

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 5805

June 4, 2020

To our shareholders:

Takayo Hasegawa
President and Representative Director
SWCC SHOWA HOLDINGS CO., LTD.
1-14, Nisshin-cho, Kawasaki-Ku,
Kawasaki City

Notice of the 124th Ordinary General Meeting of Shareholders

The 124th Ordinary General Meeting of Shareholders of SWCC SHOWA HOLDINGS CO., LTD. (the “Company”) will be held as described below.

Due to the current spread of novel coronavirus infections (COVID-19), we would appreciate your cooperation in preventing infection by checking your own physical condition prior to attending the Meeting. If you do not feel well, you should exercise your voting rights by **mail or electronically (via the Internet, etc.)** in advance and refrain from coming to the venue on the meeting date. In addition, we would appreciate your cooperation with measures we take to prevent infection at the Meeting venue.

If you are unable to attend the meeting in person and exercise your voting rights by mail or electronically (via the Internet, etc.), please review the “Reference Documents for the General Meeting of Shareholders,” and exercise your voting rights in accordance with the “Guidance for Exercising Voting Rights” on page 3 of the Japanese original by 5:00 p.m. on Friday, June 26, 2020.

1. Date and Time:	Monday, June 29, 2020 at 10:00 a.m. (Japan Standard Time)												
2. Place:	Tachibana, 11F, Kawasaki Nikko Hotel 1 Nisshin-cho, Kawasaki-Ku, Kawasaki City, Kanagawa (The meeting place has changed from the venue of previous meetings. Please be sure to confirm the location of the venue prior to attending the meeting. Refer to the venue map at the end of the Japanese original.)												
3. Purposes:	<table><tr><td>Items to be reported:</td><td>1. Business Report and the Consolidated Financial Statements for the 124th fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee</td></tr><tr><td></td><td>2. Non-Consolidated Financial Statements for the 124th fiscal year (from April 1, 2019 to March 31, 2020)</td></tr><tr><td>Items to be resolved:</td><td>Proposal 1: Appropriation of Surplus</td></tr><tr><td></td><td>Proposal 2: Election of Three (3) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)</td></tr><tr><td></td><td>Proposal 3: Election of Two (2) Directors Who Are Audit & Supervisory Committee Members</td></tr><tr><td></td><td>Proposal 4: Determination of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors) for Granting Restricted Shares</td></tr></table>	Items to be reported:	1. Business Report and the Consolidated Financial Statements for the 124th fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Committee		2. Non-Consolidated Financial Statements for the 124th fiscal year (from April 1, 2019 to March 31, 2020)	Items to be resolved:	Proposal 1: Appropriation of Surplus		Proposal 2: Election of Three (3) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)		Proposal 3: Election of Two (2) Directors Who Are Audit & Supervisory Committee Members		Proposal 4: Determination of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors) for Granting Restricted Shares
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-End-

- **Please note that the Company has decided to forgo the custom of giving presents to the shareholders who attend the Meeting this year. Thank you for your understanding.**
- 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 18 of the Company's Articles of Incorporation, "Notes to Consolidated Financial Statements" and "Notes to Non-Consolidated Financial Statements" are deemed to be provided to shareholders through the Internet (on the Company's website: <https://www.swcc.co.jp/hd/ir/guide/meeting.html>) and accordingly, they are not attached to this notice.

The 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 include, in addition to the attached documents to this Notice, items to be presented as Notes to Consolidated Financial Statements and Notes to Non-Consolidated Financial Statements.

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

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

The Company proposes that surplus be appropriated in the manner as stated below.

Matters related to year-end dividends

Our basic policy is to continue to pay a stable dividend to our shareholders from a comprehensive point of view based not only on state of profits but also on further business development, management structure enhancement, internal reserves, etc.

As a holding company, the Company considers paying dividends in line with not only non-consolidated operating results of the Company, but also consolidated operating results of SWCC SHOWA Group (the “Group”).

In accordance with this policy, the Company proposes to pay year-end dividends for the 124th fiscal year as follows:

The Company decided not to pay an interim dividend.

(1) Type of dividend property:

Cash

(2) Allocation of dividend property and the total amount distributed:

The Company proposes to pay a dividend of ¥15 per common share of the Company.

Total amount: ¥447,341,640

(3) Effective date of distribution:

June 30, 2020

Proposal 2: Election of Three (3) Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)

The terms of all four (4) Directors (excluding, here and in the paragraphs below, Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this Meeting.

Accordingly, the election of three (3) Directors is requested.

The candidates for Directors are as follows.

Note: Appointment of candidates for Directors was made according to the “Criteria for Nominating Director and Executive Officer Candidates” and by resolution of the Board of Directors, after obtaining a report by the Nominating Committee in which Independent Outside Directors account for the majority of the members.

Candidate number	Name	Current Position and Responsibility in the Company	
1	Takayo Hasegawa	President and Representative Director Chairman of the Board of Directors, Group CEO	Reelection
2	Dongcheng Zhang	Representative Director Senior Executive Officer, Assistant to President, in charge of Business Strategy/Supervision and Investment Strategy, and General Manager, Business Strategy Div.	Reelection
3	Guoqiang Hu	Outside Director	Reelection

Candidate number
1

Takayo Hasegawa (October 15, 1959)

Number of the Company shares held
7,000 shares
Attendance at Board of Directors
meetings (FY2019)
19/19
Number of years in office as a Director
7 years



Reelection

[Career summary, positions and areas of responsibility in the Company]

Apr. 1984 Joined the Company
June 2005 Deputy General Manager, Engineering R&D Center, and General Manager,
Superconductivity Project of the Company
Apr. 2006 Director, General Manager, Engineering R&D Center of SWCC SHOWA CABLE
SYSTEMS CO., LTD.
Apr. 2008 Director, General Manager, Engineering R&D Center of SWCC SHOWA CABLE
SYSTEMS CO., LTD.
Manager, Product Planning Team, Corporate Planning Dept., Planning Div. of the
Company
June 2009 Executive Managing Director, General Manager, Engineering R&D Center of SWCC
SHOWA CABLE SYSTEMS CO., LTD.
Manager, Product Planning Team, Corporate Planning Dept. of the Company
Apr. 2010 Executive Managing Director, General Manager, Engineering R&D Center of SWCC
SHOWA CABLE SYSTEMS CO., LTD.
Executive Officer, General Manager, Engineering Planning Dept. of the Company
June 2013 Director, General Manager, Engineering Planning Dept. of the Company
Apr. 2017 Director of the Company
June 2018 President and Director of the Company
Apr. 2019 President and Representative Director, Group CEO of the Company
Apr. 2020 **President and Representative Director, Chairman of the Board of Directors**
Group CEO of the Company (to present)

Reason for nomination as a candidate for Director

Ms. Takayo Hasegawa possesses abundant work experience and an impressive track record mainly in engineering R&D related departments of the Group. Since her appointments as Director and President and Representative Director of the Company, she has energetically striven to address business challenges spanning the entire Group's departments. Furthermore, she has displayed stalwart leadership in leading the Group toward drafting and implementing the medium-term management plan, "Change SWCC2022" Rolling Plan (2019). For these reasons, we propose her as a candidate to continue in her position as Director for its implementation. After she takes office as Director, the Company will reelect her as President and Representative Director, as well as Chairman of the Board of Directors.

Candidate number

2

Dongcheng Zhang (January 6, 1964)

Number of the Company shares held
1,400 shares

Attendance at Board of Directors
meetings (FY2019)

19/19

Number of years in office as a Director
5 years



Reelection

[Career summary, positions and areas of responsibility in the Company]

Apr. 1993 Joined the Company
Oct. 2006 Deputy General Manager, Corporate Planning Dept. of the Company
June 2012 Executive Officer, General Manager, Overseas Business Planning Promotion Dept. of the Company
June 2015 Director, General Manager, Overseas Business Planning Promotion Dept. of the Company
Chairman of TIANJIN SHOWA ENAMELLED WIRE CO., LTD.
Apr. 2017 Director of the Company
Chairman of TIANJIN SHOWA ENAMELLED WIRE CO., LTD.
June 2017 Managing Director of the Company
Chairman of TIANJIN SHOWA ENAMELLED WIRE CO., LTD.
June 2018 General Manager, Business Strategy Div. and Executive Managing Director of the Company
Apr. 2019 Director, Senior Executive Officer, and General Manager, Business Strategy Div. of the Company
Apr. 2020 **Representative Director, Senior Executive Officer, and General Manager, Business Strategy Div. of the Company (to present)**

Reason for nomination as a candidate for Director

Mr. Dongcheng Zhang possesses extensive work experience and an impressive track record mainly in the Group's overseas business department. Since his appointment as Director and Senior Executive Officer of the Company, he has energetically striven to address business challenges, including making strategic proposals on the Group's business, while playing an important role in promoting the medium-term management plan, "Change SWCC2022" Rolling Plan (2019), from its drafting. For these reasons, we propose him as a candidate to continue in his position as Director toward implementing the plan. After he takes office as Director, the Company will reelect him as Representative Director.

Candidate number
3

Guoqiang Hu (March 4, 1963)

Number of the Company shares held
15,000 shares
Attendance at Board of Directors
meetings (FY2019) 17/19
Number of years in office as a Director
2 years



Reelection

[Career summary, positions and areas of responsibility in the Company]

Oct. 1995 Joined FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD.
Jan. 2002 Chairman, General Office Manager of FUTONG GROUP CO., LTD.
Apr. 2003 **Director of Transtech Optical Communication Company Limited (to present)**
May 2008 **Director of FUTONG GROUP CO., LTD. (to present)**
Dec. 2008 **Director of KANGYIN SITE NETWORK (HANGZHOU) CO., LTD. (to present)**
Sept. 2016 **Executive Director and Chairman, TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED (to present)**
June 2018 **Outside Director of the Company (to present)**

[Significant concurrent positions]

Director of FUTONG GROUP CO., LTD.
Executive Director and Chairman, TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED

Reason for nomination as a candidate for Director

Mr. Guoqiang Hu is engaged in the management of FUTONG GROUP CO., LTD., and through his career, he has accumulated keen insight in management, and after being appointed as Outside Director of the Company, he provided appropriate advice and supervision of the Company's management. However, after revising the position of Outside Directors in the Company following the addition of one (1) Independent Outside Director (three (3) Independent Outside Directors after the increase), this time, we nominate him as a candidate for non-executive Director. We expect that he will continue to promote growth of the mutual business of both groups.

- Notes:
1. FUTONG GROUP CO., LTD., for which Mr. Guoqiang Hu has assumed office as a Director, is a major shareholder of the Company, and business alliance agreement has been concluded between the Company and the company.
There are no special conflicts of interest between FUTONG GROUP CO., LTD. and the Company, though there are sales transactions, purchasing transactions, and loans between the respective corporate group of FUTONG GROUP CO., LTD. and the Company.
There is no special interest between other candidates and the Company.
 2. Current responsibilities of candidates for Directors at the Company are shown on page 39 of the Japanese original.
 3. The Company has entered into the liability limitation contract with Mr. Guoqiang Hu in accordance with the provisions of the Company's Articles of Incorporation and Article 427, paragraph 1 of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph 1 of the Companies Act. The limitation of the liability for damages under the relevant contract is the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act. If the proposed appointment of Mr. Guoqiang Hu as a non-executive Director is approved, the Company intends to continue said contract with the candidate.

Proposal 3: Election of Two (2) Directors Who Are Audit & Supervisory Committee Members

Mr. Hideaki Takeuji, Director who is an Audit & Supervisory Committee Member, will resign at the conclusion of this meeting.

In addition, the Company proposes the election of two (2) new Directors who are Audit & Supervisory Committee Members by adding one (1) Director who is an Audit & Supervisory Committee Member in order to further strengthen auditing and supervisory functions.

Prior consent of the Audit & Supervisory Committee has been obtained for this proposal.

The candidates for Directors are as follows.

Note: Appointment of candidates for Directors was made according to the “Criteria for Nominating Director and Executive Officer Candidates” and the “Independence Criteria for Outside Officers,” by resolution of the Board of Directors, after obtaining a report by the Nominating Committee in which Independent Outside Directors account for the majority of the members

Candidate number	Name	Current Position and Responsibility in the Company			
1	Yuji Sakakura		New election	Outside	Independent
2	Takashi Togawa		New election		

Candidate number

1

Yuji Sakakura

(May 3, 1951)

Number of the Company shares held
0 shares



New election

Outside

Independent

[Career summary, positions and areas of responsibility in the Company]

Apr. 1974 Joined Nissho Iwai Corporation (currently Sojitz Corporation)
Apr. 1998 General Manager, Financial Market Division of Nissho Iwai Corporation
June 1999 President and Representative Director of Nissho Iwai Securities Co., Ltd.
Mar. 2004 President and Representative Director of Fides Securities Corporation
Sept. 2005 Chief Financial Officer of GCA Corporation
May 2006 Director and Chief Financial Officer of GCA Corporation
July 2007 Chief Development Officer of GCA Savvian Corporation
May 2011 **Representative Director of Relations Japan Corporation (to present)**
June 2011 Outside Audit and Supervisory Board Member of AUTOBACS SEVEN Co., Ltd.
Mar. 2014 Outside Audit & Supervisory Board Member of Fullcast Holdings Co., Ltd.
June 2016 Outside Audit & Supervisory Board Member of UKC Holdings Corporation (currently Restar Holdings Corporation)
Apr. 2019 **Director (Audit and Supervisory Committee Member) of Restar Holdings Corporation (to present)**
June 2019 **Auditor of Yuumi Memorial Foundation for Home Health Care (to present)**
Dec. 2019 **Audit & Supervisory Board Member of Shonan Seminar Co., Ltd. (to present)**

Reason for nomination as a candidate for Outside Director

Mr. Yuji Sakakura possesses keen management insights gained through his career as financial operating officer of a general trading company, manager of a securities firm, and chief financial officer of an M&A advisory firm. We propose him as a candidate for Outside Director who is an Audit & Supervisory Committee Member, in order to further strengthen the Group's corporate governance through audit and oversight of the Company's management based on his career and insights.

Candidate number

2

Takashi Togawa (Apr. 9, 1957)

Number of the Company shares held
2,700 shares



New election

[Career summary, positions and areas of responsibility in the Company]

Apr. 1980	Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation)
May 2004	Senior Manager, Accounting Division of Toshiba Mobile Communications, Ltd.
June 2006	Senior Manager, Corporate Audit Group II, Corporate Audit Division of Toshiba Corporation
Apr. 2008	Senior Manager, Corporate Audit Group I, Corporate Audit Division of Toshiba Corporation
June 2009	Toshiba Corporation Deputy General Manager, supervising Accounting Dept. of the Company (temporary transfer)
Apr. 2010	Toshiba Corporation General Manager, supervising Accounting Dept. of the Company (temporary transfer)
June 2010	Executive Officer and General Manager, supervising Accounting Dept. of the Company
June 2011	Director and General Manager, supervising Accounting Dept. of the Company
June 2014	Managing Director of the Company President and Director of SWCC SHOWA BUSINESS SOLUTIONS CO., LTD.
June 2016	Senior Managing Director of SDS, Inc
Apr. 2017	Senior Managing Director and General Manager of Administration Division of SDS, Inc (to present)

Reason for nomination as a candidate for Director

Mr. Takashi Togawa possesses extensive work experience and an impressive track record mainly in the Auditing Department and Accounting Department, as well as from his involvement in the Group's management as Director of the Company and its subsidiary. We propose him as a candidate for Director who is an Audit & Supervisory Committee Member, in order for him to use that work experience and track record going forward to further strengthen the Company's audit and oversight functions.

- Notes:
1. There is no special interest between the candidates and the Company.
 2. Mr. Yuji Sakakura is a candidate for Outside Director. The candidate possesses independence as stipulated by the Tokyo Stock Exchange's criteria for independence and the Company's "Independence Criteria for Outside Officers." The candidate has been reported as an independent director/auditor stipulated in Rule 436-2 of the Tokyo Stock Exchange Securities Listing Regulations, and the Company intends for him to be as an independent director should his reappointment be approved.
 3. Mr. Yuji Sakakura will retire as Director (Audit and Supervisory Committee Member) of Restar Holdings Corporation at the conclusion of that company's annual general meeting of shareholders on June 23, 2020.
 4. Assuming the elections of Messrs. Yuji Sakakura and Takashi Togawa are approved under this Proposal, the Company will enter into the liability limitation contract in accordance with the provisions of the Company's Articles of Incorporation and Article 427, paragraph 1 of the Companies Act to limit the liability for damages as provided for in Article 423, paragraph 1 of the Companies Act. The limitation of the liability for damages under the relevant contract is the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act.

Proposal 4: Determination of Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members and Outside Directors) for Granting Restricted Shares

The amount of remuneration for Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members) was approved as annual remuneration not exceeding 300 million yen (of which annual remuneration shall not exceed 30 million yen for Outside Directors, including that of executive officers for Directors concurrently serving as Executive Officer and that of Directors concurrently serving as employees) at the Company's 123rd Ordinary General Meeting of Shareholders held on June 26, 2019. The Company hereby proposes to provide Directors of the Company with new remuneration for granting shares with Transfer Restriction (defined later; such shares hereinafter referred to as "restricted shares") within the framework of such remuneration, in order to provide them with an incentive to sustainably increase the Company's corporate value, as well as to further promote the creation of shared value with shareholders.

The total amount of monetary remuneration to be provided to Directors of the Company (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors; hereinafter referred to as the "Eligible Directors") for granting restricted shares shall be an annual amount of 80 million yen as a reasonable amount considering the above purposes. In addition, the specific allocation to each Eligible Director shall be determined by the Board of Directors.

The current number of Directors (excluding Directors who are Audit & Supervisory Committee Members) is four (4) (of which one (1) is Outside Director). If Proposal No. 2 is approved, the number of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) will be three (3) (of whom none are Outside Director).

(Note) As stated below in "3. Policy for Determining the Remuneration of Directors," as of present, the policy is to grant only fixed remuneration to Directors who do not perform business execution and not grant them restricted share-based remuneration.

In addition, Eligible Directors shall pay all monetary remuneration claims arising from this Proposal based on a resolution of the Company's Board of Directors in the form of property contribution in kind, and, in return, shall receive common shares of the Company to be issued or disposed of. The total number of common shares of the Company to be issued or disposed of under the scheme shall not exceed 100,000 shares annually (In the event of a share split of the Company's common shares (including gratis allotment of the Company's common shares), a share consolidation thereof or any other unavoidable circumstances that require adjustment of the number of restricted shares to be issued or disposed of, the number of shares may be reasonably adjusted). The amount to be paid in per common share of the Company to be issued or disposed of shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day prior to the date of the resolution passed by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) within the extent that the amount will not be particularly advantageous to Eligible Directors. For such issuance or disposal of the Company's common shares under the scheme, an agreement on the allotment of restricted shares (hereinafter referred to as the "Allotment Agreement"), including the following details, shall be entered into between the Company and each Eligible Director.

- (1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (hereinafter referred to as the “Transfer Restriction”) the allotted shares (hereinafter referred to as the “Allotment Shares”) during the period from the distribution date of the Company’s common shares to be allotted under the Allotment Agreement until the date such Eligible Directors lose their positions as Company’s Director, Executive Officer, or others determined by the Company’s Board of Directors (hereinafter referred to as the “Transfer Restriction Period”).
- (2) If Eligible Directors lose their positions as Company’s Director, Executive Officer, or others determined by the Company’s Board of Directors before expiration of a period separately determined by the Company’s Board of Directors (hereinafter referred to as the “Service Provision Period”), the Company shall acquire such common shares without contribution as a matter of course, unless there are reasons deemed valid by the Company’s Board of Directors.
- (3) The Company will remove the Transfer Restrictions on all allotment Shares upon expiration of the Transfer Restriction Period on the condition that Eligible Directors continue to serve in the positions of Company’s Director, Executive Officer, or others determined by the Company’s Board of Directors for the Service Provision Period; provided, however, that if Eligible Directors lose their positions prescribed in above (2) before expiration of the Service Provision Period for reasons deemed valid by the Company’s Board of Directors prescribed in above (2), the number of Allotment Shares and the period for which the Transfer Restrictions are removed shall be reasonably adjusted as necessary.
- (4) The Company shall acquire without contribution the Allotment Shares for which Transfer Restrictions are not removed in accordance with the provisions of above (3) as a matter of course upon expiration of the Transfer Restriction Period.
- (5) Regardless of the provisions of above (1), if, during the Transfer Restriction Period, the Company’s General Meeting of Shareholders (Board of Directors if such organizational restructuring, etc. do not require approval by the Company’s General Meeting of Shareholders) approves a merger agreement under which the Company will be a merged company, a share exchange agreement under which the Company will be a wholly-owned subsidiary, or a share transfer plan and other organizational restructuring among others, the Company shall remove the Transfer Restrictions for the reasonably-determined number of Allotment Shares by a resolution of the Board of Directors before the effective date of such organizational restructuring and others.
- (6) For cases prescribed in above (5), the Company shall acquire without contribution the Allotment Shares for which Transfer Restrictions are not removed immediately after removal of Transfer Restrictions in accordance with the provisions of above (5).
- (7) The contents of the Allotment Agreement shall include the method of expressing intention and notification, method of revising the Allotment Agreement, and other matters determined by the Board of Directors.

(Note) The Company also grants the Company’s Executive Officers restricted shares similar to the above restricted shares.

■ Opinion of Audit & Supervisory Committee regarding selection and remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members)

On the matter of selection and remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members), the two (2) Outside Directors of the three (3) Audit & Supervisory Committee Members concurrently serve on both the Nomination Committee and the Remuneration Committee, carry out deliberations among the respective members and provide a report on their conclusions to the Board of Directors.

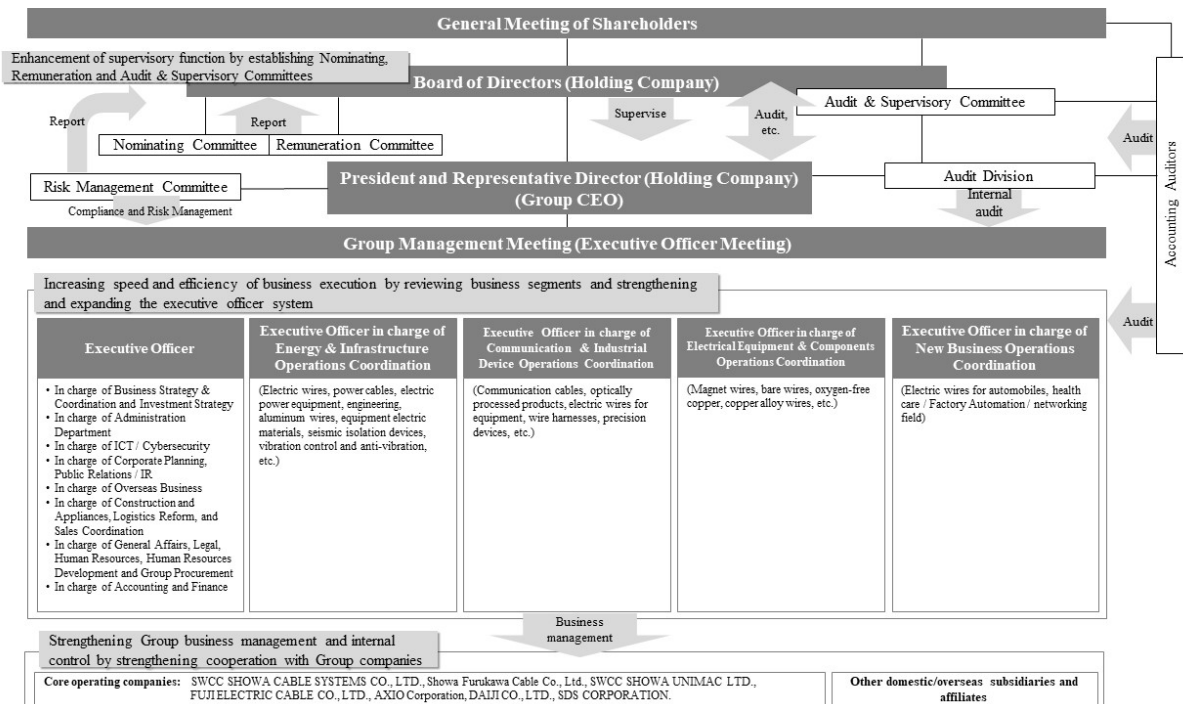
The Audit & Supervisory Committee does not recognize any matters that require special reporting in regard to the selection and remuneration, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members).

Reference

1. Corporate Governance

(1) Corporate Governance Structure

The Company transitioned to a company with an Audit & Supervisory Committee from a company with an Audit & Supervisory Board pursuant to a resolution passed at its 123rd Ordinary General Meeting of Shareholders held on June 26, 2019, with a view to increasing the efficiency and speed of business execution by delegating substantial authority for the execution of business operations to Directors, etc., thereby further enhancing deliberations on important themes, such as management strategy, by the Board of Directors and strengthening auditing and supervisory functions with the Audit & Supervisory Committee playing a critical role. In addition, by having clearly defined the authority and responsibility of the persons responsible (Executive Officers in charge) for respective segments that are aligned with the Group's business fields and strategies (Energy and Infrastructure Operations, Communication and Industrial Device Operations, Electrical Equipment and Components Operations, and New Business Operations), we are promoting further enhancements to the revenue structure, which is no longer defined by individual business operating companies, and efficient management based on the performance indicator Return On Invested Capital (ROIC) and others.



(2) Composition of the Board of Directors

(Upon the approval and adoption of Proposals No. 2 and No. 3)

Composition of the Board of Directors will be as follows.

Name	Representative Director	Audit & Supervisory Committee Member	Nominating Committee Member	Remuneration Committee Member	Outside Director	Independent Officer	Major career experience, capability, etc.				
							Industry insight	Overseas Business	Sales & marketing	Accounting & finance	Manufacturing & Research
Takayo Hasegawa	●			●			●				●
Dongcheng Zhang	●			●			●	●	●		
Guoqiang Hu			●				●	●		●	
Kiyoshi Togawa		●	●	●	●	●		●	●		
Ryuichi Hirai		●	●	●	●	●		●	●		
Yuji Sakakura		●			●	●		●		●	
Takashi Togawa		●					●			●	

Notes: 1. The Company plans for Ms. Takayo Hasegawa and Mr. Dongcheng Zhang to be reappointed as Representative Directors by resolution at a meeting of the Board of Directors to be held after the conclusion of the Ordinary General Meeting of Shareholders.

2. Takashi Togawa and Ryuichi Hirai will both have served as Directors (at the conclusion of the meeting) for five years.

(3) Optional Advisory Committee

The Company has established the Nominating Committee and the Remuneration Committee, which constitute the Optional Advisory Committee to the Board of Directors, with the aim to improve objectivity and transparency of the process of human resource and remuneration decisions regarding Directors, etc. by appropriately securing opportunities for the Independent Outside Directors to involve and to offer advice, as well as to further enhance and strengthen the Corporate Governance Structure.

Each Committee is composed of three (3) or more Directors selected by resolution of the Board of Directors, in line with the Nominating Committee and Remuneration Committee Regulations, which stipulate that at least half of these are to be Outside Directors.

We have received reports from the Nominating Committee consisting of two (2) Independent Outside Directors and one (1) Outside Director (the Chairman is an Independent Outside Director) regarding Proposals No. 2 and No. 3, and from the Remuneration Committee consisting of two (2) Independent Outside Directors and two (2) executive Directors (the Chairman is an Independent Outside Director) regarding Proposal No. 4, respectively.

The activities of the Nomination and Remuneration Committees during the fiscal year under review are as follows.

(i) Activities of the Nomination Committee

The Nomination Committee met 12 times during the fiscal year under review. Deliberations during the fiscal year primarily revolved around responses regarding a development plan for next-generation executive management candidates, proposal to reform the human resources system, and Directors and Executive Officers candidates for the next fiscal year (fiscal year 2020). In relation to the response on candidates for Directors and Executive Officers for the next fiscal year it conducted performance reviews on incumbent Directors (excluding Outside Directors) and Executive Officers through an interview format.

(ii) Activities of the Remuneration Committee

The Remuneration Committee met 10 times during the fiscal year under review. Deliberations during the fiscal year primarily revolved around responses regarding the review of calculation criteria for performance-linked remuneration, introduction of restricted share-based remuneration plan, and amounts of remuneration for the next fiscal year. The results of performance reviews on incumbent Directors and Executive Officers conducted by the Nomination Committee were

referenced in developing a response on the amounts of remuneration for the next fiscal year (fiscal year 2020).

(4) Executive Officer System

The Company strengthens and expands the Executive Officer System with the aim of increasing the efficiency and speed of business execution.

Executive Officers are appointed in the same way as the candidates for Directors, by a resolution of the Board of Directors after obtaining the report of the Nominating Committee. In addition, an Executive Officer contract of mandate is concluded between the Company and the Executive Officers, in which the authority, missions and responsibilities of each Executive Officer are clarified.

Please refer to page 40 of the Japanese original, for details about the Company's Executive Officers as of April 1, 2020.

2. Criteria for Nominating and Dismissing Directors, etc.

In order to enhance objectivity and transparency regarding the election and dismissal of Directors, etc., the Company has established the “Criteria for Nominating Director and Executive Officer Candidates” and the “Independence Criteria for Outside Officers,” as well as the “Criteria for Dismissing Directors and Executive Officers” over the Board of Directors. In addition, with regards to the election and dismissal of Directors, etc., to further enhance objectivity and transparency there shall be deliberations by the Nomination Committee, and the Board of Directors shall make the final decision, while respecting its response.

(1) Criteria for Nominating Director and Executive Officer Candidates

Individuals with outstanding character and insight who can supervise and execute management of the Company in accordance with the basic principles of the Corporate Governance are nominated as candidates for Director and Executive Officer by resolution of the Board of Directors, regardless of their personal attributes such as gender and nationality. The term of office of the Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers of the Company is one year.

Directors:

- (i) Must be an individual with background, capability, leadership, medium- and long-term perspective as well as high ethical standards, all appropriate to involve in decision-making related to management and in supervision of business execution.
- (ii) Must be an individual who respects and practices the Company’s corporate philosophy, has integrity trusted by customers, business partners, shareholders, local communities and employees, observes the law, the corporate code of conduct as well as the internal and external ethics and norms, and has the insight and fairness necessary for a Director.
- (iii) In addition to the items above, the Independent Outside Director of the Company must be an individual who can be judged to have independence based on the “Independence Criteria for Outside Officers” established by the Company.

Executive Officers:

- (i) Must be an individual who is able to continuously improve the corporate value of the Company, offer concrete proposals of and execute management strategies and action plans that contribute to an increase in corporate value in the medium- and long-term, and who is able to continuously make efforts to perpetually review and improve them.
- (ii) Must be an individual with abilities that employees can aim for, such as responding to market changes and thoroughly practicing its basics, observing the law, building and applying compliance, internal control, as well as risk and crisis management.
- (iii) Must be an individual who has the abilities to freely discuss in the management meetings, etc., express constructive opinions, make recommendations and build a consistent strategic system by comprehensively identifying the management resources of the entire Group.
- (iv) Must also be an individual who has the abilities required as an executive officer in charge of business execution of the entire Group.

(2) Independence Criteria for Outside Officers

Outside Officers and candidates for Outside Officer are deemed to have independence by the Company if none of the following is found to apply as a result of a survey conducted by the Company to a reasonably possible extent.

- (i) People executing business (Note 1) of the Company and its subsidiaries (hereinafter referred to collectively as “the Group”) or people who have executed business of the Group in the past 10 years
- (ii) Major suppliers to the Group (Note 2), or people executing business of the suppliers
- (iii) Major clients of the Group (Note 3), or people executing business of the clients
- (iv) Major shareholders, directly or indirectly, with 10% or more of the total voting rights in the Company, or people executing business of the major shareholders
- (v) People belonging to the auditing firm that is the accounting auditor of the Group
- (vi) Lawyers, certified public accountants, tax accountants, consultants, etc. receiving substantial amounts (Note 4) of money and other economic benefits in addition to remuneration provided to officers by the Group
- (vii) People belonging to law offices, auditing firms, tax accounting or consulting firms, groups, such as a union, who receive substantial amounts of money and other economic benefits from the Group, people receiving substantial amounts of donations or assistance from the Group, or who have executed business or have been director of a firm or a group, such as a union.
- (viii) People to whom either Article 2 to Article 7 applied in the past 3 years
- (ix) Close relatives (Note 5) of people to whom either Article 1 to Article 7 applies

- Notes:
- 1. People executing business means Executive Director, Executive Officer (*Shikkoyaku or Shikkoyakuin*), and employees that hold senior management position.
 - 2. Major supplier means a supplier whose transaction amount with the Group during the most recent fiscal year is more than 2% of the supplier’s consolidated net sales for that fiscal year, or financial institutions whose financing to the Group is more than 2% of the Group’s consolidated total assets at the end of the most recent fiscal year.
 - 3. Major client means a client whose transaction amount with the Group during the most recent fiscal year is more than 2% of the client’s consolidated net sales for that fiscal year.
 - 4. Substantial amount means 10 million yen or more, for individuals, or more than 2% of consolidated net sales or gross revenue, for companies or groups, on average for the past three fiscal years.
 - 5. Close relative means a spouse or a relative of second-degree or closer.

(3) Criteria for Dismissing Directors and Executive Officers

If it is judged that a Director or Executive Officer of the Company is likely to fall under any of the following items, the Nomination Committee shall deliberate and examine the need for dismissal and the Board of Directors shall make a decision.

- (i) Engaged in an act that is in breach of public order and morals (including where (s)he has been found to have a socially reprehensible relationship with antisocial forces)
- (ii) Violated laws and regulations or the Group’s rules, etc. including the Articles of Incorporation, causing a substantial loss or business hindrance to the Group
- (iii) Found not to possess abilities stipulated in the “Criteria for Nominating Director and Executive Officer Candidates”
- (iv) Caused significantly poor business performance of the Group (applicable to Representative Director, President and Group CEO only)
- (v) Caused significantly poor business performance or operational malaise of a business or sector in charge (applicable to Executive Officers only)
- (vi) Was significantly hindered, due to health reasons, etc., in the execution of duties

3. Policy for Determining the Remuneration of Directors

The Company's remuneration of Directors shall be determined based on the following policy. The same policy shall apply to determining remuneration for the Company's Executive Officers.

Basic views

The purpose of the Company's Director remuneration is to support the sustainable development of the Group's corporate value by incentivizing continuity in the execution of duties and the solving of issues.

Basic remuneration scheme

The Company Directors' remuneration is composed of fixed remuneration, which includes base remuneration with an added component determined in accordance with the recipient's duties and positions held, and performance-linked remuneration designed in accordance with the Company's management benchmarks for rates of achieving operating income, medium-term operating income, and ROIC. The ratios of each form of remuneration shall be reassessed, as needed, by the Remuneration Committee.

Remuneration for the non-executive Directors (including Directors who are Audit & Supervisory Committee Members) consists of fixed remuneration only.

Taking into consideration a balance between incentives for short- and medium-term goals, performance-linked remuneration for the fiscal year 2020 shall be determined uniformly based on the following benchmarks and calculation formula, for up to 20% of the amount of fixed remuneration.

(Note) Performance-linked remuneration is also applied to the Company's Executive Officers based on the same criteria

(i) Benchmarks

- Rate of achievement for operating income (A) = (Current period operating income estimate/current period operating income goal) x 100%
- Rate of achievement for medium-term operating income (B) = {(Operating income during period before last + Operating income during previous period)/(Operating income goal during period before last + Operating income goal during previous period)} x 100%
- Rate of achievement on ROIC (C) = (Current period ROIC estimate/current period ROIC goal) x 100%

(Note) With respect to remuneration for the fiscal year 2020, business results for the fiscal years 2019, 2018, and 2017 shall be used as those for the current period, previous period, and period before last, respectively.

(ii) Calculation formula

Performance-linked remuneration = Maximum performance-linked remuneration amount x (A x 40% + B x 30% + C x 30%)

(Note) If the rate of achievement for each benchmark exceeds 100%, it shall be considered as 100% for the purpose of the calculation formula.

(iii) Goals and actual results of benchmarks for performance-linked remuneration during the fiscal year 2020

Benchmark	Goal	Actual result	Rate of achievement
Current period (FY2019) operating income (100 million yen)	65	86	132.3%
Previous period (FY2018) operating income (100 million yen)	45	66	146.7%
Period before last (FY2017) operating income (100 million yen)	35	62	178.5%
Current period (FY2019) ROIC (%)	5.5	7.3	132.7%

(Note) Goals in medium-term management plan that is effective at the beginning of each period or consolidated full-year business forecasts first disclosed, whichever is higher, shall be used as goals for this purpose.

(iv) Stock compensation (restricted share-based remuneration)

If Proposal No. 4 is approved and adopted as originally proposed, 25% of performance-linked remuneration for the fiscal year 2020 shall be paid as monetary remuneration claims for granting restricted shares as remuneration.

Procedures for determining remuneration

Remuneration for individual Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company shall be determined by the Board of Directors within the range stipulated at the General Meeting of Shareholders and after obtaining a report by the Remuneration Committee. Furthermore, the Board of Directors resolved that specific decisions on individual remuneration for the Company's Directors be made at the discretion of the President and Representative Director on the condition that those decisions be based on the "Policy for Determining the Remuneration of Directors" and the response of the Remuneration Committee.

Remuneration of Directors who are Audit & Supervisory Committee Members shall be determined within the range stipulated at the General Meeting of Shareholders and deliberated on by Directors who are Audit & Supervisory Committee Members, in accordance with the provisions of Article 361, paragraph (3) of the Companies Act.

4. Evaluation of the Effectiveness of the Board of Directors

In order to verify the appropriate functioning of the Board of Directors, the Company analyzes and evaluates its own effectiveness every fiscal year. Specifically, answers to a questionnaire given to all Directors are used to share evaluation results and issues with the Board of Directors, which then engages in constructive debate on the ideal state of the Board of Directors going forward.

An overall analysis of the results of the questionnaire for the fiscal year under review suggests that the accomplishments of various initiatives aimed at making improvements to the issues are being felt, with an increase in the number of responses of 'improved from the last time' for many of the questionnaire items that had been identified as issues, such as insufficient deliberations or discussions on agenda items that relate to the overall direction including management strategy, medium-term management plan (including its follow-ups), and risks.

Meanwhile, we recognize the need for continuing examinations on effects from the transition to a company with an Audit & Supervisory Committee, establishment of Nomination and Remuneration Committees, introduction of performance-linked remuneration, and review of Executive Officer System, and will continue to work on further improvements.

-End-