. 2001	Manager, Dojima Corporate Business Second Office, Sumitomo Mitsui Banking Corporation			
Oct. 2002	Manager, Dojima Corporate Business First Office, Sumitomo Mitsui Banking Corporation			
Dec. 2003	Provisional Auditor, Noritz Corporation			
Mar. 2004	Full-time Audit & Supervisory Board Member, Noritz Corporation Retired from Sumitomo Mitsui Banking Corporation			
Mar. 2009	Director, Managing Executive Officer General Manager, Administrative Division, Noritz Corporation President and Representative Director, Noritz Capital Corporation			
Jan. 2014	Retired from Noritz Capital Corporation			
Sep. 2014	Director (in charge of Governance), Noritz Corporation			
Mar. 2015	Retired from Noritz Corporation			
May 2015	Standing Director Secretary General, Kobe Association of Corporate Executives			
May 2018	Retired from Kobe Association of Corporate Executives			
Jun. 2018	Outside Audit & Supervisory Board Member of the Company (up to present)			
Sep. 2020	Certified Fraud Examiner			

Reasons for Selection as Candidate for Outside Audit & Supervisory Board Member

Mr. Tomosaburo Kinda has held various important posts, including Manager, Dojima Corporate Business First Office, Sumitomo Mitsui Banking Corporation and Audit & Supervisory Board Member and Director, Managing Executive Officer, etc., Noritz Corporation as well as Standing Director Secretary General, Kobe Association of Corporate Executives. Thus, he possesses a high level of knowledge in corporate management based on his abundant hands-on experience. In addition, he is a Certified Fraud Examiner. Therefore, the Company believes that he will perform objective and fair audits and provide valuable opinions to the Board of Directors.

Independence of Outside Audit & Supervisory Board Member

The Company is borrowing money from Sumitomo Mitsui Banking Corporation where Mr. Tomosaburo Kinda used to work. However, 18 years or more have passed since he retired from the said bank in March 2004 and his relationship with the said bank has diluted, and therefore, it does not have any impact on his independence as Outside Audit & Supervisory Board Member.

The Company has registered Mr. Tomosaburo Kinda with the Tokyo Stock Exchange, Inc. as an independent auditor. If he is re-appointed as Audit & Supervisory Board Member at this Annual General Meeting of Shareholders, the Company will continue to register him with the said exchange as an independent auditor.

Limited Liability Agreement

The Company has entered into an agreement with Mr. Tomosaburo Kinda that provides a limit on liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of the Articles of Incorporation of the Company. The limit on liability under the agreement is the minimum amount of liability stipulated by Article 425, paragraph 1 of the Companies Act. If Mr. Tomosaburo Kinda is re-appointed as Audit & Supervisory Board Member at this Annual General Meeting of Shareholders, the Company intends to maintain the limited liability agreement with him.

Other Special Matters

None

No.	Name	Category of Candidates	Date of Birth	Gender
2	Eri Sugiyama	Reappointment Outside Independent	Jul. 10, 1975	Female

Number of Shares Owned	0
Term of Office of Audit & Supervisory Board Member Served at the Close of This Annual General Meeting of Shareholders	4 years
Attendance at Meetings of the Board of Directors (Attendance Ratio)	12/12 (100%)
Attendance at Meetings of the Audit & Supervisory Board (Attendance Ratio)	12/12 (100%)
Career Summary, Position at the Company, and Important Concurrent Positions	
<p>Oct. 2001 Registered as Lawyer (Osaka Bar Association) Joined Habataki Law Office</p> <p>Nov. 2008 Joined Financial Services Agency (fixed term employee) Financial Securities Inspector, Inspection Coordination Division, Inspection Bureau, Financial Services Agency</p> <p>Jan. 2010 Expert Inspector, Inspection Coordination Division, Inspection Bureau, Financial Services Agency</p> <p>Jun. 2010 Expert Inspector, Inspection Coordination Division, Inspection Bureau and Assistant Manager, Policy and Legal Division, Planning and Coordination Bureau, Financial Services Agency</p> <p>Dec. 2010 Retired from Financial Services Agency</p> <p>Jul. 2013 Partner, Habataki Law Office (up to present)</p> <p>Jun. 2018 Outside Audit & Supervisory Board Member of the Company (up to present)</p> <p>Apr. 2022 Professor, Legal Practice, Kobe University Graduate School of Law (up to present)</p> <p>[Important concurrent positions] Partner, Habataki Law Office Professor, Legal Practice, Kobe University Graduate School of Law</p>	
Reasons for Selection as Candidate for Outside Audit & Supervisory Board Member	
<p>Ms. Eri Sugiyama has a high level of legal knowledge based on her abundant hands-on experience as a lawyer. As she is also familiar with corporate legal practices, the Company concluded that she will perform objective and fair audits and provide valuable opinions to the Board of Directors primarily from the legal viewpoints.</p> <p>Although she has never been involved in corporate management other than serving as Outside Audit & Supervisory Board Member, for the reasons given above, the Company expects her to appropriately carry out her duties as Outside Audit & Supervisory Board Member.</p>	
Independence of Outside Audit & Supervisory Board Member	
<p>There are no special interests including business relationships between the Company and each of Habataki Law Office and Kobe University Graduate School.</p> <p>The Company has registered Ms. Eri Sugiyama with the Tokyo Stock Exchange, Inc. as an independent auditor. If she is re-appointed as Audit & Supervisory Board Member at this Annual General Meeting of Shareholders, the Company will continue to register her with the said exchange as an independent auditor.</p>	

Limited Liability Agreement

The Company has entered into an agreement with Ms. Eri Sugiyama that provides a limit on liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to the provisions of the Articles of Incorporation of the Company. The limit on liability under the agreement is the minimum amount of liability stipulated by Article 425, paragraph 1 of the Companies Act. If Ms. Eri Sugiyama is re-appointed as Audit & Supervisory Board Member at this Annual General Meeting of Shareholders, the Company intends to maintain the limited liability agreement with her.

Other Special Matters

Her name registered in the family register is Eri Shingu.

[Reference] Directors' and Audit & Supervisory Board Members' Experience, Skills, and Specialty

If proposals Item No. 3 and Item No. 4 are approved, the composition of the Board of Directors and the Audit & Supervisory Board and experience, skills, and specialty of each Director and Audit & Supervisory Board Member will be as presented in the table below.

	Directors						Outside Directors			Audit & Supervisory Board Members		Outside Audit & Supervisory Board Members		
	Isogawa	Ishimaru	Tanuma	Nishioka	Kume	Kunihara	Kanda	Nagai	Unehara	Nishida	Shimasaka	Kinda	Sugiyama	Kimura
Management experience	●	●	●	●	●		●		●		●	●		
Experience of multiple businesses	●	●		●	●		●		●		●	●		
Finance (Accounting / Capital policy)					●					●		●		●
Legal affairs (Compliance / Risk management)		●		●						●		●	●	●
Corporate strategy (Corporate planning)	●	●	●	●	●		●		●		●	●		
Human resources (Labor affairs / Human resource development)				●				●				●		
<i>Monozukuri</i> (Manufacturing / procurement / production technology / quality assurance)			●						●					
Sales (CS / service / marketing)						●	●	●	●		●			
Engineering (R&D)	●	●	●			●			●					
International experience		●					●	●	●					
Sustainability (ESG)		●		●								●		
Digital transformation (ICT)		●				●	●		●					

Item No. 5: Determination of Compensation regarding Performance-linked Stock Compensation for Directors, Members of the Board (excluding Outside Directors, Members of the Board)

With regard to the amount of compensation, etc. for Directors, Members of the Board of the Company, approval was given at the 96th Annual General Meeting of Shareholders held on June 29, 2020 for an amount of yearly compensation, including bonuses, of up to 520 million yen (including up to 60 million yen per year for Outside Directors, Members of the Board, to whom no bonuses are paid, and not including compensation received in the capacity of employee by Directors, Members of the Board concurrently serving as employees). It was also approved that, apart from this, up to 50 million yen per year (not including compensation received in the capacity of employee by Directors, Members of the Board concurrently serving as employees) of monetary claims would be provided to Directors, Members of the Board (excluding Outside Directors, Members of the Board; hereinafter the “Eligible Directors”), as the annual compensation of shares with restriction on transfer and that the total number of common shares newly issued or disposed of by the Company would be up to 75,000 shares per year, if the Eligible Directors pay in the whole amount of the monetary claims as property contributed in kind.

After consultation with the Nomination and Compensation Committee, the Company decided to review the compensation system for officers. For the purposes of further clarifying the link between compensation for officers and the Company’s performance and stock value, incentivizing the officers to promote the sustainable enhancement of corporate value by achievement of the performance targets set forth in the Company’s Medium-term Management Plan and medium- to long-term performance improvement, and promoting the further sharing of the corporate value with all its shareholders, the Company wishes to introduce a performance-linked stock compensation system (hereinafter the “System”), under which common shares of the Company will be delivered to the Eligible Directors in accordance with the number of years in office and the degree of achievement of performance targets, and to provide monetary claims, separately from the above-mentioned compensation, to the Eligible Directors for delivery of common shares of the Company.

The total amount of monetary claims provided to the Eligible Directors will be up to 400 million yen per year (not including compensation received in the capacity of employee by Directors, Members of the Board concurrently serving as employees). The said total amount has been determined based on the assumption that it will be provided in a lump sum as the consideration for duties executed over several fiscal years corresponding to the period subject to performance evaluation determined in advance by the Board of Directors (hereinafter the “Performance Evaluation Period.” The initial Performance Evaluation Period will be the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 in accordance with the Medium-term Management Plan announced on May 7, 2021, and in principle, a subsequent Performance Evaluation Period after the end of the initial Performance Evaluation Period will be the subsequent three or four fiscal years to be determined by the Board of Directors.) after the end of the Performance Evaluation Period. It is assumed that a Performance Evaluation Period will be up to four fiscal years. Thus, the actual amount of monetary claims to be provided to the Eligible Directors based on the System is estimated at up to 100 million yen per fiscal year.

The specific timing and other matters of provision to each Eligible Director will be determined by the Board of Directors, separately.

There are presently nine (9) Directors, Members of the Board of the Company, including three (3) Outside Directors, Members of the Board. If Item No. 3 “Election of Nine (9) Directors, Members of the Board” is approved and passed as proposed, there will be nine (9) Directors, Members of the Board of the Company, including three (3)

Outside Directors, Members of the Board.

With regard to the number of common shares of the Company to be delivered to the eligible Directors under the System, the Board of Directors will determine the base number of shares to be delivered according to roles in advance (hereinafter, the “Base Number of Shares to be Delivered”) as described in “Overview of the System” below, and the number of common shares of the Company to be delivered to the eligible Directors will be determined based on this Base Number of Shares to be Delivered and in accordance with the number of years in office and the degree of achievement of performance targets. The Eligible Directors will pay in the whole amount of the monetary claims to be provided by the Company under the System as property contributed in kind and will receive common shares of the Company to be issued or disposed of by the Company. The total number of common shares issued or disposed of by the Company will be up to 600,000 shares per year. (However, in the event of a share split (including allotment of the Company’s common shares without contribution), consolidation of shares of the Company’s common shares or any other event that requires an adjustment in the total number of the common shares of the Company to be issued or disposed of under the System on or after the date of the approval and passing of this Item, such total number will be adjusted to the extent reasonable.) However, as mentioned above, it is assumed that the monetary claims under the System will be provided in a lump sum as the consideration for duties executed over several fiscal years corresponding to the Performance Evaluation Period determined in advance by the Board of Directors, after the end of the Performance Evaluation Period. It is assumed that a Performance Evaluation Period will be up to four fiscal years. The said total number of shares has been determined based on such assumptions. Thus, the number of shares to be delivered to the Eligible Directors based on the System is estimated at up to 150,000 shares per fiscal year.

The amount to be paid in per share under the System will be determined by the Board of Directors, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the last business day before the date of the resolutions of the Board of Directors (if trading is not effected on that date, the closing price on the last trading day of the Company’s shares preceding that date) within a range that is not particularly advantageous to the Eligible Directors receiving the common shares.

The content of the compensation under this Item, the maximum amount of compensation, the total number of common shares of the Company to be issued or disposed of, and other terms and conditions for the delivery of common shares of the Company to Eligible Directors under this Item have been determined by taking into account the above-mentioned purposes, the Company’s business conditions, the Company’s policy regarding the determination of compensation, etc. for individual Directors, Members of the Board, and various other circumstances, and the Company, therefore, believes that they are reasonable. (If this Item is approved and passed as proposed, the Company intends to revise the policy regarding the determination of compensation, etc. for individual Directors, Members of the Board, so that the policy will be consistent with the content approved. Please refer to [Reference: Policy regarding determination of the content of compensation, etc. for individual Directors, Members of the Board (tentative)] described later for the revision.)

If this Item is approved and passed as proposed, a system similar to the System for Eligible Directors will be introduced for the Company’s Executive Officers who are not concurrently serving as Directors, Members of the Board, Executives, and some of the directors, members of the board of the ShinMaywa Group companies by resolutions of the Board of Directors of the Company or of the relevant Group companies.

[Overview of the System]

Under the System, the Company's common shares are to be delivered to Eligible Directors after the end of the Performance Evaluation Period in accordance with the status of the Company's performance during the Performance Evaluation Period.

The specific Performance Evaluation Period shall be within a range of three to four years, and the Company's Board of Directors shall determine in advance one or more performance indicators (hereinafter the "Performance Evaluation Indicators"), such as consolidated operating profit and consolidated ROE.

The initial Performance Evaluation Period and Performance Evaluation Indicators are planned to be as shown in the table below; however, the implementation of the System may be continued even after the end of the initial Performance Evaluation Period to the extent approved under this Item.

[Reference: Initial Performance Evaluation Period and Performance Evaluation Indicators]

Performance Evaluation Period	Three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024 (the applicable period of the Medium-term Management Plan "Sustainable Growth with Vision 2030 Phase 1: Transformation")
Performance Evaluation Indicators	3-year cumulative consolidated operating profit and 3-year simple average consolidated ROE

(1) Method of calculating the number of shares to be delivered and the amount of monetary claims

The Company will determine the Base Number of Shares to be Delivered based on the formula in (i) below, calculate the number of the Company's common shares to be delivered to each of the Eligible Directors (hereinafter, the "Final Number of Shares to be Delivered") based on the formula in (ii) below, and calculate the amount of monetary claims to be paid to each Eligible Director based on the formula in (iii) below.

- (i) Base Number of Shares to be Delivered (*1)
Base amount of stock compensation according to role of Eligible Directors (*2)
/ Reference stock price (*3)
- (ii) Final Number of Shares to be Delivered (*1)
Base Number of Shares to be Delivered x Tenure x Degree of achievement of performance targets (*4)
- (iii) Amount of monetary claims to be provided to each Eligible Director
Final Number of Shares to be Delivered x Market value at time of delivery (*5)

(*1) Any fraction of a share resulting from the calculation shall be rounded down. However, if the number of shares to be delivered or the amount of monetary claims to be provided to each of the Eligible Directors based on the results calculated in (i) and (ii) above is likely to exceed the maximum number of common shares to be delivered or the maximum amount of monetary claims to be provided under the System, the number of shares to be issued or disposed of to each Eligible Director will be reduced by a reasonable method such as pro rata distribution to the extent not exceeding such upper limits.

(*2) The base amount per fiscal year. It shall be determined in advance by the Company's Board of Directors.

(*3) The closing price of the Company's common shares on the Tokyo Stock Exchange on the first date of the Performance Evaluation Period (April 1, 2022 for the initial Performance Evaluation Period) (if trading is not effected on that date, the closing price of the immediately following trading day).

- (*4) To be determined in advance by the Company's Board of Directors within the range from 0% to 200%, according to the degree of achievement of each performance indicator during the Performance Evaluation Period.
- (*5) To be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the last business day before the date of the resolution of the Board of Directors regarding the issuance or disposal of the Company's common shares to be conducted after the end of the Performance Evaluation Period within a range that is not particularly advantageous to the Eligible Directors receiving the common shares.

(2) Conditions for delivery of the Company's common shares to the Eligible Directors

In principle, the Company will deliver to the Eligible Director the number of the Company's common shares calculated in accordance with (1) above after the end of the Performance Evaluation Period if the Eligible Director satisfies the following requirements.

- (i) The Eligible Director has continuously held the position of Director, Member of the Board, Executive Officer, Executive, Specialist Officer, Audit & Supervisory Board Member, employee, Advisor, Counselor or equivalent office of the Company or its Group companies during the Performance Evaluation Period or until the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period.
- (ii) The absence of certain acts of misconduct as determined by the Company's Board of Directors.
- (iii) Satisfying other requirements deemed necessary by the Company's Board of Directors to achieve the purpose of the System.

If during the Performance Evaluation Period or by the date of the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period, there is a newly appointed Director, Member of the Board, or there is a change in the role of a Director, Member of the Board, the Company shall deliver a number of the Company's common shares reasonably adjusted according to the tenure of such Director.

In addition, in the event that an Eligible Director resigns or retires with proper cause during the Performance Evaluation Period or by the date of the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period (excluding resignation or retirement due to death), in lieu of the delivery of the Company's common shares under the System, only cash will be paid in the amount calculated by multiplying the number of the Company's common shares reasonably adjusted in accordance with the tenure and the degree of achievement of performance targets by the closing price of the Company's common shares on the Tokyo Stock Exchange on the last business day before the date of the Annual General Meeting of Shareholders to be held immediately after the date of resignation or retirement of such Director (provided, however, that if the date of such resignation or retirement is during the last fiscal year of the Performance Evaluation Period or during the period up to the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period, the market price at the time of delivery). In the event that the Eligible Director retires or resigns due to death during the Performance Evaluation Period or by the date of the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period, in lieu of the delivery of the Company's common shares under the System, only cash will be paid in the amount calculated by multiplying the number of the Company's common shares reasonably adjusted in accordance with the tenure and the degree of achievement of performance targets by the closing price of the Company's common shares on the Tokyo Stock Exchange on the date of resignation or retirement of such Director.

(3) Treatment of organizational restructuring, etc.

In the event that a merger agreement with the Company as the non-surviving company, a share exchange agreement or a share transfer plan where the Company becomes a wholly-owned subsidiary, or another matter concerning an organizational restructuring, etc. is approved by the Company's General Meeting of Shareholders (or the Company's Board of Directors, for organizational restructuring, etc. that does not require the approval of the General Meeting of Shareholders) during the Performance Evaluation Period or by the date of the first Annual General Meeting of Shareholders after the end of the Performance Evaluation Period (provided, however, this is limited to cases where the effective date of such organizational restructuring, etc. is scheduled to come before the date of issuance or disposal of the Company's common shares under the System), in lieu of the delivery of the Company's common shares under the System, only cash will be paid in the amount calculated by multiplying the number of the Company's common shares reasonably adjusted in accordance with the tenure and the degree of achievement of performance targets by the closing price of the Company's common shares on the Tokyo Stock Exchange on the last business day before the date of approval of such organizational restructuring, etc. (if trading is not effected on that date, the closing price on the last trading day of the Company's shares preceding that date).

[Reference: Policy regarding determination of the content of compensation, etc. for individual Directors, Members of the Board (tentative)]

(i) Basic policy on compensation, etc. for officers

- The compensation system shall be designed to motivate "medium- to long-term performance improvement" and "sustainable enhancement of corporate value" based on the management philosophy and the long-term vision.
- The compensation level shall be such as to incentivize, attract and retain talented managerial human resources in order to realize the long-term vision.
- The compensation system shall be objective and transparent to ensure accountability to stakeholders, and shall be determined fairly by resolution of the Board of Directors, based on deliberations by the Nomination and Compensation Committee, the majority of whose members are Outside Directors, Members of the Board.

(ii) Framework of compensation, etc. for Directors, Members of the Board

Compensation, etc. for Directors, Members of the Board, is composed of monthly compensation (fixed monetary compensation), bonus (performance-linked monetary compensation), restricted stock compensation (non-monetary compensation), and performance-linked stock compensation (performance-linked non-monetary compensation).

However, in light of their role to supervise management from an independent and objective standpoint, Outside Directors, Members of the Board, shall receive only monthly compensation and shall not receive bonuses, restricted stock compensation, or performance-linked stock compensation.

(iii) Matters concerning resolutions of the General Meeting of Shareholders regarding compensation, etc. for Directors

The details of the resolutions passed at the 96th Annual General Meeting of Shareholders held on June 29, 2020 are as follows. At the close of the said Annual General Meeting of Shareholders, the number of Directors, Members of the Board, was nine (9) (including three (3) Outside Directors, Members of the Board).

- The total amount of monthly compensation and bonuses shall not exceed 520 million yen per year (including up to 60 million yen per year for Outside Directors, Members of the Board, to whom bonuses shall not be paid, but not including

compensation received in the capacity of employee by Directors, Members of the Board, concurrently serving as employees).

- Apart from this, the Company will provide up to 50 million yen per year (not including compensation received in the capacity of employee by Directors, Members of the Board concurrently serving as employees) of monetary claims to Directors, Members of the Board excluding Outside Directors, Members of the Board, and issue or dispose of up to 75,000 shares of the Company's common stock per year, if they pay in the whole amount of the monetary claims as property contributed in kind.

The details of the resolution at the 98th Annual General Meeting of Shareholders held on June 24, 2022 are as follows. At the close of the said Annual General Meeting of Shareholders, the number of Directors, Members of the Board, was nine (9) (including three (3) Outside Directors, Members of the Board).

- Apart from monthly compensation, bonuses, and restricted stock compensation, the Company will provide up to 400 million yen per year to Directors, Members of the Board excluding Outside Directors, Members of the Board, as monetary claims to grant performance-linked stock, and issue or dispose of up to 600,000 shares of the Company's common stock per year, if they pay in the whole amount of the monetary claims as property contributed in kind. (Since the Performance Evaluation Period is assumed to be up to four fiscal years, this corresponds to an annual amount of up to 100 million yen and 150,000 shares per fiscal year).

(iv) Matters concerning the policy for determining the content of compensation, etc. for individual Directors, Members of the Board

The following is a summary of the policy for determining the details of compensation, etc. for individual Directors, Members of the Board. This policy was deliberated in advance by the Nomination and Compensation Committee and resolved by the Board of Directors based on the results of such deliberation.

[Monthly compensation]

- The amount of monthly compensation shall be determined by the Board of Directors within the range approved by the aforementioned General Meeting of Shareholders, taking into consideration the responsibilities of the Director, Member of the Board and the general level of compensation.
- The monthly compensation shall be paid monthly during the term of office of Directors, Members of the Board (until the close of the Annual General Meeting of Shareholders relating to the last fiscal year ending within one year after their election).

[Bonuses]

- The indicators used to calculate the amount of bonus shall be profit attributable to owners of parent, operating profit, and ROIC. The Company selected these indicators because the Company attaches importance to profit attributable to owners of parent, which is the source of dividends to shareholders, and operating profit, which is generated by business activities, and operating profit after income taxes as a percentage of invested capital.
- The amount of bonuses shall be determined by the Board of Directors within the range approved by the aforementioned General Meeting of Shareholders, taking into consideration factors such as position. Specifically, the bonus level for the President and CEO shall first be calculated based on profit attributable

to owners of parent. Then, the bonus level for the other Directors, Members of the Board, shall be calculated by multiplying the bonus level for the President and CEO by the coefficient for each position. Then, the amount of bonus for each Director, Member of the Board shall be determined by taking into account operating profit and ROIC of the division of which he/she is in charge, as well as medium- and long-term factors he/she worked on during the fiscal year to “realize medium- and long-term strategies,” and also taking into consideration the general level.

- The timing for granting bonuses shall be in June following the close of the Annual General Meeting of Shareholders.

[Restricted Stock Compensation]

- The amount of monetary claims for granting restricted stock shall be determined by the Board of Directors within the scope approved by the aforementioned General Meeting of Shareholders, taking into consideration the position of the Director, Member of the Board and the general level.
- Monetary claims for granting restricted stock shall be provided in July of each year in a lump-sum annual payment.

[Performance-linked stock compensation]

- The amount of monetary claims for granting the Company’s common shares shall be determined by the Board of Directors within the scope approved by the aforementioned General Meeting of Shareholders, in accordance with the position, tenure, and the degree of achievement of performance targets during the period of a medium-term management plan.
- Monetary claims for granting the Company’s common shares shall be provided in July of the following fiscal year after the end of the period covered by a medium-term management plan (three or four fiscal years), which is the Performance Evaluation Period, in a lump-sum payment for the period covered by the medium-term management plan.

[Ratios of monthly compensation, bonuses, restricted stock compensation, and performance-linked stock compensation]

- The amount of bonuses varies from year to year in accordance with business performance and other factors, and the amount of performance-linked stock compensation varies with each medium-term management plan. Therefore, the ratios of monthly compensation, bonuses, restricted stock compensation and performance-linked stock compensation shall vary from year to year.

(v) Method of determining compensation, etc. for individual Directors, Members of the Board

- When determining the compensation, etc. for individual Directors, Members of the Board, the Nomination and Compensation Committee, in which Outside Directors, members of the Board, constitute the majority, shall be consulted on the details of the proposal, and shall deliberate and report on the appropriateness of the proposal before the proposal is submitted to the Board of Directors.
- The Board of Directors has resolved to entrust Tatsuyuki Isogawa, Representative Director, President and Chief Executive Officer, with the decision on the amount of compensation, etc. for each individual Director, Member of the Board.
- The reason for delegating such authority to the Representative Director is that the Representative Director is in a position to grasp in detail and from a bird's-eye view the nature of the operations for which each Director, Member of the Board is responsible and the specific actions taken by each Director, Member of the Board

in response to those operations, and it is deemed suitable for the Representative Director to evaluate the execution of duties by each Director.

- In addition, in order to ensure that the authority delegated to the Representative Director is properly exercised, when the Board of Directors passes a resolution of delegation, the Representative Director should determine the specific amount of compensation based on the results of deliberations by the Nomination and Compensation Committee.