

Note: This is an unofficial translation of the Japanese original version and is provided for your reference and convenience only. Where there are any discrepancies between the Japanese original and the translated document, the original Japanese document shall prevail.

To Our Shareholders:

Stock Code: 6741

May 26, 2023

**Nippon Signal Co., Ltd.**

5-1, Marunouchi, 1-Chome,

Chiyoda-ku, Tokyo

President & CEO & COO

Hidehiko Tsukamoto

**Notice of Convocation of the Ordinary General Meeting of  
Shareholders for the 140<sup>th</sup> Business Term**

Notice is hereby given that the Ordinary General Meeting of Shareholders for the 140<sup>th</sup> Business Term of Nippon Signal Co., Ltd. (hereinafter referred to as the 'Company') will be held on coming June 23.

Your attendance at the meeting is cordially requested.

In convening this Meeting, the Company has taken measures for electronic provision of the information that constitutes the Reference Documents for the General Meeting of Shareholders, etc. (matters subject to electronic provision) and posted the matters subject to electronic provision on the Company's website as the "Notice of Convocation of the Ordinary General Meeting of Shareholders for the 140<sup>th</sup> Business Term." Please access the Company's website shown below to check this information.

The Company's website: <https://english.signal.co.jp/ir/>

Matters subject to electronic provision are also posted on the "Net de Shoshu (online convocation)" service website and the Tokyo Stock Exchange (TSE) website shown below, in addition to the Company's website.

"Net de Shoshu (online convocation)" service (<https://s.srdb.jp/6741/>) (Japanese only)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above, enter the Company name or the Company's securities code "6741" and click "Search." Select "Basic information" and then "Documents for public inspection/PR information" in that order and refer to the relevant information.

Should you not attend the meeting, you can exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights no later than 5:05 p.m. on Thursday, June 22, 2023 (Japan time).

Guide to the Exercise of Voting Rights

Voting via the Internet:

Please access the voting website designated by the Company (<https://soukai.mizuho-tb.co.jp/>), enter the exercise voting rights code and password indicated in the enclosed Cards

for Exercise of Voting Rights, and input your approval or disapproval concerning each proposal following the on-screen guidance.

For exercise of voting rights via the internet, please refer to the "Voting via Internet" section in the Guide to the Exercise of Voting Rights on page 4 of this notice.

Voting by postal mail:

As described in the "Voting by postal mail" section in the Guide to the Exercise of Voting Rights on page 4 of this notice, please indicate your approval or disapproval concerning the proposals shown on the Voting Form and send it back to us no later than the abovementioned deadline for exercising voting rights.

**1. Date and Time:** Friday, June 23, 2023 at 10:00 a.m. (Japan time)  
(Reception will start at 9:00 a.m.)

**2. Venue:** Hall of Otemachi Sankei Plaza 4<sup>th</sup> Floor, Tokyo Sankei Building  
7-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

**3. Agenda for the Meeting :**

[Matters for Reporting]

- 1 - Reports on the contents of the Business Report and Consolidated Financial Statements for the 140th Business Term (from April 1, 2022 to March 31, 2023), and reports on the Auditing Results of Accounting Auditor and Audit & Supervisory Board regarding the Consolidated Financial Statements.
- 2 - Reports on the content of the Financial Statements for the 140th Business Term (from April 1, 2022 to March 31, 2023).

[Matters for Resolution]

- 1 - Partial Amendments to the Articles of Incorporation
- 2 - Election of Seven Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- 3 - Election of Four Directors who are Audit and Supervisory Committee Members
- 4 - Determination of Remuneration Amount for Directors (Excluding Directors who are Audit and Supervisory Committee Members)
- 5 - Determination of Remuneration Amount for Directors who are Audit and Supervisory Committee Members

**4. Matters decided in convening the Meeting :**

- (1) The following items are not recorded in the physical documents provided to shareholders who made requests for provision of physical documents in accordance with the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company. Items that are omitted from the physical documents will be posted on the Company's website.
  - "Basic Policy on Parties Who Control Decisions on the Company's Financial and Business Policies" in the Business Report
  - Consolidated Statements of Changes in Net Assets
  - Notes to Consolidated Financial Statements
  - Statements of Changes in Net Assets
  - Notes to Financial Statements
- (2) Should you vote both in writing on the Cards for Exercise of Voting Rights and via the Company's designated voting website on the Internet, only your vote placed via the Internet will be valid. In addition, should you submit your vote multiple times via the Internet, only the last vote will be valid.
- (3) Should you indicate neither approval nor disapproval of the proposal in the Cards for Exercise of Voting Rights, it shall be treated as an approval vote.

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- ◎ When you attend the Meeting, please submit the enclosed Cards for Exercise of Voting Rights to the receptionist.
  - ◎ When you exercise the voting rights through a proxy, such proxy must be only one shareholder who is entitled to attend the general meeting of shareholders. In this case, please submit a written power of attorney and the enclosed Cards for Exercise of Voting Rights to the receptionist of the Meeting.
  - ◎ Any changes in the matters subject to electronic provisions will be posted on the aforementioned websites along with the previous versions.

## Guide to the Exercise of Voting Rights

### Voting by postal mail

Please indicate your approval or disapproval concerning the proposals shown on the Voting Form and send it back to us.

Deadline for exercising voting rights:

The Voting Form must be received by 5:05 p.m. on Thursday, June 22, 2023 (Japan time)

### Voting via Internet

Please input your approval or disapproval concerning each proposal via the voting website designated by the Company (<https://soukai.mizuho-tb.co.jp/>).

Deadline for exercising voting rights:

No later than 5:05 p.m. on Thursday, June 22, 2023 (Japan time)

### Voting by “Smart Exercise”

Please input your approval or disapproval by the deadline for exercising voting rights after scanning the QR code for “Smart Exercise” on the lower right of the enclosed Voting Form using a smartphone or tablet device.

\* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Deadline for exercising voting rights:

No later than 5:05 p.m. on Thursday, June 22, 2023 (Japan time)

- When you exercise the voting rights through a proxy, such proxy must be only one shareholder who is entitled to attend the general meeting of shareholders. In this case, please submit a written power of attorney and the enclosed Cards for Exercise of Voting Rights to the receptionist of the Meeting.
- Any changes in the matters subject to electronic provisions will be posted on each website where such information is posted.

## No.1 – Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal of the amendments

The Company will transition to a Company with an Audit and Supervisory Committee, of which the majority of members are Outside Directors, to strengthen the monitoring functionality of the Board of Directors. The Company aims to enhance its corporate value by ensuring highly transparent management and further enhanced corporate governance by appointing Directors who are Audit and Supervisory Committee Members with voting rights.

Accordingly, the Company proposes the necessary amendments to the Company's Articles of Incorporation, including establishing new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members and deleting provisions concerning the Audit & Supervisory Board and Audit & Supervisory Board Members.

### 2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections)

Current Articles of Incorporation	Proposed amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Articles 1. to 3. <Text omitted>	Articles 1. to 3. <Unchanged>
(Organization)	(Organization)
Article 4. The Company shall establish following organizations in addition to the General Meeting of Shareholders and directors.	Article 4. The Company shall establish following organizations in addition to the General Meeting of Shareholders and directors.
(1) Board of Directors	(1) Board of Directors
(2) <u>Audit &amp; Supervisory Board Member</u>	(2) <u>Audit and Supervisory Committee Member</u>
(3) <u>Audit &amp; Supervisory Board</u>	<Deleted>
(4) <u>Accounting auditor</u>	(3) Accounting auditor
Article 5. <Text omitted>	Article 5. <Unchanged>
Chapter 2 Shares	Chapter 2 Shares
Articles 6. to 9. <Text omitted>	Articles 6. to 9. <Unchanged>
(Share handling regulations)	(Share handling regulations)
Article 10. Handling of the Company's share, handling commission and execution of shareholders right shall be executed in compliance with the Share Handling Regulations established by <u>resolution of</u> Board of Directors in addition to relevant laws and regulations and this Articles of Association.	Article 10. Handling of the Company's share, handling commission and execution of shareholders right shall be executed in compliance with the Share Handling Regulations established by resolution of Board of Directors <u>or by a director who is delegated by the Board of Director by resolution</u> in addition to relevant laws and regulations and this Articles of Incorporation.

Current Articles of Incorporation	Proposed amendments
<p>(Administrator for shareholders registry) Article 11. &lt;Text omitted&gt;</p> <p>2. The administrator for shareholders registry and its administrative office shall be appointed <u>by resolution</u> of the Board of Directors and subsequently public notice thereof shall be given.</p> <p>3. &lt;Text omitted&gt;</p> <p>Chapter 3 Shareholders Meeting</p> <p>Articles 12. to 17. &lt;Text omitted&gt;</p> <p>Chapter 4 Directors and Board of Directors</p> <p>(Number of directors) Article 18. Number of the directors shall be not more than <u>nine (9)</u>. &lt;Newly established&gt;</p> <p>(Election and appointment of directors) Article 19. Directors shall be elected at a General Meeting of Shareholders.</p> <p>2. The resolution for election of directors shall be made by a majority of the votes of the shareholders present at the Meeting where shareholders are holding one-third (1/3) or more of the votes and are entitled to exercise the votes.</p> <p>3. &lt;Text omitted&gt; &lt;Newly established&gt;</p>	<p>(Administrator for shareholders registry) Article 11 &lt;Unchanged&gt;</p> <p>2. The administrator for shareholders registry and its administrative office shall be appointed by the Board of Directors <u>or by a director who is delegated by the Board of Director by resolution</u> and subsequently public notice thereof shall be given.</p> <p>3. &lt;Unchanged&gt;</p> <p>Chapter 3 Shareholders Meeting</p> <p>Articles 12. to 17. &lt;Unchanged&gt;</p> <p>Chapter 4 Directors and Board of Directors</p> <p>(Number of directors) Article 18. Number of the directors shall be not more than <u>fourteen (14)</u>. 2. <u>Of the directors, number of the directors who are Audit and Supervisory Committee Members shall be not more than five (5)</u>.</p> <p>(Election and appointment of directors) Article 19. The election of directors shall distinguish between <u>directors who are Audit and Supervisory Committee Members and directors who are not Audit and Supervisory Committee Members</u> at a General Meeting of Shareholders.</p> <p>2. The resolution for election of directors, <u>directors who are Audit and Supervisory Committee Members and directors who are not Audit and Supervisory Committee Members</u>, shall be <u>separately</u> made by a majority of the votes of the shareholders present at the Meeting where shareholders are holding one-third (1/3) or more of the votes and are entitled to exercise the votes.</p> <p>3. &lt;Unchanged&gt;</p> <p>4. <u>The election of substitutes for Directors who are Audit and Supervisory Committee Members shall be effective up to the beginning of the Ordinary General Meeting of Shareholders for the final fiscal year that ends within two (2) years of such Directors' election.</u></p>

Current Articles of Incorporation	Proposed amendments
<p>(Term of office of director)  Article 20. The term of office of each director shall expire at the closure of the Ordinary General Meeting of Shareholders relating to the last closing of accounts to occur within one (1) year after his or her assumption of the office.</p> <p style="text-align: center;"><u>&lt;Newly established&gt;</u></p> <p style="text-align: center;"><u>&lt;Newly established&gt;</u></p>	<p>(Term of office of director)  Article 20. The term of office of each director <u>(excluding directors who are Audit and Supervisory Committee Members)</u> shall expire at the closure of the Ordinary General Meeting of Shareholders relating to the last closing of accounts to occur within one (1) year after his or her assumption of the office.</p> <p>2. <u>The term of office of each director who is an Audit and Supervisory Committee Member shall expire at the closure of the Ordinary General Meeting of Shareholders relating to the last closing of accounts to occur within two (2) years after his or her assumption of the office.</u></p> <p>3. <u>The term of office of substitutes for Directors who are Audit and Supervisory Committee Members elected to fill a vacancy due to retirement of a member prior to the end of his or her term shall expire at the time when the term of office of the retired member expires.</u></p>
<p>(Representative directors, senior directors)  Article 21. Several representative directors shall be elected by resolution of the Board of Directors.</p> <p>2. Chairman, Vice Chairman, President and Vice President may be elected from directors by resolution of the Board of Directors.</p>	<p>(Representative directors, senior directors)  Article 21. Several representative directors shall be elected <u>from directors (excluding directors who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors.</p> <p>2. Executive Chairman, Vice Chairman, President and Director and Executive Vice President may be elected <u>from directors (excluding directors who are Audit and Supervisory Committee Members)</u> by resolution of the Board of Directors.</p>

Current Articles of Incorporation	Proposed amendments
<p>(Remuneration) Article 22. Property benefits such as remuneration, bonus and other compensation payable by the Company to the directors against executed role for the Board of Directors (<u>hereinafter referred to as "Remuneration"</u>) shall be decided by resolution of the General Meeting of Shareholders.</p>	<p>(Remuneration) Article 22. Property benefits such as remuneration, bonus and other compensation payable by the Company to the directors against executed role for the Board of Directors shall be decided <u>separately for directors who are Audit and Supervisory Committee Members and for directors who are not Audit and Supervisory Committee Members</u> by resolution of the General Meeting of Shareholders.</p>
<p>(Notification of the Board of Directors Meeting) Article 23. Notification of the Board of Directors Meeting shall be submitted to the directors <u>and Audit &amp; Supervisory Board members</u> three (3) days prior to the date set for the Meeting. Should urgent business requirements arise, said notification can be submitted more closer to the date set for the Meeting.</p>	<p>(Notification of the Board of Directors Meeting) Article 23. Notification of the Board of Directors Meeting shall be submitted to the directors three (3) days prior to the date set for the Meeting. Should urgent business requirements arise, said notification can be submitted more closer to the date set for the Meeting.</p>
<p>Articles 24. to 27. &lt;Text omitted&gt;</p>	<p>Articles 24. to 27. &lt;Unchanged&gt;</p>
<p style="text-align: center;"><u>&lt;Newly established&gt;</u></p> <p>Chapter 5 <u>Audit &amp; Supervisory Board Member and Audit &amp; Supervisory Board</u></p> <p>(<u>Number of Audit &amp; Supervisory Board Members</u>) Article 28. <u>Number of Audit &amp; Supervisory Board Member shall be not more than five (5).</u></p> <p>(<u>Election of Audit &amp; Supervisory Board Member</u>) Article 29. <u>Audit &amp; Supervisory Board Member shall be elected at a General Meeting of Shareholders.</u></p>	<p>(Delegation of decisions-making on important business executions) Article 28. <u>In accordance with Article 399-13, Paragraph 6 of the Companies Act, the Company may, by resolution of the Board of Directors, delegate to Directors all or part of the authority of decision-making on important business executions (excluding matters listed in each Item of Paragraph 5 of the same Article).</u></p> <p>Chapter 5 <u>Audit and Supervisory Committee</u></p>
	<p style="text-align: center;"><u>&lt;Deleted&gt;</u></p>
	<p style="text-align: center;"><u>&lt;Deleted&gt;</u></p>



2. The resolution for such election shall be made by a majority of the votes of the shareholders present at the Meeting where shareholders are holding one third (1/3) or more of the votes and are entitled to execute the votes.

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Current Articles of Incorporation	Proposed amendments
(Term of office)	<u>&lt;Deleted&gt;</u>
<u>Article 30. Term of office of the Audit &amp; Supervisory Board Member shall be expired at the closure of the Ordinary General Meeting of Shareholders relating to the last closing account to occur within four years after their assumption of the office.</u>	
2. <u>Term of office of Audit &amp; Supervisory Board Member elected and appointed for substitute or inverse number shall expire on expiry of the term of office of the member resigned during the term of office.</u>	<u>&lt;Deleted&gt;</u>
(Full-Time Audit & Supervisory Board Member)	<u>&lt;Deleted&gt;</u>
<u>Article 31. Full-time Audit &amp; Supervisory Board Member shall be elected by the resolution of Audit &amp; Supervisory Board.</u>	
(Remuneration)	<u>&lt;Deleted&gt;</u>
<u>Article 32. Remuneration of the Audit &amp; Supervisory Board Member shall be decided by the resolution of the Ordinary General Meeting of Shareholders.</u>	
(Notification of Meeting of Audit & Supervisory Board)	<u>&lt;Deleted&gt;</u>
<u>Article 33. Notification of Meeting of Audit &amp; Supervisory Board shall be submitted to each Audit &amp; Supervisory Board member three (3) days prior to the date set for the Meeting. Should urgent business requirements arise, said notification can be submitted in more closer to the date set for the Meeting.</u>	
(Regulations of the Audit & Supervisory Board)	<u>&lt;Deleted&gt;</u>
<u>Article 34. The subject pertaining to the Audit &amp; Supervisory Board shall be complied with the Regulations of the Audit &amp; Supervisory Board to be provided by the Audit &amp; Supervisory Board in addition to the provisions either laws and regulations or in this Articles of Association.</u>	

Current Articles of Incorporation	Proposed amendments
<p data-bbox="231 219 778 280"><u>(Contract of limited liability for Audit &amp; Supervisory Board Member)</u></p> <p data-bbox="231 280 778 616"><u>Article 35. Pursuant to Article 427-1 of the Company Law, the Company may enter into a contract which limits liability with an Audit &amp; Supervisory Board Member under Article 423-1 of the Law. Provided, however, that upper limit of the amount based on this contract is in compliance with the Company Law and the other laws and regulations.</u></p> <p data-bbox="443 645 699 676" style="text-align: center;"><u>&lt;Newly established&gt;</u></p> <p data-bbox="443 891 699 922" style="text-align: center;"><u>&lt;Newly established&gt;</u></p> <p data-bbox="443 1534 699 1568" style="text-align: center;"><u>&lt;Newly established&gt;</u></p>	<p data-bbox="1013 219 1141 250" style="text-align: center;"><u>&lt;Deleted&gt;</u></p> <p data-bbox="801 645 1348 705"><u>(Ful-time Audit and Supervisory Committee Member)</u></p> <p data-bbox="801 705 1348 862"><u>Article 29. The Audit and Supervisory Committee may elect full-time Audit and Supervisory Committee members from among Audit and Supervisory Committee members.</u></p> <p data-bbox="801 891 1348 952"><u>(Notification of Meeting of Audit and Supervisory Committee)</u></p> <p data-bbox="801 952 1348 1288"><u>Article 30. Notification of Meeting of Audit and Supervisory Committee shall be submitted to each Audit and Supervisory Committee member three (3) days prior to the date set for the Meeting. Should urgent business requirements arise, said notification can be submitted in more closer to the date set for the Meeting.</u></p> <p data-bbox="896 1288 1348 1500"><u>2. Meetings of the Audit and Supervisory Committee may be convened without the Company's convocation procedures with the unanimous consent of the Audit and Supervisory Committee members.</u></p> <p data-bbox="801 1534 1348 1594"><u>(Regulations of the Audit and Supervisory Committee)</u></p> <p data-bbox="801 1594 1348 1870"><u>Article 31. Unless otherwise provided in the laws and regulations or in this Articles of Association, the subjects pertaining to the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee to be provided by the Audit and Supervisory Committee.</u></p>
<p data-bbox="231 1899 470 1930">Chapter 6 Accounts</p> <p data-bbox="231 1960 630 1991">Articles <u>36.</u> to <u>39.</u> &lt;Text omitted&gt;</p>	<p data-bbox="801 1899 1040 1930">Chapter 6 Accounts</p> <p data-bbox="801 1960 1189 1991">Articles <u>32.</u> to <u>35.</u> &lt;Unchanged&gt;</p>

Current Articles of Incorporation	Proposed amendments
<p>Chapter 7 Anti-Takeover Measures</p> <p>Article <u>40</u>.        &lt;Text omitted&gt;</p> <p>                         &lt;Newly established&gt;</p>	<p>Chapter 7 Anti-Takeover Measures</p> <p>Article <u>36</u>.        &lt;Unchanged&gt;</p> <p>(Supplementary provisions)</p> <p><u>The agreements to limit liability damages pursuant to Article 423, Paragraph 1 of the Companies Act for the acts conducted by Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) entered into prior to the end of the 140th Ordinary General Meeting of Shareholders shall remain governed by Article 35 of the Articles of Incorporation prior to the amendments by the resolution of the Ordinary General Meeting of Shareholders.</u></p>

No.2 – Election of Seven Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The terms of all nine Directors will expire at the end of this General Meeting of Shareholders. The Company will also transfer to a company with an Audit and Supervisory Committee, provided that the Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company requests the election of seven Directors (Excluding Directors who are Audit and Supervisory Committee Members) after the transition to a company with an Audit and Supervisory Committee.

The candidates for the Directors are as follows.

In addition, in selecting candidates for the Directors, the Company receives a recommendation by the “Appointment and Remuneration Committee,” a majority of the members of which are Independent Outside Directors, in order to enhance the objectivity and transparency in the decision-making process.

No.	Name		Current status	Primary responsibilities	Attendance at the Board of Directors' Meetings
1	Reappointment	Hidehiko Tsukamoto	President and Chief Executive Officer and Chief Operating Officer	Overall management	13 / 13 meetings
2	Reappointment	Takeshi Fujiwara	Director and Deputy Chief Executive Officer	In charge of business management Responsible for branch offices	13 / 13 meetings
3	Reappointment	Masahiro Kubo	Director and Managing Executive Officer	In charge of business administration	13 / 13 meetings
4	Reappointment	Masayoshi Sakai	Director and Managing Executive Officer	Responsible for Kuki Plant Responsible for Railway Signal Systems Division Responsible for Smart Mobility Systems Division In charge of technology research and development Responsible for TQM Promoting Dept.	13 / 13 meetings
5	Reappointment	Kazuhiro Hirano	Director and Managing Executive Officer	Chief General Manager, Osaka Branch Office Responsible for western Japan area	10 / 10 Meetings (After his appointment on June 24, 2022)

6	Reappointment Outside Independent	Yuriko Inoue	Outside Director	–	13 / 13 meetings
7	Reappointment Outside Independent	Yoshiyuki Murata	Outside Director	–	12 / 13 meetings

\* “Criteria for the Independence of Outside Officers” is as described on page 35.

\* The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages to be borne by the insured parties that arise from the insured parties as individuals being subject to a claim for damages such as derivative lawsuits and third-party lawsuits. The candidates will be included as insured parties under the insurance agreement. The Company intends to renew the agreement with the above contents at the time of renewal in July 2023.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
1	<p>Reappointment Hidehiko Tsukamoto (September 15, 1958) Age: 64</p> <p>Years in office as Director: 11 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1982      Joined the Company May 2005      General Manager of Automatic Fare Collection Sales Dept. of Automatic Fare Collection Systems Division</p> <p>June 2006      Executive Officer June 2010      Director and Managing Executive Officer</p> <p>June 2014      Deputy Chief Executive Officer</p> <p>April 2015      Representative Director Executive Vice President &amp; Chief Operating Officer</p> <p>June 2016      President (to present) June 2020      Chief Executive Officer April 2021      Officer and Chief Operating Officer (to present)</p> <p>[Significant concurrent positions] None</p> <p>[Reason for nomination as a candidate for Director] Hidehiko Tsukamoto, as the Company's Representative Director, possesses a wealth of experience and achievements in leading the business management of the Company. We have determined that he is qualified to play an important role as the Company pursues business structural reforms to adapt to rapid changes in the business environment such as globalization and technical innovations since he is also well-versed in technical development and has contributed to creating new businesses and expanding business areas. Therefore, we have nominated him as a candidate to continue as a Director.</p>	105,300

There are no special interests between the Company and Hidehiko Tsukamoto.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
2	<p>Reappointment</p> <p><b>Takeshi Fujiwara</b> (November 7, 1959) Age: 63</p> <p>Years in office as Director: 10 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1983 July 2009</p> <p>Joined the Company General Manager of Private Railways Sales Dept. of Railway Signal Systems Division</p> <p>June 2010 April 2013</p> <p>Executive Officer Managing Executive Officer</p> <p>June 2013 April 2016</p> <p>Director (to present) Chief General Manager of Sales and Marketing Head Office</p> <p>April 2019</p> <p>Responsible for Domestic Business and Branch Offices</p> <p>April 2020</p> <p>Deputy Chief Executive Officer (to present) Responsible for Domestic and Overseas Businesses and Branch Offices</p> <p>June 2020</p> <p>Responsible for Smart Mobility Section</p> <p>April 2022</p> <p>In charge of business management (to present) Responsible for Transport Systems, Smart Mobility Systems Promotion Division, and Branch Offices (to present)</p> <p>[Significant concurrent positions] None</p> <p>[Reason for nomination as a candidate for Director] Takashi Fujiwara has achievements of leading our domestic business, having held positions including the manager of the Business Head Office handling railway signals and Automatic Fare Collection systems, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas including those overseas and enhancing its competitiveness in the future. Therefore, we have nominated him as a candidate to continue as a Director.</p>	50,600

There are no special interests between the Company and Takeshi Fujiwara.



No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
3	<p>Reappointment</p> <p>Masahiro Kubo (April 13, 1960)</p> <p>Age: 63</p> <p>Years in office as Director: 3 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1983      Joined the Company</p> <p>July 2006      General Manager of Accounting Dept.</p> <p>July 2009      General Manager of Tohoku Branch Office</p> <p>June 2014      General Manager of General Affairs Dept., Business Administration Division</p> <p>April 2016      Executive Officer, General Manager of Corporate Strategy Dept.</p> <p>April 2018      Chief General Manager of Kuki Plant, Monodukuri Division</p> <p>April 2019      Senior Executive Officer, General Manager of Corporate Strategy Dept., Responsible for Finance Dept.</p> <p>April 2020      Managing Executive Officer (to present), In Charge of Business Administration (to present)</p> <p>June 2020      Director (to present)</p>	37,800
		[Significant concurrent positions] None	
		<p>[Reason for nomination as a candidate for Director]</p> <p>Masahiro Kubo possesses experience and achievements in strengthening the management foundation of the Group, having held positions including the manager of a wide range of divisions such as the Business Administration Division of the Company. We have determined that his knowledge will be beneficial to the Company in pursuing sustained enhancement of corporate value. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Masahiro Kubo.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
4	<p>Reappointment</p> <p><b>Masayoshi Sakai</b> (September 20, 1960) Age: 62</p> <p>Years in office as Director: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>April 1985 July 2006</p> <p>July 2010</p> <p>June 2014</p> <p>April 2016</p> <p>April 2020</p> <p>April 2021</p> <p>Joined the Company General Manager of Safety Technology Research Dept., Research Center Chief General Manager of Research &amp; Development Center Chief General Manager of Kuki Plant, Monodukuri Division Executive Officer, Chief General Manager of Research &amp; Development Center, Technical Development Head Office and Chief General Manager of Visionary Business Center Senior Executive Officer, In charge of research and development, Chief General Manager of Research &amp; Development Section, Chief General Manager of ANSHIN Center, General Manager of Safety Technology Research Dept., and General Manager of Advanced Railway System Development Section Managing Executive Officer (to present), In charge of technology, research and development (to present), Chief General Manager of Research &amp; Development Section, General Manager of Patent Management Dept., General Manager of</p>	23,600

		<p>Advanced Railway System Development Section, Responsible for TQM Promoting Dept. (to present),  Department and Responsible for Kuki Plant (to present)  June 2021 Director (to present)  April 2023 Responsible for Railway System Business (to present)  Responsible for Smart Mobility Systems Business (to present)</p>	
		<p>[Significant concurrent positions]  None</p>	
		<p>[Reason for nomination as a candidate for Director]  Having held positions including the manager of the Research and Development Division, Masayoshi Sakai possesses experience and achievements in promoting advanced technological strategies that make use of ICT. We have determined that he is qualified to lead the development of new technologies utilizing IoT and AI. Therefore, we have nominated him as a candidate to continue as a Director.</p>	

There are no special interests between the Company and Masayoshi Sakai.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
5	<p>Reappointment</p> <p>Kazuhiro Hirano (August 6, 1960) Age: 62</p> <p>Years in office as Director: 1 year (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 10 / 10 (100%) (After his appointment on June 24, 2022)</p>	<p>April 1983 July 2006</p> <p>Joined the Company General Manager of Railway Signal Division of Osaka Branch</p> <p>July 2009</p> <p>General Manager of Transport information Systems of Transport Information Systems Division</p> <p>May 2011</p> <p>Chief General Manager of Transport Information Systems Division</p> <p>June 2014</p> <p>Executive Officer Chief General Manager of Railway Signal Division of Business Division</p> <p>April 2019</p> <p>Senior Executive Officer Chief General Manager of Railway Signal Division</p> <p>April 2020</p> <p>Chief General Manager of Transport Systems Division</p> <p>April 2021</p> <p>Managing Executive Officer (to present)</p> <p>Responsible for Transport Systems, Chief General Manager of Transport Systems Division, and Responsible for Smart Mobility Systems Promotion Division</p> <p>April 2022</p> <p>Chief General Manager, Osaka Branch Office (to present)</p> <p>Responsible for western Japan area (to present)</p> <p>June 2022</p> <p>Director (to present)</p>	25,200
		[Significant concurrent positions] None	
		[Reason for nomination as a candidate for Director] Kazuhiro Hirano has achievements of leading	

	our domestic business, having held positions including the manager of the Business Head Office handling railway signals and transport signals, and deep insight based on his broad experience. We have determined that he is qualified to lead the Company in expanding its business areas and enhancing its competitiveness in the future. Therefore, we have nominated him as a candidate to continue as a Director.	
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There are no special interests between the Company and Kazuhiro Hirano.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
6	<p>Reappointment Outside Independent</p> <p>Yuriko Inoue (May 29, 1963) Age: 60</p> <p>Years in office as Outside Director: 5 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p>	<p>November 1993 Full-time Lecturer of Graduate Schools for Law and Politics, The University of Tokyo</p> <p>April 2004 Professor of Graduate School of Law, Kobe University</p> <p>October 2010 Professor of The Graduate School of International Corporate Strategy, Hitotsubashi University</p> <p>April 2018 Professor of Business Law Department, Graduate School of Law, Hitotsubashi University</p> <p>June 2018 Outside Director of the Company (to present) Outside Director of Dai-ichi Life Holdings, Inc. (to present)</p> <p>April 2020 Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) (to present)</p> <p>[Significant concurrent positions] Professor of Business Law Department, Graduate School of Law, Hitotsubashi University (Chair of Department) Outside Director of Dai-ichi Life Holdings, Inc.</p> <p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles] Yuriko Inoue is a professional in intellectual property rights and possesses sophisticated and specialized knowledge and experience. We expect that she will offer advice on the Company's management and strategies including advice mainly on corporate law, data governance and brand strategy, and exercise effective management supervisory function by making use of her capabilities in her specialized field. Therefore, we have nominated her as a candidate to continue as an Outside Director. Yuriko Inoue has served</p>	2,700

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
		<p>as an Outside Director for five years at the end of this General Meeting of Shareholders. A subsidiary of Dai-ichi Life Holdings, Inc., the Dai-ichi Life Insurance Company, Limited where Yuriko Inoue serves as an Outside Director is a major shareholder and business partner of the Company. However, its voting rights ratio is less than 2% and the transaction amount is immaterial (less than 0.1% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect her independence as an Outside Director.</p>	

1. There are no special interests between the Company and Yuriko Inoue.
2. Yuriko Inoue is an Outside Director candidate.
3. Yuriko Inoue meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Yuriko Inoue is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
7	<p>Reappointment Outside Independent</p> <p>Yoshiyuki Murata (July 19, 1954) Age: 68</p> <p>Years in office as Outside Director: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 12 / 13 (92%)</p>	April 2009	President and Representative Director of TAISEI HOUSING CORPORATION	1,400
		April 2011	Executive Officer of TAISEI CORPORATION	
		April 2013	Managing Executive Officer of TAISEI CORPORATION	
		June 2013	Member of the Board of TAISEI CORPORATION	
		April 2015	President and Chief Executive Officer, Representative Director of TAISEI CORPORATION	
		June 2020	Vice Chairman, Representative Director of TAISEI CORPORATION	
		June 2021	Outside Director of the Company (to present) Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD.	
		April 2022	Outside Director of Fujita Corporation (to present)	
June 2022	Representative Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. (to present)			
<p>[Significant concurrent positions] Representative Director and Executive Vice President of DAIWA HOUSE INDUSTRY CO., LTD. Outside Director of Fujita Corporation</p>				



No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
		<p>[Reason for nomination as a candidate for Outside Director and an outline of expected roles]</p> <p>Yoshiyuki Murata possesses a wealth of experience, achievements and knowledge as a manager, and we expect him to use these capabilities for the benefit of the Company's management and exercise effective management supervisory function. Therefore, we have nominated him as a candidate to continue as an Outside Director. Yoshiyuki Murata has served as an Outside Director for two years at the end of this General Meeting of Shareholders. A subsidiary of DAIWA HOUSE INDUSTRY CO., LTD., Daiwa House Parking Co., Ltd., where Yoshiyuki Murata serves as Director and Executive Vice President, is a business partner of the Company. However, the transaction amount is immaterial (less than 0.1% of the consolidated net sales of the said company and of the Company), and we therefore believe that it does not affect his independence as an Outside Director. As of March 31, 2023, there is no capital relationship between Daiwa House Parking Co., Ltd. and the Company.</p>	

1. There are no special interests between the Company and Yoshiyuki Murata.
2. Yoshiyuki Murata is an Outside Director candidate.
3. Yoshiyuki Murata meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. TAISEI CORPORATION, where Yoshiyuki Murata served as Representative Director until June 2021, has received a cease and desist order from the Japan Fair Trade Commission in December 2020 on the grounds of violating the Antimonopoly Act in relation to construction work on the Chuo Shinkansen. However, the said company has filed an action for the revocation of the order, and the case is now pending.
5. If Yoshiyuki Murata is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

### No.3 – Election of Four Directors who are Audit and Supervisory Committee Members

The Company will transfer to a company with an Audit and Supervisory Committee, provided that the Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed.

Accordingly, the Company requests the election of four Directors who are Audit and Supervisory Committee Members.

This proposal has been approved by the Audit & Supervisory Board.

This proposal shall take effect provided that the amendments to the Articles of Incorporation in Proposal 1 “Partial Amendments to the Articles of Incorporation” take effect.

The candidates for the Directors who are Audit and Supervisory Committee Members are as follows.

No.		Name	Current status	Attendance at the Board of Directors' Meetings in FY2022	Attendance at the Audit & Supervisory Board Meetings in FY2022
1	New Appointment	Yoshitaka Tokubuchi	Full-time Audit & Supervisory Board Member	13 / 13 meetings	13 / 13 meetings
2	New Appointment Outside Independent	Takashi Tokunaga	—	—	—
3	New Appointment Outside Independent	Masayuki Tamagawa	Outside Audit & Supervisory Board Member	13 / 13 meetings	13 / 13 meetings
4	New Appointment Outside Independent	Masako Suzuki	—	—	—

\* “Criteria for the Independence of Outside Officers” is as described on page 35.

\* The Company has entered into a directors and officers liability insurance agreement as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance covers damages to be borne by the insured parties that arise from the insured parties as individuals being subject to a claim for damages such as derivative lawsuits and third-party lawsuits. The candidates will be included as insured parties under the insurance agreement. The Company intends to renew the agreement with the above contents at the time of renewal in July 2023.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
1	<p>New Appointment</p> <p>Yoshitaka Tokubuchi (November 21, 1957) Age: 65</p> <p>Years in office as Audit: 2 years (at the end of this Meeting)</p> <p>Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p> <p>Attendance at the Audit &amp; Supervisory Board meetings: 13 / 13 (100%)</p>	<p>April 1982      Joined the Company</p> <p>July 2006      General Manager of Production Control Dept.at Kuki Plant</p> <p>June 2008      Executive Officer General Manager of Corporate Strategy Dept.</p> <p>May 2011      Managing Executive Officer</p> <p>June 2011      Director</p> <p>June 2014      Deputy Chief Executive Officer</p> <p>April 2018      Chief General Manager of Business Administration Division</p> <p>April 2019      Director and Executive Vice President Executive Vice President and Executive Director</p> <p>June 2021      Full-time Audit &amp; Supervisory Board Member (to present)</p> <p>[Significant concurrent positions] None</p> <p>[Reason for nomination as a candidate for Director who is Audit and Supervisory Committee Member] Yoshitaka Tokubuchi possesses a wealth of experience and achievements in management as well as professional accounting knowledge, having held positions including the manager of a wide range of divisions such as the Business Administration Division and Monodukuri Division of the Company. We expect that he will offer advice on the Company's management supervisory function by making use of his capabilities in his specialized field. Therefore, we have nominated him as a new candidate for a Director who is an Audit and Supervisory Committee Member.</p>	71,200

1. There are no special interests between the Company and Yoshitaka Tokubuchi.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
2	<p data-bbox="316 824 485 898">New Appointment Outside Independent</p> <p data-bbox="336 920 464 994">Takashi Tokunaga</p> <p data-bbox="296 1016 504 1090">(March 8, 1964) Age: 59</p>	<p data-bbox="533 248 1098 1048"> April 1986      Joined National Police Agency  February 1998      First Secretary of Embassy of Japan in the People's Republic of China  April 2008      Professor of Graduate School of Public Policy, The University of Tokyo  September 2013      Chief of Aomori Prefectural Police Headquarters  August 2016      Deputy Director General of Commissioner-General's Secretariat, National Police Agency  April 2019      Councillor, Cabinet Secretariat  January 2020      Secretary General of Japan Casino Regulatory Commission </p> <p data-bbox="533 1055 959 1128">[Significant concurrent positions] None</p> <p data-bbox="533 1135 1126 1653">[Reason for nomination as a candidate for Outside Director who is Audit and Supervisory Committee Member and outline of expected roles] Takashi Tokunaga possesses professional knowledge and abundant insight on risk management. We have decided that he will offer beneficial advice and opinions on the Company's management. We expect that he will offer advice on the Company's management supervisory function by making use of his capabilities in his specialized field. Therefore, we have nominated him as a new candidate for an Outside Director who is an Audit and Supervisory Committee Member.</p>	0

1. There are no special interests between the Company and Takashi Tokunaga.
2. Takashi Tokunaga is an Outside Director candidate.
3. Takashi Tokunaga meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Takashi Tokunaga is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities		Number of the Company's shares held
3	<p data-bbox="316 546 485 618">New Appointment Outside Independent</p> <p data-bbox="325 645 485 828">Masayuki Tamagawa (January 15, 1958) Age:65</p> <p data-bbox="309 855 501 963">Years in office as Audit: 4 years (at the end of this Meeting)</p> <p data-bbox="303 990 507 1097">Attendance at the Board of Directors' meetings: 13 / 13 (100%)</p> <p data-bbox="303 1124 507 1249">Attendance at the Audit &amp; Supervisory Board meetings: 13 / 13 (100%)</p>	April 1981	Joined Ministry of Finance	0
		June 2000	Deputy Director of Monetary and Financial Systems Bureau, The International Monetary Fund (IMF)	
		July 2007	Regional Commissioner of Sapporo Regional Taxation Bureau	
		July 2008	Director of Budget Development Management System, Asian Development Bank	
		July 2011	Deputy Head of Finance, Japan Tobacco Inc.	
		July 2012	Head of Asia External Representation Office, African Development Bank (AfDB)	
		October 2016	Specially Appointed Professor of Kogakuin University (to present)	
		May 2017	Managing Executive Director of Kogakuin University	
June 2019	Audit & Supervisory Board Member (to present)			
[Significant concurrent positions]		Specially Appointed Professor of Kogakuin University		

[Reason for nomination as a candidate for Outside Director who is Audit and Supervisory Committee Member and an outline of expected roles]

Masayuki Tamagawa, as an expert in advanced and wide-ranging international finance, etc., possesses long years of work experience in the government and at international organizations and extensive knowledge and experience in finance and accounting. We expect that he will offer advice on the Company's management supervisory function by making use of his wealth of experience, achievements, and knowledge on international finance and tax and finance affairs. Therefore, we have nominated him as a new candidate for an Outside Director who is an Audit and Supervisory Committee Member.

1. There are no special interests between the Company and Masayuki Tamagawa.
2. Masayuki Tamagawa is an Outside Director candidate.
3. Masayuki Tamagawa meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Masayuki Tamagawa is elected as an Outside Director, the Company plans to enter into a limited liability agreement with him, which limits his liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.

No.	Name (Date of birth)	Biography, status, and responsibilities	Number of the Company's shares held
4	<p data-bbox="288 757 475 831">New Appointment Outside Independent</p> <p data-bbox="288 853 488 1003">Masako Suzuki (February 4, 1954) Age:69</p>	<p data-bbox="517 248 1054 322">April 1972      Joined Nippon Yusen Kabushiki Kaisha</p> <p data-bbox="517 331 1007 405">July 1983      Joined Temporary Center Inc.</p> <p data-bbox="517 414 1023 488">April 1999      Executive Officer of Pasona Inc.</p> <p data-bbox="517 497 1050 600">September 2004      Director, Senior Managing Executive Officer of Pasona Inc.</p> <p data-bbox="517 609 1082 745">December 2007      Director, Senior Managing Executive Officer of Pasona Group Inc.</p> <p data-bbox="517 754 1082 828">June 2010      Director, Vice President of Benefit One Inc.</p> <p data-bbox="517 837 1086 911">January 2016      President of Benefit one Health care Inc.</p> <p data-bbox="517 920 1066 1057">June 2016      Outside Director of JAPAN POST INSURANCE Co., Ltd. (to present)</p> <p data-bbox="517 1066 1023 1140">July 2019      Executive Advisor of Pasona Group Inc.</p> <p data-bbox="517 1149 1075 1252">December 2019      President and Representative Director of Pasona Force Inc.</p> <p data-bbox="517 1261 1062 1366">March 2023      External Director of Unite and Grow Inc.(to present)</p> <p data-bbox="517 1375 1031 1512">[Significant concurrent positions] Outside Director of JAPAN POST INSURANCE Co., Ltd. External Director of Unite and Grow Inc.</p>	0

[Reason for nomination as a candidate for Outside Director who is Audit and Supervisory Committee Member and an outline of expected roles]

Masako Suzuki possesses a wealth of experience, achievements, and knowledge in the management of human resources and health support service businesses. We expect that she will offer advice on the Company's management supervisory function based on her professional experience and knowledge in management developed through her career. Therefore, we have nominated her as a new candidate for an Outside Director who is an Audit and Supervisory Committee Member.

1. There are no special interests between the Company and Masako Suzuki.
2. Masako Suzuki is an Outside Director candidate.
3. Masako Suzuki meets the conditions of an Independent Officer as defined by Tokyo Stock Exchange, Inc.
4. If Masako Suzuki is elected as an Outside Director, the Company plans to enter into a limited liability agreement with her, which limits her liability for damages under Article 423, Paragraph 1 of the Companies Act. However, based on the agreement, the minimum liability amount will be the amount prescribed by laws and regulations.



**(Reference)**

**Competence (knowledge, experience, and capabilities) required of candidates for Directors (including Directors who are Audit and Supervisory Committee Members)**

The Group aims to continue being a provider that supports evolution of infrastructure with safe and trustworthy solutions. In order to lead sustainable business growth, the Company selects as candidates for Director those who possess strong acumen and experience as a corporate manager, deep insight into technological development surrounding the Company, capabilities to drive the expansion of business domains conducted on a global scale, and expert knowledge that contributes to corporate governance.

[Candidates for Director selected from within the Company]

The Company selects those who possess strong acumen for overall management, with knowledge regarding the business environment surrounding the Company and its industries, understanding of the Company's strengths and issues through manufacturing, technological research and development, marketing, and sales activities, and experience in management administration such as accounting, legal affairs, and risk management.

[Candidates for Outside Director]

The Company selects those who can provide advice on management strategies and perform an effective supervisory function on management by drawing on advanced and specialized knowledge and experience in fields other than the Group's business domains, while appropriately ensuring well-rounded diversity. Furthermore, in order to sufficiently incorporate opinions from an objective and independent position into management of the Company, the Company selects those who meet the requirements for Independent Officers as stipulated by the Tokyo Stock Exchange, Inc. as candidates for Outside Director. In addition, the Company selects candidates for Director so that at least one-third of the candidates are candidates for Outside Director, and at least one of the candidates for Outside Director must possess experience in management in other companies.

Because of the characteristics of the Company involved in the work for traffic infrastructure of an extremely highly public nature, deep understanding of the Company's business is required for business judgment. Therefore, the Company considers it is appropriate that the proportion of Independent Outside Directors to all the Directors is around one-third.

Skills Matrix of the Board of Directors of the Company is as follows.

◆ Knowledge, experience, and capabilities of Directors

Name	Proposed title	Corporate management	Finance/ Accounting	Risk management Legal affairs	Global experience	Technology R&D	Manufacturing	Sales Marketing
Hidehiko Tsukamoto	Representative Director	●		●	●	●	●	●
Takeshi Fujiwara	Director	●			●		●	●
Masahiro Kubo	Director	●	●	●			●	●
Masayoshi Sakai	Director	●				●	●	●
Kazuhiro Hirano	Director	●						●
Yuriko Inoue	Director Independent Outside			●				
Yoshiyuki Murata	Director Independent Outside	●		●	●	●		●
Yoshitaka Tokubuchi	Audit and Supervisory Committee Member	●	●	●			●	
Takashi Tokunaga	Audit and Supervisory Committee Member Independent Outside			●	●			
Masayuki Tamagawa	Audit and Supervisory Committee Member Independent Outside		●		●			
Masako Suzuki	Audit and Supervisory Committee Member Independent Outside	●		●				●

The above table shows the areas of expertise of Directors the Company particularly expects.

## **(Reference) Criteria for the Independence of Outside Officers**

The Company prescribes the following criteria for the independence of Outside Officers to objectively determine the independence of Outside Officers. If an Outside Officer falls under any of the following items, the Company determines that the Outside Officer is not sufficiently independent from the Company.

An Outside Officer designated as an Independent Officer as stipulated under the Tokyo Stock Exchange, Inc. shall endeavor to maintain independence as prescribed in this Criteria until resignation. If the Outside Officer loses his/her independence, the Outside Officer shall notify the Company in advance (or as soon as possible after an event under unavoidable circumstances).

- 1. A person who is, or has been in the past 10 years, a business executor (\*1) or Non-executive Director (if the person is an Outside Audit & Supervisory Board Member) at the Group (i.e. the Company or its subsidiaries).**
- 2. Any person (party) who falls under any of the following items (1) to (8) in the past three years.**
  - (1) A party for whom the Group is a major business partner <sup>(\*)2</sup> or a business executor of such party
  - (2) A major business partner of the Group <sup>(\*)3</sup> or a business executor of such partner
  - (3) A consultant, accounting professional, or legal professional who has received a significant amount of money <sup>(\*)4</sup> or other property from the Group other than officer remunerations (if a party who receives such property is a corporation, association, or any other entity, a party who belongs to the relevant entity)
  - (4) A current major shareholder of the Group <sup>(\*)5</sup> or a business executor of such shareholder
  - (5) A business executor of a corporation that is a current major shareholder of the Group <sup>(\*)5</sup>
  - (6) A person who belongs to the appointed audit firm for the statutory audit of the Group
  - (7) A business executor of an entity whose Outside Officer is also a business executor of the Group
  - (8) A person, an officer or other business executor of a corporation, association, or any other entity who receives a large amount of donation or grant <sup>(\*)6</sup> from the Group
- 3. If a person who falls under 1. and 2. above is a key person <sup>(\*)7</sup>, close relatives (spouse, first or second degree relatives) of such person**
- 4. A person who has assumed the office of Outside Officer for eight years or more in total**

- (\*1) A business executor refers to a person who executes the duties of a Director (excluding an Outside Director), Executive Officer, or employee, etc.
- (\*2) A party for whom the Group is a major business partner refers to a party who has business transactions with the Group, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of such business partner. Such business partner shall include its parent company and important subsidiaries if such business partner is a corporation.
- (\*3) A major business partner of the Group refers to a party with whom the Group has business transactions, with total amount of sales in any of the fiscal year within the last three fiscal years exceeding 2% of the consolidated net sales of the Group, or a party who has made a loan to the Group in the amount at 2% or more of the consolidated net assets of the Company at the end of the most recent fiscal year.
- (\*4) A significant amount of money refers to the yearly average money exceeding 10 million yen over the three most recent fiscal years.
- (\*5) A major shareholder refers to a shareholder who holds, directly or indirectly, 10% or more of the total voting rights. Such major shareholder shall include its parent company or important subsidiaries if such major shareholder is a corporation.
- (\*6) A large amount of donation or grant refers to a yearly average amount exceeding 10 million yen over the three most recent fiscal years.
- (\*7) A key person refers to a Director, Corporate Officer, Executive Officer, business executor who serves as a General Manager or in a higher rank, or business executor who has authority equivalent to that of a General Manager or higher position.

#### No.4 – Determination of Remuneration Amount for Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The amount of remuneration for Directors in the Company was decided to be a maximum of 500 million yen annually (maximum of 36 million yen annually for Outside Directors) upon the resolution at the 134th Ordinary General Meeting of Shareholders held on June 23, 2017. The Company will transition to a Company with an Audit and Supervisory Committee, provided that the Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed. Accordingly, the Company has decided to abolish the current provisions concerning the amount of remuneration for Directors and to newly set the amount of remuneration (excluding Directors who are Audit and Supervisory Committee Members), and proposes that the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) after the transition to a Company with an Audit and Supervisory Committee shall continue to be a maximum of 500 million yen annually (maximum of 36 million yen annually for Outside Directors) and that the details including the specific amount for each Director and the timing of payment are to be set by a resolution of the Board of Directors. Therefore, the Company seeks the approval of the shareholders to that effect.

An outline of the details of the Company's policy for determining the content of remuneration, etc. for each director is provided in “4. (3) Matters regarding Remuneration for Directors and Audit & Supervisory Board Members” in the Business Report, and if this proposal is approved, the Company plans to change the scope of remuneration to Directors (excluding Directors who are Audit and Supervisory Committee Members).

The Company believes that the content of this proposal is appropriate, comprehensively reflecting various factors, including the Company's business scale, the remuneration plan and level of remuneration for corporate officers, and future trends.

If Proposal 1 “Partial Amendments to the Articles of Incorporation” and Proposal 2 “Election of Seven Directors (Excluding Directors who are Audit and Supervisory Committee Members)” are approved as proposed, the number of Directors (Excluding Directors who are Audit and Supervisory Committee Members) will be seven (including two Outside Directors) although the Company currently has nine Directors.

This proposal shall take effect provided that the Proposal 1 “Partial Amendments to the Articles of Incorporation” take effect.

#### No.5 – Determination of Remuneration Amount for Directors who are Audit and Supervisory Committee Members

The amount of remuneration for Audit & Supervisory Board Members in the Company was decided to be a maximum of 7 million yen monthly upon the resolution at the 111th Ordinary General Meeting of Shareholders held on June 29, 1994. The Company will transition to a Company with an Audit and Supervisory Committee, provided that the amendment to the Articles of Incorporation in Proposal 1 “Partial Amendments to the Articles of Incorporation” is approved as proposed. Accordingly, the Company proposes that the amount of remuneration for Directors who are Audit and Supervisory Committee Members shall be a maximum of 84 million yen annually

after the transition to a Company with an Audit and Supervisory Committee and that the details including the specific amount for each Director who is an Audit and Supervisory Committee Member and the timing of payment are set in consultation with each Director who is an Audit and Supervisory Committee Member Therefore, the Company seeks the approval of the shareholders to that effect.

The Company believes that the content of this proposal is appropriate, comprehensively reflecting various factors, including the Company's business scale, the remuneration plan and level of remuneration for corporate officers, and future trends.

If Proposal 1 "Partial Amendments to the Articles of Incorporation" and Proposal 3 "Election of Four Directors who are Audit and Supervisory Committee Members" are approved as proposed, the number of Directors who are Audit and Supervisory Committee Members will be four (including three Outside Directors).

This proposal shall take effect provided that the amendments to the Articles of Incorporation in Proposal 1 "Partial Amendments to the Articles of Incorporation" take effect.