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Securities Code: 6165

June 3, 2022

**To our shareholders:**

Tetsuji Morikubo  
Representative Director  
**PUNCH INDUSTRY CO., LTD.**  
6-22-7 Minami-oi, Shinagawa-ku, Tokyo

## **Notice of the 48th Annual General Meeting of Shareholders**

We are pleased to announce the 48th Annual General Meeting of Shareholders of PUNCH INDUSTRY CO., LTD. (the “Company”), which will be held as described below.

**If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” provided hereinbelow, and exercise your voting rights by 6:00 p.m. (JST) on Wednesday, June 22, 2022.**

- 1. Date and Time** Thursday, June 23, 2022 at 10:00 a.m. (JST)
- 2. Venue** A+B Meeting Room, Single Building 3F, Ours Inn Hankyu  
1-50-5 Oi, Shinagawa-ku, Tokyo

### **3. Purpose of the Meeting**

#### **Matters to be reported**

- 1. Business Report and Consolidated Financial Statements for the 48th fiscal year (from April 1, 2021 to March 31, 2022), and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee**
- 2. Non-consolidated Financial Statements for the 48th fiscal year (from April 1, 2021 to March 31, 2022)**

#### **Matters to be resolved**

- Proposal No. 1** Appropriation of Surplus
- Proposal No. 2** Amendment to the Articles of Incorporation
- Proposal No. 3** Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

- When you attend the meeting in person, you are kindly requested to present the enclosed voting form at the reception desk.
- Pursuant to the laws and regulations and Article 14 of the Company’s Articles of Incorporation, “System to Ensure the Appropriateness of Operations and Its Operational Status” in the Business Report as well as “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website and accordingly, are not included in the attachments to this notice.

As such, the documents attached to this notice are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Audit & Supervisory Committee for the audit report and the Accounting Auditor for the accounting audit report.

- If any amendments are made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, such changes will be posted on the Company’s website.

The Company’s website <http://www.punch.co.jp/english/>

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1 Appropriation of Surplus

The Company considers return of profit to its shareholders as one of its management priorities, at the same as recognizing enhancement of its corporate value through the growth and expansion of its businesses as the most important priority.

In terms of profit distribution, our basic policy is to pay stable dividends constantly and emphasize linkage to the consolidated business results while securing internal reserves necessary for future business development and management structure enhancement. The Company intends to make appropriate profit distributions from a comprehensive viewpoint based on its financial position, profit level, dividend payout ratio, and others.

In accordance with such policy, the Company takes the operating results of the fiscal year under review and other factors into consideration and proposes to pay year-end dividends for the fiscal year as follows:

Since the Company paid an interim dividend of ¥4 per share, the annual dividend for the current fiscal year will be ¥13 per share.

- 1 Type of dividend property  
Cash
- 2 Allotment of dividend property and total amount thereof  
¥9 per common share of the Company  
Total dividends ¥198,508,788
- 3 Effective date of dividends of surplus  
June 24, 2022

**Proposal No. 2      Amendment to the Articles of Incorporation**

1. Reasons for the proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to come into effect on September 1, 2022, the Company proposes making the following changes to its Articles of Incorporation, as a system for providing informational materials for the General Meeting of Shareholders in electronic format will be introduced.

- (1) We will newly establish the proposed Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph (1) to stipulate that the Company will take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.
- (2) Concerning the matters for which measures will be taken with regard to the electronic provision of information contained in Reference Documents for the General Meeting of Shareholders, we will newly establish the proposed Article 14 (Measures, etc. for Providing Information in Electronic Format), paragraph (2). This will limit the extent of the material contained in documents sent to shareholders who have requested them to the scope specified by Ministry of Justice Ordinance.
- (3) Upon the introduction for the system of providing informational materials for the General Meeting of Shareholders in electronic format, as the provisions in Article 14 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) will no longer be required, they will be deleted.
- (4) Supplementary provisions regarding when the above newly established and deleted provisions will go into effect will be provided. These supplementary provisions shall be deleted after a determined date.

2. Details of the amendments

Changes proposed are described below.

(The proposed amendment is underlined)

The Present Articles of Incorporation	Proposed Amendment
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u>  <u>Article 14</u>  <u>Regarding the Company convening a General Meeting of Shareholders, if it discloses information that is to be stated or presented in the reference documents for the General Meeting of Shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u>                      (Newly established)</p>	<p>(Deleted)</p> <p><u>(Measures, etc. for Providing Information in Electronic Format)</u>  <u>Article 14</u>                      1. <u>When the Company convenes a General Meeting of Shareholders, it shall take measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. in electronic format.</u>                      2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company is not required to state all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

The Present Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">Supplementary Provisions (Newly established)</p>	<p style="text-align: center;">Supplementary Provisions</p> <p><u>Article 1</u></p> <p><u>1. The deletion of the provisions of Article 14 of the Articles of Incorporation before the amendment and establishment of new provisions of Article 14 of the Articles of Incorporation after the amendment shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</u></p> <p><u>2. Notwithstanding the provision(s) of the preceding paragraph, Article 14 of the Articles of Incorporation before amendment (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) shall remain effective regarding any General Meeting of Shareholders held within six months of September 1, 2022.</u></p> <p><u>3. The provisions of this Article shall be deleted when six months have elapsed from September 1, 2022 or three months from the date of the General Meeting of Shareholders referred to in the preceding paragraph, whichever is later.</u></p>

**Proposal No. 3 Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

At the conclusion of this General Meeting of Shareholders, the terms of office of all seven Directors will expire (Excluding directors who are Audit & Supervisory Committee members. The same applies for the proposal below). Therefore, the Company proposes the election of seven Directors.

Each candidate for Director has been selected by the Board of Directors after deliberation at the Nomination & Remuneration Committee, a majority of which are independent Outside Directors.

Upon reviewing the deliberations of the Nomination & Remuneration Committee and the policies for nominating candidates for Director, the Company's Audit & Supervisory Committee has determined that there are no special matters with regard to this proposal to be stated at the General Meeting of Shareholders as required by the provisions of the Companies Act.

The candidates for Director are as follows.

Candidate No.	Name	Current position in the Company	Attribute	Attendance at Board of Directors meetings
1	Tetsuji Morikubo	Representative Director President, Chief Executive Officer	Reelection	16/16 (100%)
2	Yasuhiro Sanada	Director Managing Executive Officer, Chief Operating Officer	Reelection	16/16 (100%)
3	Takao Murata	Director Senior Executive Officer, Chief Financial Officer	Reelection	16/16 (100%)
4	Akira Takanashi	Director Senior Executive Officer, Chief Operating Officer	Reelection	16/16 (100%)
5	Susumu Sugita	Director	Reelection	16/16 (100%)
6	Naruhiko Takatsuji	Outside Director	Reelection Outside Independent	12/12 (100%)
7	Mariko Ohsato	-	New election Outside Independent	-/-

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Candidate for independent officer

Note: The number of Board of Directors meetings Mr. Susumu Sugita attended includes those during his tenure as an Audit & Supervisory Board Member.

The number of Board of Directors meetings Mr. Naruhiko Takatsuji attended consists of all those since his appointment as a Director on June 23, 2021.

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
1	<p><b>Tetsuji Morikubo</b> (January 12, 1977)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2021 16/16</p> <p>Tenure as Director 4 years</p>	<p>May 2003      Joined the Company</p> <p>Feb. 2005      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Nov. 2012      General Manager of Value Creation Office of the Company</p> <p>Apr. 2013      General Manager of Corporate Planning Office</p> <p>Apr. 2015      Seconded to PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Dec. 2015      Representative Director of PUNCH INDUSTRY MALAYSIA SDN. BHD.</p> <p>Apr. 2016      Executive Officer of the Company</p> <p>June 2018      Director and Senior Executive Officer in Charge of Corporate Strategy</p> <p>Apr. 2019      Chief Strategy Officer in Charge of Group Business Management</p> <p>June 2019      Representative Director (incumbent) and Vice President</p> <p>Nov. 2019      President and Chief Executive Officer in charge of the Punch Industry Group (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Tetsuji Morikubo and the Company.</p>	663,000
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking the office of Director of the Company in June 2018, Mr. Morikubo has been overseeing the entire business of the Punch Industry Group, with a focus on management and business development strategies. Furthermore, since becoming President and Chief Executive Officer in November 2019, he has worked hard for the growth of the Group and to improve corporate value as a top executive of the Punch Industry Group by utilizing his business experience at the Company and the Punch Industry Group in China and Southeast Asia. In fiscal 2021, he set clear targets for the high-profitability of the Company, worked to build a strong management structure, and oversaw the highest earnings since the Company listed. As such, the company requests that he be reelected as Director to oversee the Group's management, execute the "Value Creation 2024" mid-term business plan, and direct the further growth of the Group while enhancing its corporate value.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
2	<p><b>Yasuhiro Sanada</b> (January 7, 1959)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2021 16/16</p> <p>Tenure as Director 10 years</p>	<p>May 1988      Joined the Company</p> <p>May 2002      Deputy General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>Apr. 2008      General Manager of Sales Department of the Company</p> <p>Jan. 2010      General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2011      Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2012      Director (incumbent)</p> <p>Apr. 2016      Executive Officer and Chief Operating Officer in Charge of Business Supervision</p> <p>June 2017      Managing Executive Officer and Chief Operating Officer (incumbent)</p> <p>June 2018      In Charge of Overseas Business</p> <p>Apr. 2019      In Charge of Sales and General Manager of Marketing &amp; Sales Headquarters</p> <p>June 2021      In Charge of Sales (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Yasuhiro Sanada and the Company.</p>	34,546
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2012, Mr. Sanada has led the Punch Industry Group's global expansion as a top executive by utilizing his business experience at the Company and the Punch Industry Group in China. Since 2019, in his role in charge of sales, he has focused on cultivating new demand and securing orders. As such, the company requests that he be reelected as Director to oversee further global expansion and the implementation of various sales strategies in his aforementioned role, and to be responsible for the execution of the growth strategies laid out in the "Value Creation 2024" mid-term business plan.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
3	<p style="text-align: center;"><b>Takao Murata</b> (October 4, 1959)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2021 16/16</p> <p style="text-align: center;">Tenure as Director 10 years</p>	<p>Apr. 1984      Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)</p> <p>Nov. 1998      Seconded to JVC Electronics Malaysia Sdn. Bhd. as General Manager of Accounting Department</p> <p>Oct. 2008      Senior Manager of Finance Strategy Division of JVCKENWOOD Holdings, Inc. (currently JVCKENWOOD Corporation)</p> <p>July 2010      General Manager of Accounting &amp; Tax Supervisory Department of Finance Strategy Division of JVCKENWOOD Holdings, Inc.</p> <p>Dec. 2010      Joined the Company as Deputy General Manager of Accounting Department</p> <p>Apr. 2011      General Manager of Accounting Department</p> <p>July 2011      Executive Officer</p> <p>June 2012      Director (incumbent)</p> <p>June 2016      Executive Officer and Chief Financial Officer</p> <p>June 2017      Senior Executive Officer and Chief Financial Officer (incumbent)</p> <p>June 2018      In Charge of Administration (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Takao Murata and the Company.</p>	29,135
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2012, Mr. Murata has overseen the Group's administration department by utilizing many years of experience and insights in finance and accounting. In addition to centrally managing the Group's human, material, financial and information resources, he has promoted reforms in working-style and corporate governance. As such, the company requests that he be reelected as Director. He will continue to be in charge of administration and will be the Executive Officer responsible for strengthening the foundation of the "Value Creation 2024" mid-term business plan, especially in regards to promoting financial and sustainability strategies and human capital management.</p>			



Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
4	<p><b>Akira Takanashi</b> (May 14, 1969)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2021 16/16</p> <p>Tenure as Director 4 years</p>	<p>Aug. 1989      Joined the Company</p> <p>Apr. 2008      Seconded to PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>July 2013      General Manager of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2015      Executive Officer of the Company and Chairman of PUNCH INDUSTRY (DALIAN) CO., LTD.</p> <p>June 2017      Senior Executive Officer of the Company (incumbent)</p> <p>Apr. 2018      General Manager of Manufacturing Headquarters and General Manager of Marketing &amp; Sales Headquarters</p> <p>June 2018      Director (incumbent) in Charge of Domestic Businesses</p> <p>Apr. 2019      Chief Operating Officer (incumbent) in Charge of Manufacturing and General Manager of Manufacturing Headquarters</p> <p>June 2021      In Charge of Manufacturing (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Akira Takanashi and the Company.</p>	18,354
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Since taking office of Director of the Company in June 2018, Mr. Takanashi has been a powerful force in improving the Group's manufacturing capabilities and product quality as head of manufacturing by utilizing his business experience at the Company and the Punch Industry Group in China. As such, the company requests that he be reelected as Director. He will continue to be in charge of manufacturing, and will be the Executive Officer to lead reforms in productivity and strengthen R&amp;D at production bases in Japan and overseas while realizing improvement in corporate value under the "Value Creation 2024" mid-term business plan.</p>			
5	<p><b>Susumu Sugita</b> (February 20, 1952)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings in FY2021 16/16</p> <p>Tenure as Director 1 year</p>	<p>Apr. 1970      Joined ALPS ELECTRIC CO., LTD. (currently ALPS ALPINE CO., LTD.)</p> <p>June 1987      Joined the Company</p> <p>May 2000      General Manager of Sales Department of the Company</p> <p>Apr. 2005      Executive Officer of the Company</p> <p>June 2010      Director</p> <p>June 2011      Managing Director</p> <p>June 2014      Senior Managing Director</p> <p>June 2015      Full-time Audit &amp; Supervisory Board Member</p> <p>June 2021      Director (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> There are no significant concurrent positions assumed.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Susumu Sugita and the Company.</p>	19,186
<p><b>Reasons for nomination as candidate for Director</b></p> <p>Mr. Sugita oversaw the Group's sales, manufacturing, and development departments for five years as Director starting in June 2010 and has been serving as a full-time Audit &amp; Supervisory Board Member for six years since taking office in June 2015. Furthermore, since assuming the position of Director in June 2021, he has helped strengthen the Internal Audit Department through his in-depth knowledge of the Group's business. As such, the company requests that he be reelected as Director, where he will continue to strengthen the Internal Audit Department.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
6	<p style="text-align: center;"><b>Naruhiko Takatsuji</b> (October 4, 1977)</p> <p style="text-align: center;">Reelection Outside Independent</p> <p style="text-align: center;">Attendance at Board of Directors meetings in FY2021 12/12</p> <p style="text-align: center;">Tenure as Outside Director 1 year</p>	<p>Apr. 2000      Joined the Ministry of Economy, Trade and Industry</p> <p>June 2007      Joined M&amp;A Advisory Services Department of Sumitomo Mitsui Banking Corporation</p> <p>July 2009      Analyst at Toward the Infinite World, Inc.</p> <p>June 2011      In charge of Public Relations and IR of General Administration Department of Nabtesco Corporation</p> <p>Jan. 2013      Senior Analyst at Analysis Team of Uzabase, Inc.</p> <p>May 2014      Senior Analyst at Ichiyoshi Securities Co., Ltd. (Seconded to ICHIYOSHI RESEARCH INSTITUTE INC.)</p> <p>July 2020      Senior Economist and Senior Analyst at Information Distribution Section of FISCO Ltd.</p> <p>Apr. 2021      Part-time lecturer at Graduate School of Law, Aoyama Gakuin University (incumbent)</p> <p>Apr. 2021      Visiting Researcher at Tama University Center for Social Investment (incumbent)</p> <p>June 2021      Outside Director of the Company (incumbent)</p> <p>June 2021      Outside Director (Audit &amp; Supervisory Committee Member) at YAMASHIN-FILTER CORP. (incumbent)</p> <p>Jan. 2022      Visiting Professor, Johokeiei Innovation Senmonshoku University (incumbent)</p> <p>Feb. 2022      Founded Japan Institute of Governance and Corporate Value Director and Economic Analyst (incumbent)</p> <p>Apr. 2022      Part-time Lecturer at Tokyo City University, Department of General Education (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Director and Economic Analyst at the Japan Institute of Governance and Corporate Value Outside Director (Audit &amp; Supervisory Committee Member) at YAMASHIN-FILTER CORP.</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Naruhiko Takatsuji and the Company.</p>	
<p><b>Reasons for nominating as candidate for Outside Director, expected roles and judging him capable of appropriately fulfilling duties</b></p> <p>Mr. Takatsuji brings to the Company his knowledge and insight as an expert in corporate finance, economic and corporate analysis, the machinery industry, and investor relations. He has provided helpful advice on the Company's management strategy from an independent and objective standpoint. As a member of the Nomination &amp; Remuneration Committee, he has expressed objective and clear views on the selection and remuneration of candidates for Company office. As such, the company requests that he to be reelected as an Outside Director so the Group can continue to receive advice from him that will contribute to its growth and the improvement of corporate value. Although he has never been involved in the management of a company other than as an Outside Director, for the reasons stated above, we are confident that he will continue to appropriately perform his duties in that position.</p>			

Candidate No.	Name (Date of Birth)	Career summary, position and responsibility in the Company	Number of the Company's shares owned
7	<b>Mariko Ohsato</b> (April 22, 1963)  New election Outside Independent	<p>Apr. 1986      Joined IBM Japan, Ltd.</p> <p>June 1992      Earned Master of Business Administration (MBA) from Kellogg School of Business, Northwestern University</p> <p>Sep. 1992      Joined Uniden Holdings Corporation (Formerly Uniden Corporation)</p> <p>June 1997      Director of IDS Corporation</p> <p>July 2005      Established Arc Communications Inc. Representative Director (incumbent)</p> <p>June 2016      Director, Japan Public Relations Association (incumbent)</p> <p>Apr. 2018      Part-time Lecturer, Department of Sport Sciences, Waseda University</p> <p>Apr. 2019      Vice President, Japan Orienteering Association (incumbent)</p> <p>Sep. 2020      Outside Director, Uniden Holdings Corporation</p> <p>Nov. 2021      Outside Director (Audit &amp; Supervisory Committee Member) at Uniden Holdings Corporation (incumbent)</p> <p><b>[Significant concurrent positions outside the Company]</b> Representative Director of Arc Communications Inc. Outside Director (Audit &amp; Supervisory Committee Member) at Uniden Holdings Corporation Vice President of the Japan Orienteering Association</p> <p><b>[Relationship of special interest in the Company]</b> There is no special interest between Mariko Ohsato and the Company.</p>	-
<p><b>Reasons for nomination as candidate for Outside Director and expected roles</b></p> <p>Ms. Ohsato has a proven track record of steadily expanding business as a corporate manager. She has extensive experience and knowledge, including as an Outside Director of listed companies and a board member of various organizations. Given her managerial experience at other companies, we believe that she will contribute to the Company's decision-making on important management matters while helping monitor the execution of business, while also being an asset in diversifying the Board of Directors. As such, the Company requests her to be elected as an Outside Director. As a member of the Nomination &amp; Remuneration Committee, she will provide objective and clear opinions on the selection of candidates for the Company's officers and the appropriateness of their remuneration. The Company also looks forward to her helpful advice on efforts to promote women's empowerment in the organization.</p>			

- Notes:
1. Mr. Naruhiko Takatsuji and Ms. Mariko Ohsato are candidates for Outside Director.
  2. Mr. Takatsuji and Ms. Ohsato satisfy the "Independence Criteria for Outside Directors" stipulated by the Company.
  3. The Company has entered into agreements with Mr. Takatsuji to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the Act. If he is reelected as Director, the Company plans to continue the agreements with him. If Ms. Ohsato is elected as Director, the Company plans to enter into the same limited liability agreement with her.
  4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company as provided for in Article 430-3, paragraph (1) of the Companies Act. If elected to the Board of Directors, each candidate will be insured under the policy. The said insurance contract is intended to cover damages, litigation expenses, etc. to be borne by the insured, including Directors and Audit & Supervisory Board Members of the Company, upon a claim for damages filed by a shareholder, third party, etc. Certain exclusions apply, however, and damages such as those caused by willful misconduct or gross negligence may not be compensated. In addition, the full insurance premium will be paid by the Company. The said insurance contract is planned to be renewed with the same terms and conditions upon the next renewal.
  5. The Company has submitted notification to the Tokyo Stock Exchange for Mr. Takatsuji as an independent officer as provided for by the aforementioned exchange. If he is reelected as Director, the Company plans to continue to designate him as an independent officer. If Ms. Ohsato is elected as Director, the Company plans to submit notification for her as an independent officer.
  6. Mr. Susumu Sugita has served as a Director for five years before assuming office as an Audit & Supervisory Board Member, bringing his total length of service as a Director for 6 years. Moreover, his tenure as Audit & Supervisory Board Member was six years.

**<Reference> Skill matrix of the Board of Directors assuming Proposal No. 3 is approved in its original form**

We have set are “Expand new and existing businesses,” “Strengthen production systems” and “Strengthen R & D” as priority management initiatives in the “Value Creation 2024” three-year mid-term business plan beginning in fiscal 2022. As a management foundation that supports these initiatives, we recognize the importance of “DX promotion,” “financial strategy,” and “sustainability.” To achieve plan objectives, we will continue to consider the knowledge, experience, abilities and diversity required for the Board of Directors of the Company.

Name	Attribute, etc.		Experiences and knowledge beneficial for management and business operations				Experience and knowledge for the foundation of management		
	Tenure (Age)	Independence, committees, etc.	Corporate management/ Business strategy	Global	Manufacturing/ Technology/ Quality	Sales/ Marketing	Financial accounting	Legal/ Compliance/ Risk management	Personnel/ Labor/ Human resources development
Tetsuji Morikubo	4 years (45)	Nomination & Remuneration	◎	●	●				
Yasuhiro Sanada	10 years (63)		◎	●		●			
Takao Murata	10 years (62)			●			●		●
Akira Takanashi	4 years (53)		◎	●	●				
Susumu Sugita	12 years (70)				●	●		●	
Naruhiko Takatsuji	1 year (44)	Independent Outside Nomination & Remuneration	●				●	●	
Mariko Ohsato	– (59)	Independent Outside Nomination & Remuneration	◎	●					●
Minoru Kawano	1 year (65)	Audit and Supervisory		●			●	●	
Yoriatsu Matsue	10 years (65)	Independent Outside Audit and Supervisory						●	
Tomoo Suzuki	1 year (64)	Independent Outside Audit and Supervisory	●	●			●		

1. For Mr. Susumu Sugita and Mr. Yoriatsu Matsue, their years in office as Director and Audit & Supervisory Board Member in the past are also totaled in their tenure.
2. ◎ indicates an individual with top management experience at a company (including a subsidiary).
3. The descriptions include the main experience, knowledge, and expertise of each Director, and is not a comprehensive list.
4. Age is at the time of this Annual General Meeting of Shareholders.

Skill set	Reason for inclusion
Corporate management/ Business strategy	Necessary for important corporate decision-making, managerial judgment, and formulation of strategy for sustainable growth of the company and enhancement of corporate value over the medium to long term
Global	Necessary for further acceleration of future global expansion
Manufacturing/ Technology/ Quality	Necessary to enhance sources of added value, namely manufacturing expertise, technical skills and quality and to promote development of new technology and improve capital efficiency by improving productivity
Sales/ Marketing	Necessary for achieving sales and further growth through development of new products and markets
Financial accounting	Necessary to ensure management soundness, promote strategic investments for growth and realize appropriate shareholder returns
Legal/ Compliance/ Risk management	Necessary to ensure management fairness and transparency, and to appropriately respond to various risks apt to occur in corporate activities
Personnel/ Labor/ Human resources development	Necessary for the development of human resources capable of achieving management strategies by formulating and operating fair and appropriate personnel systems and fostering environments that maximize individual abilities.

### **Policy and Procedure in Nominating Candidates for Director**

Candidates are proposed by the Representative Director provided that the following requirements are met, and determined by the Board of Directors after deliberation on their eligibility at the Nomination & Remuneration Committee, a majority of which are independent outside directors.

#### Requirements for Directors

- (i) The person has personality and insight that is appropriate for a director of a listed company
- (ii) The person has no health issues, both physically and mentally, in performing duties as Director
- (iii) The person has excellent managerial judgment and management execution capabilities
- (iv) The person has sufficient experience and knowledge to fulfill duties as Director in relation to the operations of the Company and its Group
- (v) The person has abundant expertise/experience and is a talented individual who can contribute to sustainable growth of the Company and increase in corporate value over the medium to long term
- (vi) His/her concurrent assignments as officer at other companies are within reasonable limits, allowing him/her to allocate sufficient time and efforts to businesses as Director of the Company
- (vii) Independence from a person with responsibility to execute business
- (viii) Ability to maintain integrity and objectivity
- (ix) At least one Director should preferably have reasonable knowledge on finance and accounting

Note: Among the above, (i) to (iv) are requirements for internal Directors, (i) to (iii) and (v) and (vi) are those for Outside Directors, and (vii) to (ix) in addition to the above mentioned are those for Directors who are Audit and Supervisory Committee Members.

#### **Criteria for Independence of Outside Directors**

If a person does not fall under any of the below items in addition to meeting the requirements for outside directors for the purpose of the Companies Act, the Company judges the relevant outside director to have independence with no risk of conflict of interest with general shareholders.

- (i) A person with the current responsibility to execute business\*1 of the Company and its affiliates (the Group hereinbelow), or who has had such responsibility in the past
- (ii) A party who has the Group as a major trading partner\*2 or a person with responsibility to execute business for such party
- (iii) A major trading partner of the Group or a person with responsibility to execute business for such trading partner
- (iv) A major shareholder\*3 of the Company or a person with responsibility to execute business for such shareholder
- (v) A person with responsibility to execute business for a company of which the Group is a major shareholder
- (vi) A person who belongs to an auditing corporation which acts as Statutory Accounting Auditor of the Company
- (vii) A lawyer, certified public accountant, tax accountant, or consultant, etc. who receives a large amount\*4 of money or other financial benefits other than officers' remuneration from the Group. Where a relevant person who receives such benefits is an entity such as a corporation or association, persons who belong to such entity are included.
- (viii) A party who receives a large amount of donations or grants from the Group, or a person with responsibility to execute business for such party
- (ix) A financial institution or its affiliated company from which the Group borrows money in excess of 2% of its consolidated total assets as at the end of the most recent fiscal year, or a person with responsibility to execute business for such companies
- (x) Where a person with responsibility to execute business for the Group concurrently assumes office of outside officer of another company, a person with responsibility to execute business for such other company or its affiliates
- (xi) A person who has fallen under (ii) to (x) in the above during the past three years
- (xii) Where a person who falls under (i) to (xi) in the above assumes an important post (an officer or employee in a General Manager post or other equivalent positions), his/her spouse and relative within the second degree of kinship

#### Notes:

\*1 A person with responsibility to execute business: executive director, executive officer, officer in charge of the execution of the operations of other entities, etc., and staff member/employee who executes business

- \*2 Major trading partner: A trading partner where the amount of business with such partner exceeds 2% of its consolidated sales during the most recent financial year
- \*3 Major shareholder: A shareholder who possesses 10% or more of voting rights, including direct and indirect ownership
- \*4 A large amount: More than ¥10 million a year in the case of an individual, and more than an amount equivalent to 2% of its annual total revenue in the case of an entity such as a corporation or association