

Reference Documents for General Meeting of Shareholders

Proposal 1: Election of four (4) Directors (excluding Directors who serve as Audit and Supervisory Committee Members)



The terms of office of all of three (3) Directors (here and hereafter in this proposal, excluding Directors who serve as Audit and Supervisory Committee Members) will expire at the conclusion of this meeting. Accordingly, the number of Directors will be increased by one (1) to strengthen our business management structure, election of the following four (4) Directors is proposed.


The Nominees for Directors have been approved by the Board of Directors after deliberation by the Nomination and Compensation Committee, the majority of whom shall be Independent Outside Directors.

Moreover, for this proposal, we have received opinions from the Audit and Supervisory Committee that all nominees for Directors are qualified.

The nominees for Directors are as follows:

| No. | Name (Date of Birth) | Career summary, status and assignment at the Company, and important concurrent positions | Number of shares of the Company held | |
|---|--|--|--|---------|
| 1. | Reelection Mamoru Sato (January 5, 1960)  | July 1984 June 2004 May 2008 March 2009 March 2012 May 2012 May 2014 March 2017 | Enters the Company as an employee Executive Manager, Sales and Marketing Department, Special Products Division Director of the Company Deputy General Manager, Special Products Division General Manager, Special Products Division Executive Officer of the Company Senior Vice General Manager, General Administration Headquarters (currently Corporate Headquarters) General Manager, General Administration Headquarters (currently Corporate Headquarters) Managing Director of the Company Representative Director, President and CEO of the Company (to present) | 110,300 |
| [Reasons for deciding a nominee for a Director] In addition to his extensive experience and track record gained while carrying out business execution at the Special Products Division and the Headquarters Division, Mr. Mamoru Sato possesses knowledge of management gained primarily from his experience engaging in management as a Managing Director for both of these organizations. Also, from March 2017, as President and CEO, based on global insights gained from overseas experience, he has been the driving force in the overall management of the Group. For these reasons, the Company judges that he is eligible to be a Director of the Company, and would like to reelect him as a Director. | | | | |

| No. | Name (Date of Birth) | Career summary, status and assignment at the Company, and important concurrent positions | | Number of shares of the Company held |
|---|--|--|---|--------------------------------------|
| 2. | <p>Reelection</p> <p>Yasunao Sasai (April 19, 1960)</p>  | <p>April 1983 June 2011</p> <p>March 2014</p> <p>March 2015</p> <p>March 2017 July 2019 January 2020</p> <p>March 2020</p> <p>January 2023</p> | <p>Enters the Company as an employee Executive Manager, Sales and Marketing Department, Machine Tools Division</p> <p>Executive Manager, Development Department, Machine Tools Division</p> <p>Executive Officer of the Company Senior Vice General Manager, Machine Tools Division</p> <p>General Manager, Machine Tools Division</p> <p>Senior Executive Officer of the Company</p> <p>Executive Manager, Business Planning Department, Machine Tools Division</p> <p>Managing Director of the Company (to present)</p> <p>General Manager, Development Headquarters (to present)</p> | 29,700 |
| <p>[Reasons for deciding a nominee for a Director]</p> <p>Mr. Yasunao Sasai possesses extended experience and track record gained through business execution at the Machine Tools Division for a long period of time, and has shown leadership and contributed toward the increase of earnings for the Machine Tools Division. Also, from March 2020, as a Managing Director, he has been possessed knowledge of management with regard to our Machine Tools Division and Special Products Division, and in the creation of new businesses as General Manager of the Development Headquarters from January 2023. For these reasons, the Company judges that he is eligible to be a Director of the Company, and would like to reelect him as a Director.</p> | | | | |
| 3. | <p>New election</p> <p>Seigo Sato (November 6, 1980)</p>  | <p>April 2003 December 2017</p> <p>January 2020</p> <p>January 2021</p> <p>January 2022</p> | <p>Enters the Company as an employee Executive Manager, Sales and Marketing Department, Special Products Division</p> <p>Executive Officer of the Company Senior Vice General Manager, Special Products Division</p> <p>Executive Manager, Sales and Marketing Department, Special Products Division</p> <p>Senior Vice General Manager, General Administration Headquarters (currently Corporate Headquarters)</p> <p>Executive Manager, General Affairs and Human Resources Department, General Administration Headquarters (currently Corporate Headquarters)</p> <p>Senior Executive Officer of the Company (to present)</p> <p>General Manager, General Administration Headquarters (currently Corporate Headquarters) (to present), Executive Manager, General Affairs and Human Resources Department, General Administration Headquarters (currently Corporate Headquarters)</p> | 95,800 |
| <p>[Reasons for deciding a nominee for a Director]</p> <p>Mr. Seigo Sato has a global perspective, having been posted overseas assignments while working in the Special Products Division, and has shown leadership and contributed toward the increase of earnings for the Special Products Division. Also, from January 2022, as a General Manager of General Administration Headquarters (currently Corporate Headquarters), he has been working to improve our corporate value in concrete ways, including the realization of our corporate philosophy and the improvement of our corporate culture based on Purpose. As he can be expected to utilize the experience and knowledge he has gained thus far in overall management of the Company's group, the Company judges that he is eligible to be a Director of the Company, and would like to elect him as a new Director.</p> | | | | |

| No. | Name (Date of Birth) | Career summary, status and assignment at the Company, and important concurrent positions | Number of shares of the Company held |
|---|--|--|--------------------------------------|
| 4. | <p>Reelection Outside Independent</p> <p>Seigo Iwasaki (October 8, 1946)</p>  | <p>March 1996 Director, Shizuoka Gas Company, Ltd.</p> <p>March 2000 Managing Director, Shizuoka Gas Company, Ltd.</p> <p>March 2001 Senior Managing Director, Shizuoka Gas Company, Ltd.</p> <p>March 2006 Representative Director, President, Shizuoka Gas Company, Ltd</p> <p>January 2011 Representative Director, Chairman of the Board of Directors, Shizuoka Gas Company, Ltd.</p> <p>May 2014 Outside Director of the Company (to present)</p> <p>June 2015 Outside Director, Murakami Corporation (to present)</p> <p>January 2018 Director and Special Advisor, Shizuoka Gas Company, Ltd.</p> <p>June 2018 Outside Director, TOSHIBA MACHINE CO., LTD. (currently SHIBAURA MACHINE CO., LTD) (to present)</p> <p>March 2020 Special Advisor, Shizuoka Gas Company, Ltd.</p> <p>(Important concurrent positions) Outside Director, Murakami Corporation Outside Director, SHIBAURA MACHINE CO., LTD.</p> | 14,500 |
| <p>[Reasons for deciding a nominee for an Outside Director and expected roles]</p> <p>Mr. Seigo Iwasaki has been the Representative Director of Shizuoka Gas Company, Ltd. for a long period of time. The Company would like to elect him as an Outside Director as it expects that he will continue to utilize his abundant experience and broad knowledge as a business manager in the Company's adequate decision making process and supervision of the Directors' business execution. Furthermore, if he is elected, the Company expects that he will continue to be a member of the Nomination and Compensation Committee, and make remarks and provide proposals from an objective and neutral standpoint with regard to deliberations related to the selection of candidates for officer of the Company and Directors' compensation.</p> | | | |

Notes:



- No conflict of interest exists between the Company and the above nominees for Directors.
- Mr. Seigo Iwasaki is a nominee for an Outside Director.
- Currently, Mr. Seigo Iwasaki is an Outside Director of the Company. His term of service as an Outside Director is set to be nine years and ten months ending with the conclusion of this General Meeting of Shareholders.
- The Company has designated and reported to the Tokyo Stock Exchange, Inc. that Mr. Seigo Iwasaki is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange. Furthermore, proposed agenda pass in its original form, he is to remain as an Independent Director.
- Pursuant to the provisions of paragraph 1, Article 427 of the Companies Act, the Company has entered into an agreement with Mr. Seigo Iwasaki to limit liability due to negligence of duties; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law. Furthermore, should this proposed agenda pass in its original form, the Company will plan to sustain such current agreement with him.
- The Company has taken out a directors and officers liability insurance policy with an insurance company as provided for in paragraph 1, Article 430-3 of the Companies Act, and plans to renew it with the same details in March 2024. This policy shall compensate for damages that may arise because insured directors and executive officers are liable for the execution of their duties or are claimed for pursuing such liability, and insurance premiums shall be borne in full by the Company for all insureds including the portion of special provisions. Each nominee for Directors has already been insured by this insurance policy and will continue to be insured if this Proposal is approved as proposed.


Proposal 2: Election of three (3) Directors who serve as Audit and Supervisory Committee Members

The terms of office of all of three (3) Directors who serve as Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Accordingly, election of the following three (3) Directors who serve as Audit and Supervisory Committee Members is proposed.

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

The nominees for Directors who serve as Audit and Supervisory Committee Members are as follows:

| No. | Name (Date of Birth) | Career summary, status and assignment at the Company, and important concurrent positions | Number of shares of the Company held |
|--|--|---|--------------------------------------|
| 1. | <p>Reelection Outside Independent</p> <p>Seiichi Nishikawa (March 21, 1959)</p>  | <p>August 2000 President, Clarion do Brasil Ltda.</p> <p>July 2009 Executive Manager in charge of Aftermarket Sales Department, Global Sales Division, Clarion Co., Ltd. (currently Faurecia Clarion Electronics Co., Ltd.)</p> <p>April 2012 Executive Manager, Overseas Aftermarket Sales Department, Sales Division, Clarion Co., Ltd.</p> <p>April 2013 Executive Manager in charge of Corporate Planning Department, Management Promotion Division, Clarion Co., Ltd.</p> <p>May 2018 Executive Manager, Corporate Strategy Department, Corporate Strategy Division, Clarion Co., Ltd.</p> <p>August 2019 Executive Manager in charge of Corporate Management Department, Finance and Accounting Division, Clarion Co., Ltd.</p> <p>March 2020 Full-Time Outside Director who serve as an Audit and Supervisory Committee Member of the Company (to present)</p> | 3,500 |
| <p>[Reasons for deciding a nominee for an Outside Director and expected roles]</p> <p>Mr. Seiichi Nishikawa has handled management strategy and management control after gaining experience in a wide range of operations, such as overseas business and marketing at Faurecia Clarion Electronics Co., Ltd. as well as handling management of this company's overseas subsidiaries and associates. The Company would like to elect him as an Outside Director who serves as an Audit and Supervisory Committee Member as it expects that he will continue to utilize his abundant experience and broad knowledge in the Company's audits. Furthermore, if he is elected, the Company expects that he will continue to be a member of the Nomination and Compensation Committee, and make remarks and provide proposals from an objective and neutral standpoint with regard to deliberations related to the selection of candidates for officer of the Company and Directors' compensation.</p> | | | |
| 2. | <p>Reelection Outside Independent</p> <p>Motoki Sugimoto (August 30, 1961)</p>  | <p>April 1984 Joined Ota Showa Audit Corporation (Currently Ernst & Young ShinNihon LLC)</p> <p>February 1987 Registered as Certified Public Accountant</p> <p>April 1997 Opened Sugimoto Accounting Firm, Representative (to present)</p> <p>May 2014 Outside Audit and Supervisory Board Member of the Company</p> <p>May 2016 Outside Director who serve as an Audit and Supervisory Committee Member of the Company (to present)</p> <p>(important concurrent position) Representative, Sugimoto Accounting Firm</p> | 5,300 |
| <p>[Reasons for deciding a nominee for an Outside Director and expected roles]</p> <p>Mr. Motoki Sugimoto has highly professional knowledge and abundant experience as a certified public accountant and licensed tax accountant. The Company would like to elect him as an Outside Director who serve as an Audit and Supervisory Committee Member as it expects that he will continue to utilize such knowledge and experience when auditing the Company. Although the nominee has not been involved in the management of companies other than as an Outside Director/Audit and Supervisory Board Member, the Company has concluded that he will be able to perform his duties properly as an Outside Director who serve as an Audit and Supervisory Committee Member of the Company based on the reasons noted above. Furthermore, if he is elected, the Company expects that he will continue to be a member of the Nomination and Compensation Committee, and make remarks and provide proposals from an objective and neutral standpoint with regard to deliberations related to the selection of candidates for officer of the Company and Directors' compensation.</p> | | | |

| No. | Name (Date of Birth) | Career summary, status and assignment at the Company, and important concurrent positions | | Number of shares of the Company held |
|---|--|--|--|--------------------------------------|
| 3. | Reelection Outside Independent Itsue Miyata (December 18, 1973)  | January 2003 April 2011 April 2016 March 2022 | Joined Shizuoka Nozomi Law & Patent Firm Opened Fujieda Nozomi Law & Patent Firm, Representative (to present) Vice Chairman, Bar Association of Shizuoka Prefecture Outside Director who serve as an Audit and Supervisory Committee Member of the Company (to present) | 0 |
| | | (important concurrent position) Representative, Fujieda Nozomi Law & Patent Firm | | |
| [Reasons for deciding a nominee for an Outside Director and expected roles] Ms. Itsue Miyata has highly-leveled specialist knowledge based on abundant knowledge and experience as a lawyer. The Company would like to elect her as an Outside Director who serve as an Audit and Supervisory Committee Member as it expects that she will continue to utilize such knowledge and experience when auditing the Company. Although the nominee has not been involved in the management of companies other than as an Outside Director/ Audit and Supervisory Board Member, the Company has concluded that she will be able to perform her duties properly as an Outside Director who serve as an Audit and Supervisory Committee Member of the Company based on the reasons noted above. Furthermore, if she is elected, the Company expects that she will continue to be a member of the Nomination and Compensation Committee, and make remarks and provide proposals from an objective and neutral standpoint with regard to deliberations related to the selection of candidates for officer of the Company and Directors' compensation. | | | | |

Notes:

- All the nominees are nominees for Outside Directors and no conflict of interest exists between the Company and the above nominees for Directors.
- Currently, Mr. Seiichi Nishikawa, Mr. Motoki Sugimoto and Ms. Itsue Miyata are Outside Directors who serve as an Audit and Supervisory Committee Member of the Company. Their terms of service are set to be four years, seven years and ten months, and two years, respectively, ending with the conclusion of this General Meeting of Shareholders.
- The Company has designated and reported to the Tokyo Stock Exchange, Inc. that above nominees for Directors are Independent Directors as set forth in the Regulations of the Tokyo Stock Exchange. Furthermore, should proposed agenda pass in its original form, they are to remain as Independent Directors.
- Pursuant to the provisions of paragraph 1, Article 427 of the Companies Act, the Company has entered into an agreement with above nominees for Directors to limit liability due to negligence of duties and should this proposed agenda pass in its original form, the Company will plan to sustain such current agreement with them; provided, however, that the limit on liability under the relevant agreement shall be an amount set forth by law.
- The Company has taken out a directors and officers liability insurance policy with an insurance company as provided for in paragraph 1, Article 430-3 of the Companies Act, and plans to renew it with the same details in March 2024. This policy shall compensate for damages that may arise because insured directors and executive officers are liable for the execution of their duties or are claimed for pursuing such liability, and insurance premiums shall be borne in full by the Company for all insureds including the portion of special provisions. Each nominee for Directors has already been insured by this insurance policy and will continue to be insured if this Proposal is approved as proposed.

(Reference)**Main experience, etc. of Director and Audit and Supervisory Committee Member (skill matrix)**

The Company nominates candidates for Directors in consideration of the balance of knowledge, experience and ability, as well as diversity. If Proposal of this meeting are approved and adopted as proposed, the main experience, etc. of each Director will be as follows.

| Name | Status at the Company | Independent outside director | Gender | Nomination and Compensation Committee (◎ Chairman) | Main knowledge, experience and ability | | | | | | |
|-------------------|--|------------------------------|--------|--|--|---------------------|----------------------|---------------------------|--------|-----|------------------|
| | | | | | Corporate management | Strategic planning, | Finance & accounting | Legal affairs, Compliance | Global | R&D | Sales, Marketing |
| Mamoru Sato | Representative Director, President and CEO | | Male | ◎ | ○ | ○ | ○ | ○ | ○ | | ○ |
| Yasunao Sasai | Managing Director | | Male | | | ○ | | | | ○ | ○ |
| Seigo Sato | Managing Director | | Male | | | ○ | ○ | ○ | ○ | | ○ |
| Seigo Iwasaki | Director | ○ | Male | ○ | ○ | ○ | ○ | | | | ○ |
| Seiichi Nishikawa | Audit and Supervisory Committee Member (full-time) | ○ | Male | ○ | | ○ | ○ | | ○ | | |
| Motoki Sugimoto | Audit and Supervisory Committee Member | ○ | Male | ○ | | | ○ | | | | |
| Itsue Miyata | Audit and Supervisory Committee Member | ○ | Female | ○ | | | | ○ | | | |

End