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Securities code: 6699
June 9, 2022

To Shareholders with Voting Rights:

Yuuri Ono
President and CEO and Group CEO
DIAMOND ELECTRIC HOLDINGS Co., Ltd.
1-15-27, Tsukamoto Yodogawa-ku, Osaka

**NOTICE OF
THE 4TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We are pleased to inform you that the 4th Ordinary General Meeting of Shareholders (the “Meeting”) of DIAMOND ELECTRIC HOLDINGS Co., Ltd. (the “Company”) will be held as described below.

Instead of attending the Meeting in person, you may exercise your voting rights in writing. Please review the Reference Documents for the General Meeting of Shareholders below, indicate your approval or disapproval of each proposal on the enclosed voting rights exercise form, and return it so that it is received by 5:30 p.m., Japan time, Thursday, June 23, 2022.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time *Reception starts at 9:20 a.m.
2. Place: Banquet Halls “Kiri” and “Sakura,” 2nd floor, Osaka Garden Palace
1-3-35 Nishi-Miyahara, Yodogawa-ku, Osaka City, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements for the 4th Fiscal Year (April 1, 2021 to March 31, 2022) by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the 4th Fiscal Year (April 1, 2021 to 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 Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
Proposal 4: Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

4. Matters to be confirmed upon convocation

The followings are posted on the Company's website on the Internet based on provisions of laws, regulations and Article 16 of the Company's Articles of Incorporation, and therefore are not included in the attachments to this Notice. The attachments to this Notice are a part of the subjects audited by the Audit and Supervisory Committee and the Accounting Auditor in preparing the audit report.

- (1) Outline of the System to Ensure Appropriateness of Business and Operation State of the System in the Business Report
- (2) Consolidated Statement of Changes in Equity
- (3) Notes to Consolidated Financial Statements
- (4) Non-consolidated Statement of Changes in Equity
- (5) Notes to Non-consolidated Financial Statements

The Company's website https://www.diaelec-hd.co.jp/ir/
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- When you attend the Meeting in person, please submit your enclosed voting rights exercise form at the reception.
- Any corrections to the Reference Documents for the General Meeting of Shareholders, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements will be posted on the Company's website on the Internet.
- In consideration of fairness to shareholders who attend the Meeting and those who are not able to attend the Meeting, we do not distribute souvenirs. We appreciate the understanding of all our shareholders.
- On the day of the Meeting, our officers and operation staff will be wearing light clothes (eco style) as part of global warming countermeasures. We would like to ask our shareholders to also attend the Meeting in light attire.

Notice Concerning the Measures to Prevent the Spread of COVID-19 Infection

We would like to inform you of the Company's measures to prevent the spread of the novel coronavirus disease (COVID-19) infection at the Company's 4th Ordinary General Meeting of Shareholders as follows.

We appreciate the understanding and cooperation of our shareholders.

1. Request for shareholders
 - In order to ensure the safety of our shareholders and prevent the spread of infection, we would like to ask shareholders to exercise voting rights in advance in writing as much as possible.
2. The Company's response
 - Please be advised that our operation staff may talk to shareholders who seem to be in poor health on the day of the Meeting.
 - In the venue, we may take your temperature prior to the reception. We also ask for your cooperation in wearing a face mask and using alcohol-based hand sanitizer, etc. Please note that if you have any symptoms such as fever, you will be asked not to enter the venue.
 - In the venue, we may also ask you to leave a space between seats.

If any major changes occur in the operation of the General Meeting of Shareholders according to future circumstances, we will announce them on the Company's website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

The Company's basic dividend policy for returning profits to shareholders is to maintain and improve stable dividend payments by further strengthening the makeup of the Company as well as ensuring internal reserves necessary for investment in future growth areas from a long-term perspective.

Based on the policy mentioned above and taking into consideration the full-year consolidated financial results for the fiscal year ended March 31, 2022 and other factors, the Company hereby proposes paying a year-end dividend of 12.50 yen per share for the fiscal year under review, the same amount as the previous fiscal year.

(1) Type of dividend property

Cash

(2) Matters concerning the allotment of dividend property to shareholders and the total amount thereof

12.50 yen per share of common stock of the Company

Total amount: 100,221,563 yen

(3) Effective date of distribution of surplus

June 27, 2022

(4) Others

The source of dividend is planned to be retained earnings.

Proposal 2: Partial Amendments to the Articles of Incorporation

The Company proposes amending its Articles of Incorporation as follows.

1. Reasons for the proposal

(1) Changes in total number of shares authorized to be issued

In order to enable the execution of a flexible capital policy in the future, the Company proposes changing the total number of authorized shares to be issued as stipulated in Article 6 of the current Articles of Incorporation.

(2) New establishment of measures for electronic provision, etc.

The revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company’s Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for General Meetings of Shareholders.

- (i) The proposed Article 16, Paragraph 1 stipulates that information that is the content of reference documents for the General Meeting of Shareholders, etc., shall be provided electronically.
- (ii) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be recorded in physical documents that are provided to shareholders who request provision of physical documents.
- (iii) As stipulations of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meetings of Shareholders, Etc.) of the current Articles of Incorporation will no longer be necessary, these shall be deleted.
- (iv) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amendments)

Current Articles of Incorporation	Proposed Amendments
<p>Article 6 (Total Number of Shares Authorized to Be Issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>14,600,000</u> shares.</p>	<p>Articles 6 (Total Number of Shares Authorized to Be Issued)</p> <p>The total number of shares authorized to be issued by the Company shall be <u>32,610,000</u> shares.</p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="188 219 719 331"><u>Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meetings of Shareholders, Etc.)</u></p> <p data-bbox="217 338 783 775"><u>In the convocation of General Meetings of Shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for the General Meetings of Shareholders, business report, non-consolidated financial statements, and consolidated financial statements via internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="359 824 611 857"><Newly established></p>	<p data-bbox="1043 219 1171 248"><Deleted></p> <p data-bbox="810 824 1369 898"><u>Article 16 (Measures for Electronic Provision, Etc.)</u></p> <ol data-bbox="810 904 1410 1420" style="list-style-type: none"> <li data-bbox="810 904 1410 1099">1. <u>In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of reference documents for the General Meeting of Shareholders, etc.</u> <li data-bbox="810 1106 1410 1420">2. <u>Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.</u>

Current Articles of Incorporation	Proposed Amendments
<p><Newly established></p>	<p>(Supplementary provisions)</p> <ol style="list-style-type: none"> <li data-bbox="810 257 1391 772">1. <u>The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meetings of Shareholders, Etc.) of the current Articles of Incorporation and the proposed Article 16 (Measures for Electronic Provision, Etc.) of the Articles of Incorporation shall take effect from September 1, 2022, the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u> <li data-bbox="810 784 1391 1131">2. <u>Notwithstanding the provisions of the previous paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meetings of Shareholders, Etc.) of the current Articles of Incorporation shall remain valid for General Meetings of Shareholders held on a day that is within six months of the Enforcement Date.</u> <li data-bbox="810 1142 1391 1411">3. <u>These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the General Meeting of Shareholders in the previous paragraph, whichever is later.</u>

Proposal 3: Election of Four (4) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of four (4) Directors.

The Audit and Supervisory Committee has given its consent to this proposal.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
1	Yuuri Ono (November 3, 1974) [Reappointment]	May 2005 President of YuuRism Consulting April 2015 President and Representative Director of NST Corporation June 2016 President and Representative Director of Diamond Electric MFG. Co., Ltd. October 2016 Representative Director and CEO June 2017 President and CEO and Group CEO October 2018 President and CEO of Diamond Electric MFG. Co., Ltd. (current position) President and CEO and Group CEO of the Company (current position) January 2019 President and CEO of Tabuchi Electric Co., Ltd. (currently DIAMOND&ZEBRA ELECTRIC MFG.CO.,LTD.) (current position) October 2021 President and CEO of Zebra Electric Co., Ltd. (current position)	40,100
<p>[Significant concurrent positions] President and CEO of DIAMOND&ZEBRA ELECTRIC MFG.CO.,LTD. President and CEO of Diamond Electric MFG. Co., Ltd. President and CEO of Zebra Electric Co., Ltd.</p> <p>[Reason for nomination] Yuuri Ono has been engaged in unparalleled efforts to revitalize two companies simultaneously as President and CEO and Group CEO of the Company. The Company renominates him as a candidate for Director as it expects him to leverage his powerful leadership to increase corporate value and strengthen the governance system of the Group.</p> <p>[Special interests between the candidate for Director and the Company] There are no special interests between him and the Company.</p> <p>[Term of office as Director] He will have served for three (3) years and eight (8) months at the conclusion of this Meeting.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
	<p>Takashi Yoshida (November 13, 1943)</p> <p>[Reappointment] [Outside]</p>	<p>April 1966 Joined DAITO PRESS Mfg. Co., Ltd. December 1966 Senior Managing Director July 1974 President and Representative Director May 2014 Chairman and Representative Director June 2016 Director of Diamond Electric MFG. Co., Ltd. June 2017 Director and Audit and Supervisory Committee Member October 2018 Director and Audit and Supervisory Committee Member of the Company May 2019 Director and Advisor of DAITO PRESS Mfg. Co., Ltd. June 2020 Director of the Company (current position) May 2021 Advisor of DAITO PRESS Mfg. Co., Ltd. (current position)</p>	<p>300</p>
2	<p>[Significant concurrent positions] Advisor of DAITO PRESS Mfg. Co., Ltd. Member of the Board of the Japan Auto Parts Industries Association Advisor of OSAKA METAL STAMPING ASSOCIATION [Reason for nomination and expected role] Takashi Yoshida has abundant experience as a corporate manager and extensive insight into the industry. The Company renominates him as a candidate for Outside Director as it expects him to contribute to the management of the Company by using his professional insight to offer advice primarily from the perspective of corporate management. [Special interests between the candidate for Outside Director and the Company] There are no special interests between him and the Company. [Term of office as Outside Director] He will have served for three (3) years and eight (8) months at the conclusion of this Meeting.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
	<p>Gaku Okamoto (April 2, 1968)</p> <p>[Reappointment] [Outside]</p>	<p>April 1996 Registered as an attorney at law Served at a law firm in Osaka City</p> <p>March 2004 President of Okamoto Gaku Law Office</p> <p>April 2010 Joint Partner of Okamoto & Toyonaga Law Office (current position)</p> <p>June 2016 Director of Diamond Electric MFG. Co., Ltd.</p> <p>June 2017 Director and Audit and Supervisory Committee Member</p> <p>October 2018 Director and Audit and Supervisory Committee Member of the Company</p> <p>June 2020 Director (current position)</p>	<p>300</p>
<p>3</p>	<p>[Significant concurrent positions]</p> <p>Joint Partner of Okamoto & Toyonaga Law Office</p> <p>Committee Member, Osaka Bar Association's Committee for Countering Organized Crime and Obstruction of Attorney Activity</p> <p>Committee Member of Kinki Federation of Bar Associations' Committee for Countering Organized Crime and Obstruction of Attorney Activity</p> <p>Outside Director of Bio-sight Capital, Inc.</p> <p>Outside Audit & Supervisory Board Member of Taisei Kakou Co., Ltd.</p> <p>[Reason for nomination and expected role]</p> <p>Gaku Okamoto has abundant experience and extensive insight gained as an attorney-at-law. The Company renominates him as a candidate for Outside Director as it expects him to strengthen the functions of supervising management in general and conflicts of interest primarily from the legal perspective by using his insight to contribute to the management of the Company.</p> <p>[Special interests between the candidate for Outside Director and the Company]</p> <p>There are no special interests between him and the Company.</p> <p>[Term of office as Outside Director]</p> <p>He will have served for three (3) years and eight (8) months at the conclusion of this Meeting.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
4	Jun Hasegawa (April 6, 1960) [Reappointment]	<p>April 1989 Joined Nippon Life Insurance Company</p> <p>September 1993 Joined Sanko Transport Co., Ltd.</p> <p>June 1999 Joined Midori Denka Co., Ltd.</p> <p>March 2001 Joined Diamond Electric MFG. Co., Ltd.</p> <p>April 2014 Deputy General Manager of Management Headquarters and General Affairs & Industrial Safety Manager</p> <p>October 2014 Audit Office Manager</p> <p>June 2016 Managing Director</p> <p>June 2017 Director, Managing Executive Officer and Managing Director of Domestic Affiliated Companies and Internal Control</p> <p>April 2018 Director, Managing Executive Officer and CCO, Managing Director of Internal Control</p> <p>October 2018 Director, Managing Executive Officer and Group CCO, Managing Director of Internal Control and Safety of the Company</p> <p>January 2019 Director of Tabuchi Electric Co., Ltd.</p> <p>April 2020 Director of Diamond Electric MFG. Co., Ltd. Director and CCO, Managing Director of Internal Control and Safety of the Company (current position)</p> <p>October 2020 Corporate Auditor of DIAMOND&ZEBRA ELECTRIC MFG.CO.,LTD. (current position)</p>	10,600
<p>[Significant concurrent position] Corporate Auditor of DIAMOND&ZEBRA ELECTRIC MFG.CO.,LTD.</p> <p>[Reason for nomination] Jun Hasegawa has actively dedicated himself to the role of a coordinator of organizations and employees, supporting colleagues in their efforts to revitalize two companies simultaneously despite some confusion of the speed and change involved. The Company renominates him as a candidate for Director as it expects that fulfilling the role will help motivate the management of the Company and colleagues alike.</p> <p>[Special interests between the candidate for Director and the Company] There are no special interests between him and the Company.</p> <p>[Term of office as Director] He will have served for three (3) years and eight (8) months at the conclusion of this Meeting.</p>			

- Notes: 1. Mr. Takashi Yoshida and Mr. Gaku Okamoto are candidates for Outside Director.
2. The Company has designated Mr. Takashi Yoshida and Mr. Gaku Okamoto as independent directors stipulated by the Tokyo Stock Exchange and has filed them with the Exchange accordingly. If they are elected as originally proposed, they will continue to be independent directors.
3. The Company has concluded agreements with Mr. Takashi Yoshida and Mr. Gaku Okamoto to limit their liability to the minimum amount set by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If they are elected as originally proposed, the Company plans to continue the agreements.
4. Mr. Yuuri Ono, Mr. Takashi Yoshida, Mr. Gaku Okamoto and Mr. Jun Hasegawa are insured by a directors and officers liability insurance policy that the Company has concluded with an insurance company. The overview and timing of renewal of the policy are described on page

25 of this Notice (in Japanese only). If Mr. Yuuri Ono, Mr. Takashi Yoshida, Mr. Gaku Okamoto and Mr. Jun Hasegawa are elected as originally proposed, they will remain insured by the policy.

Proposal 4: Election of Two (2) Directors Who Are Audit and Supervisory Committee Members

The terms of office of the current Directors who are Audit and Supervisory Committee Members, Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama, will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of two (2) Directors who are Audit and Supervisory Committee Members. The Audit and Supervisory Committee has given its prior consent to the submission of this proposal.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
	Kazutoshi Miyamoto (August 27, 1949) [Reappointment] [Outside]	<p>April 1975 Joined Mitsubishi Electric Corporation</p> <p>April 1998 General Manager, Quality Assurance Department</p> <p>March 2003 Joined Renesas Technology Corp. General Manager, Quality Assurance Management Department</p> <p>September 2009 Acquired Ph. D</p> <p>March 2010 Joined Renesas Design Corp.</p> <p>January 2019 Corporate Auditor of Tabuchi Electric Co., Ltd.</p> <p>March 2019 Director and Audit and Supervisory Committee Member</p> <p>June 2020 Director and Audit and Supervisory Committee Member of the Company (current position)</p>	300
1	<p>[Significant concurrent position] None</p> <p>[Reason for nomination and expected role] Kazutoshi Miyamoto has been active in the electronic device industry and has extensive experience, achievements and insight. The Company renominates him as an Outside Director who is an Audit and Supervisory Committee Member to leverage his insight, experience, etc. in order to strengthen governance and audit of the Group.</p> <p>[Special interests between the candidate for Outside Director who is an Audit and Supervisory Committee Member and the Company] There are no special interests between him and the Company.</p> <p>[Term of office as Outside Director who is an Audit and Supervisory Committee Member] He will have served for two (2) years at the conclusion of this Meeting.</p>		

No.	Name (Date of birth)	Career summary, positions and responsibilities	Number of shares of the Company held
	Shiro Kasama (March 15, 1955) [Reappointment] [Outside]	April 1977 Joined Hyogo Sogo Bank Ltd. (currently The Minato Bank, Ltd.) April 1999 Joined DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. March 2003 General Manager, Finance Division May 2003 Assumed office of Director, General Manager, Finance Division March 2004 Director, General Manager, General Affairs Division, Responsible for Finance Division June 2011 Full-time Audit & Supervisory Board Member March 2019 Director and Audit and Supervisory Committee Member of Tabuchi Electric Co., Ltd. June 2020 Director and Audit and Supervisory Committee Member of the Company (current position)	1,300
2	<p>[Significant concurrent position] None</p> <p>[Reason for nomination and expected role] Shiro Kasama has extensive insight into finance and accounting, and is also well-experienced as a corporate manager. The Company renominates him as an Outside Director who is an Audit and Supervisory Committee Member to appropriately receive advice and guidance from his expert perspective in order to improve the Company's management governance.</p> <p>[Special interests between the candidate for Outside Director who is an Audit and Supervisory Committee Member and the Company] There are no special interests between him and the Company.</p> <p>[Term of office as Outside Director who is an Audit and Supervisory Committee Member] He will have served for two (2) years at the conclusion of this Meeting.</p>		

- Notes:
1. Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama are candidates for Outside Director who is an Audit and Supervisory Committee Member.
 2. Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama satisfy the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company plans to file them as independent directors with the Exchange.
 3. The Company has concluded agreements with Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama to limit their liability to the minimum amount set by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If they are elected as proposed, the Company plans to continue the agreements.
 4. Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama are insured by a directors and officers liability insurance policy that the Company has concluded with an insurance company. The overview and timing of renewal of the policy are described on page 25 of this Notice (in Japanese only). If Mr. Kazutoshi Miyamoto and Mr. Shiro Kasama are elected as proposed, they will remain insured by the policy.

(For Reference) Expertise and Experience Required for the Company's Directors (including Audit and Supervisory Committee Members)

Name	Position	[Management]	[Marketing]	[CG]	[ESG]
Yuuri Ono	Representative Director (President and CEO and Group CEO)	●	○		○
Takashi Yoshida	Director [Outside]	○	●		○
Gaku Okamoto	Director [Outside]			●	○
Jun Hasegawa	Director (CCO, Managing Director of Internal Control and Safety)			○	●
Masakazu Furukawa	Director and Audit and Supervisory Committee Member [Outside]			●	○
Kazutoshi Miyamoto	Director and Audit and Supervisory Committee Member [Outside]		●		○
Shiro Kasama	Director and Audit and Supervisory Committee Member [Outside]			●	○
Masataka Irie	Director and Audit and Supervisory Committee Member			●	○

*For reference, the fields of expertise required primarily and secondarily for each Director are marked with ● and ○ respectively.

[Management] Abilities to formulate and execute the Company's purpose, goals and management strategies, thoroughly pursue a customer-centric attitude, respect multifaceted coworkers who actively work, show good leadership of taking the initiative and setting a good example for others, and come top in sales.

[Marketing] Understanding of and insight into customers' demand for quality in manufacturing companies, and insight into the supply chain and the industry.

[CG] Insight into compliance and corporate social responsibility (CSR) as an attorney-at-law or a former member of a financial institution, and accountability as a public institution.

*CG: Corporate Governance

[ESG] Abilities to value environmental improvement, living in harmony with the community, and multifaceted coworkers who actively work.

*ESG: Environment, Social, Governance

(For Reference) Nomination Policy for the Candidates for Director

The Company nominates appropriate candidates for Directors in accordance with the following nomination policy. After consulting with the Audit and Supervisory Committee composed of a majority of Outside Directors, the Company determines the candidates for Directors by resolution of the Board of Directors and submits the proposal to the General Meeting of Shareholders.

(1) Nomination of Directors (excluding Audit and Supervisory Committee Members)

As for the Company's Directors (excluding Audit and Supervisory Committee Members), the Company nominates candidates who have high ethical standards based on the Group's management philosophy, are capable of strategic thinking and excellent judgement, and are flexible to changes, and are also capable of decision-making and management supervision. Half the number of the Company's Directors (excluding Audit and Supervisory Committee Members) are composed of Outside Directors.

(2) Nomination of Directors who are Audit and Supervisory Committee Members

As for the Company's Directors who are Audit and Supervisory Committee Members, the Company nominates candidates who have high ethical standards based on the Group's management philosophy, have a certain level of expertise, are capable of appropriately supervising the execution of business operations, and are also capable of giving opinions to the Board of Directors and the management in a flexible and active manner from an independent and objective standpoint. The majority of the Company's Directors who are Audit and Supervisory Committee Members are composed of Outside Directors.

(For Reference) Criteria for Determining the Independence of Outside Directors

In order to enhance corporate value by establishing a corporate governance system that ensures a high level of management transparency and management oversight function, the Company's Outside Director is judged not to be independent if he/she falls under any of the following items, in addition to the criteria for determining the independence of independent directors stipulated by the Tokyo Stock Exchange.

- (1) When the Outside Director is currently or has been in the past ten years an executor of business of the Company or its subsidiary
- (2) When a relative within the second degree of kinship of the Outside Director is currently or has been in the past ten years an executor of business of the Company or its subsidiary
- (3) When the Outside Director has been in the past three fiscal years an executor of business of the Company's business partner whose transaction amount with the Company exceeds 2% of the Group's consolidated net sales
- (4) When the Outside Director is a major shareholder of the Company holding an equity ratio of 10% or more in the Company or an executor of business of a company in which the Company has invested
- (5) When the Outside Director has received compensation from the Company exceeding 5 million yen per year as a legal, accounting or tax specialist or a consultant other than director compensation in the past three fiscal years