

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, 2021

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 125th Ordinary General Meeting of Shareholders

The 125th 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 disease (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. The Meeting will also be livestreamed via the Internet. Please consider watching the livestream as well.

If you decide to view the General Meeting of Shareholders via livestream, please note that as this does not constitute attendance under the Companies Act, you will not be able to ask questions or exercise your voting rights on the day of the meeting. Therefore, please exercise your voting rights in advance by mail or electronically (via the Internet, etc.).

In addition to the above, we would appreciate your cooperation with measures we take to prevent infection at the meeting venue.

**If you decide to 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 5 of the Japanese original by 5:00 p.m. on Thursday, June 24, 2021.**

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<b>1. Date and Time:</b>	Friday, June 25, 2021 at 10:00 a.m. (Japan Standard Time)										
<b>2. Place:</b>	<b>Tachibana, 11F, Kawasaki Nikko Hotel</b> 1 Nisshin-cho, Kawasaki-Ku, Kawasaki City, Kanagawa (Please refer to the venue map at the end of the Japanese original.)										
<b>3. Purposes:</b>	<table><tr><td><b>Items to be reported:</b></td><td>1. Business Report and the Consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021) and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit &amp; Supervisory Committee</td></tr><tr><td></td><td>2. Non-Consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021)</td></tr><tr><td><b>Items to be resolved:</b></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 &amp; Supervisory Committee Members)</td></tr><tr><td></td><td>Proposal 3: Election of Two (2) Directors Who Are Audit &amp; Supervisory Committee Members</td></tr></table>	<b>Items to be reported:</b>	1. Business Report and the Consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021) 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 125th fiscal year (from April 1, 2020 to March 31, 2021)	<b>Items to be resolved:</b>	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
<b>Items to be reported:</b>	1. Business Report and the Consolidated Financial Statements for the 125th fiscal year (from April 1, 2020 to March 31, 2021) 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 125th fiscal year (from April 1, 2020 to March 31, 2021)										
<b>Items to be resolved:</b>	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										

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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 125th 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 ¥20 per common share of the Company.

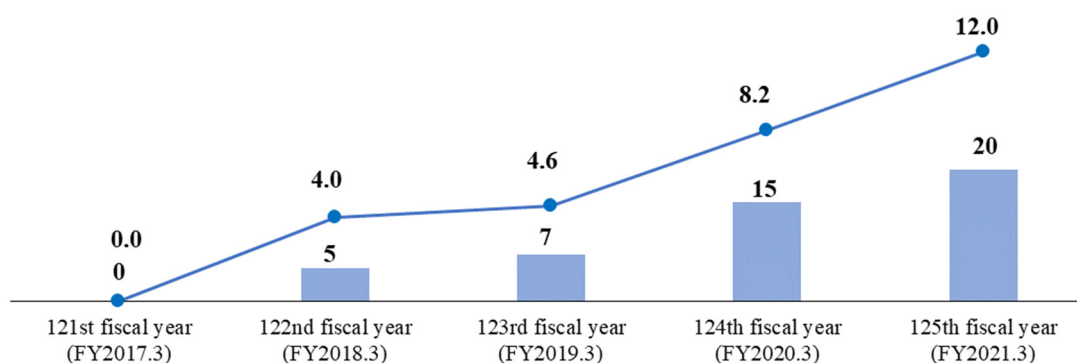
Total amount: ¥596,612,740

(3) Effective date of distribution:

June 28, 2021

#### **Reference** Dividend per share/Consolidated dividend payout ratio

■ Dividend per share (Yen) ● Consolidated dividend payout ratio (%)



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

The terms of all three (3) Directors (excluding, here and in the paragraphs below, Directors who are Audit & Supervisory Committee Members) will expire at the conclusion of this Meeting.

Therefore, the Company proposes the election of three (3) Directors.

The candidates for Directors are as follows.

Note: Nomination 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. In addition, the candidates were also deliberated by the Audit & Supervisory Committee, and confirmation was received that no particular opinions were expressed.

Candidate number	Name	Gender (Age)	Current Position and Responsibility in the Company	
1	<b>Takayo Hasegawa</b>	Female (61 years old)	President and Representative Director, Chairman of the Board of Directors Group CEO Supervising Group Management, Supervising Operational Restructuring	<u>Reelection</u>
2	<b>Dongcheng Zhang</b>	Male (57 years old)	Representative Director Senior Executive Officer Assistant to President, Assistant for Supervising Operational Restructuring	<u>Reelection</u>
3	<b>Guoqiang Hu</b>	Male (58 years old)	Director	<u>Reelection</u>

Candidate number  
**1**

**Takayo Hasegawa** (October 15, 1959)  
61 years old

Number of the Company shares held  
9,266 shares  
Attendance at Board of Directors  
meetings (FY2020) 20/20  
Number of years in office as a Director  
8 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 appointment as Representative Director and Group CEO of the Company, she has energetically striven to address business challenges, including promoting corporate governance reform, such as the transition to a company with audit and supervisory committee, spanning the entire Group's departments. Furthermore, as Chairman of the Board of Directors, she works hard to see that the Board performs its functions fully by operating the proceedings and leading a free and frank discussion. Moreover, she has promoted the medium-term management plan, "Change SWCC2022" Rolling Plan (2019) and led the Group with robust leadership amid growing economic uncertainty due to the spread of COVID-19 during the fiscal year under review, contributing to the increase of corporate value. For these reasons, we propose her as a candidate to continue in her position as Director. After she takes office as Director, the Company will reappoint her as President and Representative Director, as well as Chairman of the Board of Directors.

- Notes:
1. There is no special interest between Ms. Takayo Hasegawa and the Company.
  2. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred in cases where an insured person, including a Director of the Company, receives a claim for damages arising from the performance of duties and assumes legal liability for the damages. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, the policy does not cover damages arising from the cases caused by actions taken in the knowledge that the action violates laws or regulations. If Ms. Takayo Hasegawa is elected and appointed as Director, she will be insured by the policy. The Company plans to renew the policy with the same content with her at the next term of renewal.

Candidate number  
**2**

**Dongcheng Zhang** (January 6, 1964)  
57 years old

Number of the Company shares held  
2,454 shares  
Attendance at Board of Directors  
meetings (FY2020) 20/20  
Number of years in office as a Director  
6 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 Executive 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  
Apr. 2021 **Representative Director, Senior Executive Officer 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 Representative 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 and promoting corporate governance reform. Moreover, he has promoted the medium-term management plan, "Change SWCC2022" Rolling Plan (2019) and played an important role in its achievement amid growing economic uncertainty due to the spread of COVID-19 during the fiscal year under review, contributing to the increase of corporate value. For these reasons, we propose him as a candidate to continue in his position as Director toward achieving the plan. After he takes office as Director, the Company will reappoint him as Representative Director.

- Notes:
1. There is no special interest between Mr. Dongcheng Zhang and the Company.
  2. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred in cases where an insured person, including a Director of the Company, receives a claim for damages arising from the performance of duties and assumes legal liability for the damages. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, the policy does not cover damages arising the cases caused by actions taken in the knowledge that the action violates laws or regulations. If Mr. Dongcheng Zhang is elected and appointed as Director, he will be insured by the policy. The Company plans to renew the policy with the same content with him at the next term of renewal.

Candidate number  
**3**

**Guoqiang Hu**

(March 4, 1963)  
58 years old

Number of the Company shares held  
15,000 shares  
Attendance at Board of Directors  
meetings (FY2020) 20/20  
Number of years in office as a Director  
3 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 of TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED (to present)**  
June 2018      Outside Director of the Company  
June 2020      **Director of the Company (to present)**

**[Significant concurrent positions]**

Director of FUTONG GROUP CO., LTD.  
Executive Director and Chairman of 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 Director of the Company, he has provided appropriate advice and supervision of the Company's management. Furthermore, he has contributed to the increase in the Company's value through joint ventures between the two corporate groups. For these reasons, we propose him as a candidate to continue in his position as non-executive Director.

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 a business alliance agreement has been concluded between the Company and FUTONG GROUP CO., LTD.

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.

2. 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 him.
3. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred in cases where an insured person, including a Director of the Company, receives a claim for damages arising from the performance of duties and assumes legal liability for the damages. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, the policy does not cover damages arising the cases caused by actions taken in the knowledge that the action violates laws or regulations. If Mr. Guoqiang Hu is elected and appointed as Director, he will be insured by the policy. The Company plans to renew the policy with the same content with him at the next term of renewal.

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

The terms of two (2) Directors who are Audit & Supervisory Committee Members will expire at the conclusion of this Meeting.

Therefore, the Company proposes the election of two (2) Directors who are Audit & Supervisory Committee Members.

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

The candidates for Directors are as follows.

Note: Nomination of candidates for Directors was made according to the “Criteria for Nominating Director and Executive Officer Candidates” and the “Independence Criteria for Outside Officers,” 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	Gender (Age)	Current Position and Responsibility in the Company	
1	Kiyoshi Togawa	Male (73 years old)	Outside Director (Independent Officer)	Reelection Outside Independent
2	Seiichiro Ichikawa	Male (67 years old)		New election Outside Independent



Candidate number  
**1**

**Kiyoshi Togawa** (May 21, 1948)

73 years old

Number of the Company shares held  
4,900 shares  
Attendance at Board of Directors  
meetings (FY2020) 20/20  
Attendance at Audit & Supervisory  
Committee meetings (FY2020) 17/17  
Number of years in office as a Director  
6 years



Reelection

Outside

Independent

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

Apr. 1971 Joined Hitachi Chemical Co., Ltd. (current Showa Denko Materials Co., Ltd.)  
Oct. 1997 General Manager, Semiconductor Materials Sales Dept., Functional Materials Div. of Hitachi Chemical Co., Ltd.  
Apr. 2000 Executive Officer, General Manager, International Business Promotion Dept. of Hitachi Chemical Co., Ltd.  
Apr. 2004 Vice President and Executive Officer, General Manager, Marketing & Sales Operations of Hitachi Chemical Co., Ltd.  
Apr. 2007 Senior Vice President and Executive Officer, General Manager, Marketing & Sales Operations of Hitachi Chemical Co., Ltd.  
Apr. 2010 Senior Vice President and Executive Officer, General Manager, Corporate Strategy Headquarters, and General Manager, Group Company Dept. of Hitachi Chemical Co., Ltd.  
Mar. 2012 Retired from Hitachi Chemical Co., Ltd.  
June 2015 Outside Director of the Company  
June 2018 **Outside Director (Audit and Supervisory Committee Member) of UKC Holdings Corporation (current Restar Holdings Corporation) (to present)**  
June 2019 **Outside Director (Audit & Supervisory Committee Member) of the Company (to present)**

**Summary of reason for nomination as a candidate for Outside Director and expected roles**

Mr. Kiyoshi Togawa possesses keen insight in management gained while involved in the management of a manufacturing company. We expect him to further strengthen the Group's corporate governance by auditing and supervising the Company's management based on his career experience and insight. For these reasons, we propose him as a candidate to continue in his position as Outside Director who is an Audit & Supervisory Committee Member.

- Notes:
1. There is no special interest between Mr. Kiyoshi Togawa and the Company.
  2. Mr. Kiyoshi Togawa is a candidate for Outside Director. He possesses independence as stipulated by the Tokyo Stock Exchange's criteria for independence and the Company's "Independence Criteria for Outside Officers." He has been reported as independent officer stipulated in Rule 436-2 of the Tokyo Stock Exchange Securities Listing Regulations, and the Company intends for him to continue to be as independent officer should his reappointment be approved.
  3. The Company has entered into the liability limitation contract with Mr. Kiyoshi Togawa 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. Kiyoshi Togawa is approved, the Company intends to continue said contract with him.
  4. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred in cases where an insured person, including a Director of the Company, receives a claim for damages arising from the performance of duties and assumes legal liability for the damages. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, the policy does not cover damages arising the cases caused by actions taken in the knowledge that the action violates laws or regulations. If Mr. Kiyoshi Togawa is elected and appointed as Director, he will be insured by the policy. The Company plans to renew the policy with the same content with him at the next term of renewal.

Candidate number  
**2**

**Seiichiro Ichikawa** (December 8, 1953)  
67 years old

Number of the Company shares held  
0 shares



New election

Outside

Independent

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

Apr. 1976	Joined Sapporo Breweries Limited
Jan. 2002	Director, Osaka Brewery of Sapporo Breweries Limited
Sept. 2004	Director, Production Department, Production Technology Division of Sapporo Breweries Limited
Mar. 2005	Operating Officer, Director, Production Department, Production Technology Division of Sapporo Breweries Limited
Mar. 2007	Operating Officer, Director, Shizuoka Brewery of Sapporo Breweries Limited
Mar. 2008	Managing Executive Officer, Director, Shizuoka Brewery and Director, Product Technology Development Department of Sapporo Breweries Limited
Mar. 2009	Director (Member of the Board) and Managing Executive Officer, Director, Production Technology Division of Sapporo Breweries Limited
Mar. 2013	Director (Member of the Board) and Senior Managing Executive Officer, Director, Production Technology Division of Sapporo Breweries Limited
June 2016	<b>Outside Director of Nissan Shatai Co., Ltd. (to present)</b>

**Summary of reason for nomination as a candidate for Outside Director and expected roles**

Mr. Seiichiro Ichikawa possesses keen insight in management gained through his experience as a business executive related to production technology at a manufacturing company. We expect him to further strengthen the Group's corporate governance by auditing and supervising the Company's management based on his career experience and insight. For these reasons, we propose him as a candidate for Outside Director who is an Audit & Supervisory Committee Member.

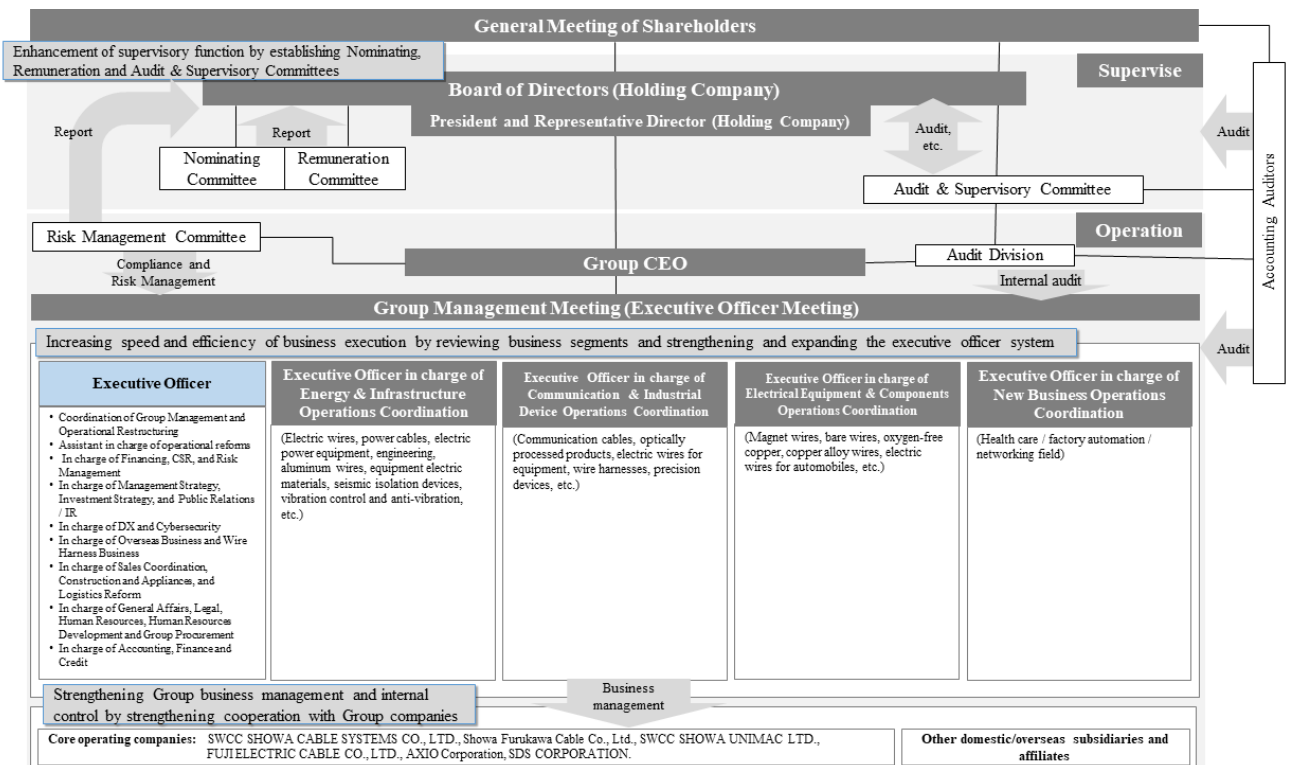
- Notes:
1. There is no special interest between Mr. Seiichiro Ichikawa and the Company.
  2. Mr. Seiichiro Ichikawa is candidate for Outside Director. He possesses independence as stipulated by the Tokyo Stock Exchange's criteria for independence and the Company's "Independence Criteria for Outside Officers." He has been reported as independent officer stipulated in Rule 436-2 of the Tokyo Stock Exchange Securities Listing Regulations, and the Company intends for him to be as independent officer should his appointment be approved.
  3. If the proposed appointment of Mr. Seiichiro Ichikawa is approved, the Company intends to enter into the liability limitation contract with him 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.
  4. The Company has taken out a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers losses incurred in cases where an insured person, including a Director of the Company, receives a claim for damages arising from the performance of duties and assumes legal liability for the damages. However, to ensure that the appropriateness of the insured's performance of duties is not impaired, the policy does not cover damages arising from the cases caused by actions taken in the knowledge that the action violates laws or regulations. If Mr. Seiichiro Ichikawa is elected and appointed as Director, he will be insured by the policy. The Company plans to renew the policy with the same content with him at the next term of renewal.

## 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 Executive Officers, 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 and Skill Matrix**  
(Upon the approval and adoption of Proposals No. 2 and No. 3)

The Company's basic approach to corporate governance is based on our management philosophy, which has a central theme of "trust." We will continue to promote initiatives, recognizing that increasing the speed and efficiency of management and the associated strengthening of monitoring functions is a universal task for companies.

In line with this approach, the Company's policy is to nominate Directors among human resources of outstanding personal qualities and insight who can supervise and execute the Company's management. Moreover, from a perspective of strengthening monitoring functions, for the Directors who are Audit & Supervisory Committee Members, the Company has elected a team possessing a fine balance of abundant knowledge and experience in various fields such as sales, finance, and manufacturing, with management experience as an essential attribute. The composition of the Board of Directors, together with a skill matrix indicating each candidate's knowledge and experience, is provided below.

Name	Representative Director	Audit & Supervisory Committee Member	Nominating Committee Member	Remuneration Committee Member	Outside Director	Independent Officer
Takayo Hasegawa	●			●		
Dongcheng Zhang	●			●		
Guoqiang Hu			●			
Kiyoshi Togawa		●	●	●	●	●
Yuji Sakakura		●	●	●	●	●
Seiichiro Ichikawa		●			●	●
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. Mr. Yuji Sakakura and Mr. Takashi Togawa will have served as Director (at the conclusion of the meeting) for one year.

Name	Essential skill	ESG	Industry insight	Overseas business	Sales	Accounting & finance	Research	Manufacturing
	Corporate Management							
Takayo Hasegawa	●	●	●				●	
Dongcheng Zhang	●	●	●	●	●			
Guoqiang Hu	●	●	●	●		●		
Kiyoshi Togawa	●	●		●	●			
Yuji Sakakura	●	●		●		●		
Seiichiro Ichikawa	●	●						●
Takashi Togawa	●	●	●			●		

**(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.

For Proposal 2 and Proposal 3, a report has been obtained from the Nominating Committee, which is comprised of two (2) Independent Outside Directors and one (1) Director (the Chairman is an Independent Outside Director).

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

(i) Activities of the Nominating Committee

The Nominating Committee met 16 times during the fiscal year under review. The meetings held during the fiscal year under review focused mainly on deliberating the next-generation management candidate development plan and following up on personnel system reforms, as well as the approach to performance reviews and evaluation results.

(ii) Activities of the Remuneration Committee

The Remuneration Committee met 9 times during the fiscal year under review. Deliberations during the fiscal year under review primarily revolved around a review of the calculation criteria for performance-linked remuneration, expanding the application of the restricted share-based remuneration plan, and amounts of remuneration for the next fiscal year, and the committee reported on these to the Board of Directors. The results of performance reviews on incumbent Directors and Executive Officers were referenced in developing a response on the amounts of remuneration for the next fiscal year (fiscal year 2021).

**(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, 2021.

## **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 Nominating 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, etc. 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 (ii) to (vii) above applied in the past 3 years
- (ix) Close relatives (Note 5) of people to whom either (i) to (vii) above 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 Company’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 Nominating 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. 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 confirmed that the operation of the Board of Directors is being conducted appropriately by the Chairman of the Board of Directors, the Company is being managed largely appropriately in an atmosphere of candor and openness, and that the effectiveness of the Board of Directors of the Company has therefore been broadly ensured. Regarding many of the questions that had been raised previously with regard to items for deliberation, such as insufficient examination and deliberation regarding risk management and internal control, an increase in responses indicating that the situation has improved since the previous questionnaire is considered to show that various measures aimed at improving these issues were effective.

On the other hand, there is an awareness that further examination is needed. For operation of the Board of Directors, it is needed regarding improvements to the selection of discussion topics for achieving efficient operation while enhancing deliberation of matters related to the broader direction of the Company, such as management strategy, etc. Moreover, for matters for deliberation, it is needed regarding revisions of the performance-linked remuneration and the evaluation of the effectiveness of the Board of Directors. We will continue working to make improvements.

-End-