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Securities identification code: 6507

June 9, 2020

To our shareholders:

Fuminori Saito  
President

**SINFONIA TECHNOLOGY CO., LTD.**

1-30, Shibadaimon 1-chome, Minato-ku, Tokyo, Japan

## **Notice of the 96th Ordinary General Meeting of Shareholders**

SINFONIA TECHNOLOGY CO., LTD. (the “Company”) is pleased to notify you of the 96th Ordinary General Meeting of Shareholders of the Company, which will be held as described below.

Instead of attending the meeting in person, you can exercise your voting rights in writing or via the Internet, and in doing so, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Thursday, June 25, 2020 (Japan Standard Time).

### **Meeting Details**

- 1. Date and time:** Friday, June 26, 2020 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Shiba NBF Tower 7F (The Company’s meeting room)  
1-30, Shibadaimon 1-chome, Minato-ku, Tokyo, Japan
- 3. Purposes:**
  - Items to be reported:**
    1. Business Report and Consolidated Financial Statements for the 96th Term (from April 1, 2019 to March 31, 2020), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
    2. Non-Consolidated Financial Statements for the 96th Term (from April 1, 2019 to March 31, 2020) (The contents are as given in the attached “96th Term Business Report.”)
  - Items to be resolved:**
    - Proposal No. 1:** Appropriation of surplus
    - Proposal No. 2:** Election of eight (8) Directors
    - Proposal No. 3:** Election of four (4) Corporate Auditors
    - Proposal No. 4:** Renewal of policy to counter large-scale purchase of share certificates, etc. of the Company (anti-takeover measures)

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- Please submit the enclosed voting form to the reception of the venue when you attend the meeting. If you are attending as a proxy, please submit a letter of proxy together with the voting form to the reception of the venue. (A proxy is limited to one person who must be a shareholder of the Company with voting rights as provided in the Articles of Incorporation.)
  - Among the documents that must be made available to the shareholders when giving notice of this meeting, the notes to the consolidated financial statements and the notes to the non-consolidated financial statements are published on the website of the Company (<http://www.sinfo-t.jp/ir/stockholder.htm>) on the Internet under the provisions in law and Article 17 of the Articles of Incorporation. Therefore, they are not given in the attached “96th Term Business Report.” Accordingly, the consolidated financial statements and non-consolidated financial statements given in the attached “96th Term Business Report” are part of the consolidated financial statements and non-consolidated financial statements audited when the audit reports were prepared by the Accounting Auditor and the Corporate Auditors.
  - We will post any changes made to Reference Documents for the General Meeting of Shareholders,

business report, consolidated financial statements and non-consolidated financial statements on the website of the Company (<http://www.sinfo-t.jp/ir/stockholder.htm>).

- Please understand that Directors and employees of the Company will wear light clothes (“Cool Biz”) at the meeting.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Information

#### Proposal No. 1: Appropriation of surplus

Under its basic policy to provide dividends in a continuous and stable manner, the Company makes a decision about profit distribution by taking into account its shareholders' interests, secure internal reserve to enhance its corporate structure and deploy its business for the future, and earning position prospect. The Company hereby proposes the following year-end dividends for the fiscal year.

Matters related to year-end dividends

- (1) Allocation of dividend property to shareholders and total amount thereof  
30 yen per common share of the Company  
Total amount of dividends: 893,492,010 yen
- (2) Effective date of distribution of dividends of surplus  
June 29, 2020

**Proposal No. 2: Election of eight (8) Directors**

The term of all eight (8) Directors expires at the close of this General Meeting of Shareholders. Accordingly, the Company proposes that eight (8) Directors be elected.

The candidates for Directors are as follows:

| No. | Name<br>(Date of birth)   | Career summary, positions and responsibilities, and significant concurrent positions outside the Company  | Number of the Company's shares owned |
|-----|---|---|--------------------------------------|
| 1   | [Reelection]<br><br>Shozo Buto<br>(July 19, 1947)<br>Attendance at Board of Directors' Meetings:<br>15/15 (100%)  | April 1970    Joined the Company<br>June 2003    Director of the Company<br>June 2005    Managing Director of the Company<br>June 2007    Senior Managing Director of the Company<br>June 2009    President of the Company<br>June 2015    Chairman of the Company (present position)<br>June 2019    General supervisor of the Research & Development Center of the Company (present position) | 39,300                               |
|     | <b>[Reasons for nomination of candidate for Director]</b><br>Mr. Buto has led the Company's management as President since June 2009, and in June 2015 he was appointed as Chairman. In his role as Director, he has contributed to the reinforcement of the supervisory function and securing of the effectiveness of the Board of Directors. The Company proposes his continued election as Director after determining he is qualified to make contributions to the supervision of business execution and perpetual enhancements in corporate value by utilizing his wealth of experience and knowledge. |   |                                      |
| 2   | [Reelection]<br><br>Fuminori Saito<br>(February 11, 1954)<br>Attendance at Board of Directors' Meetings:<br>15/15 (100%)  | April 1977    Joined the Company<br>June 2008    Director of the Company<br>June 2011    Managing Director of the Company<br>June 2012    Director & Senior Officer of the Company<br>June 2016    Director & Executive Officer of the Company<br>June 2018    President of the Company (present position)  | 29,900                               |
|     | <b>[Reasons for nomination of candidate for Director]</b><br>After serving as a Director at the Company, in June 2018 Mr. Saito assumed the position of President of the Company, through which he has led management to achieve sustainable growth in our corporate value. The Company proposes his continued election as Director after determining he is qualified to make contributions to the supervision of business execution and perpetual enhancements in corporate value by utilizing his wealth of experience and knowledge.   |   |                                      |

| No. | Name<br>(Date of birth)  | Career summary, positions and responsibilities, and significant concurrent positions outside the Company   | Number of the Company's shares owned |
|-----|--|--|--------------------------------------|
| 3   | <p>[Reelection]</p> <p>Shin Kawahisa<br/>(October 25, 1955)</p> <p>Attendance at Board of Directors' Meetings:<br/>15/15 (100%)</p>  | <p>April 1978    Joined Kobe Steel, Ltd.</p> <p>April 2011    Joined the Company</p> <p>June 2012    Officer of the Company</p> <p>June 2014    Senior Officer of the Company</p> <p>June 2015    Director of the Company (present position)</p> <p>June 2018    Executive Officer, and General Manager of the Global Business Development Center, and general supervisor of the Procurement Center, Administrative &amp; Personnel Department, Legal Department, Company-wide Compliance and WAY Promotion Project of the Company (present position)</p> <p>April 2020    In charge of the Audit Department of the Company (present position)</p> | 18,200                               |
|     | <p><b>[Reasons for nomination of candidate for Director]</b><br/>Mr. Kawahisa contributed to operations of the Company, including as a business division supervisor, and he is currently contributing as Director in charge of realizing its global business strategy. The Company proposes his continued election as Director after determining he is qualified to make contributions to the supervision of business execution and perpetual enhancements in corporate value by utilizing his wealth of experience and knowledge.</p> |  |                                      |
| 4   | <p>[Reelection]</p> <p>Shinichi Hirano<br/>(May 2, 1955)</p> <p>Attendance at Board of Directors' Meetings:<br/>14/15 (93%)</p>  | <p>April 1978    Joined the Company</p> <p>June 2012    Officer of the Company</p> <p>June 2016    Senior Officer of the Company</p> <p>June 2017    Director of the Company (present position)</p> <p>June 2018    General Manager of the Electrical Products &amp; Systems Division of the Company (present position)</p> <p>June 2019    Executive Officer of the Company (present position)</p>  | 14,300                               |
|     | <p><b>[Reasons for nomination of candidate for Director]</b><br/>Mr. Hirano is currently contributing to the Company as Director in charge of realizing the Company's business strategy, following his contribution to management as an Officer. The Company proposes his continued election as Director after determining he is qualified to make contributions to the supervision of business execution and perpetual enhancements in corporate value by utilizing his wealth of experience and knowledge.</p>                       |  |                                      |

| No.   | Name<br>(Date of birth)   | Career summary, positions and responsibilities, and significant concurrent positions outside the Company  | Number of the Company's shares owned |
|---|---|---|--------------------------------------|
| 5   | [Reelection]<br>Katsuyuki Sakamoto<br>(April 24, 1969)<br>Attendance at Board of Directors' Meetings:<br>15/15 (100%)                     | <p>April 1993      Joined the Company</p> <p>June 2016      General Manager of the Finance Department of the Company (present position)</p> <p>July 2017      Manager of the Internal Control Promotion Section, Finance Department of the Company (present position)</p> <p>June 2018      Director &amp; Officer and in charge of general risk management of the Company (present position)</p> <p>June 2019      In charge of the Sales Operations Administration Department, sales companies, branches, and sales offices of the Company (present position)</p> <p>January 2020    In charge of the IT Planning Department of the Company (present position)</p> <p>April 2020      General supervisor of the Management Planning Department of the Company (present position)</p>  | 5,200                                |
| <p><b>[Reasons for nomination of candidate for Director]</b><br/>Mr. Sakamoto is currently contributing to the Company as Director in charge of realizing its financial strategy and playing a key role in management aimed at strengthening the management base following his work in the Accounting Department. The Company proposes his continued election as Director after determining he is qualified to make contributions to the supervision of business execution and perpetual enhancements in corporate value by utilizing his wealth of experience and knowledge.</p> |   |   |                                      |
| 6   | [Reelection]<br>[Outside Director]<br>Kazuo Shigekawa<br>(January 18, 1948)<br>Attendance at Board of Directors' Meetings:<br>14/15 (93%) | <p>April 1972      Joined Kobe Steel, Ltd.</p> <p>April 1997      President of KOBELCO COMPRESSORS (AMERICA), INC.</p> <p>June 2002      Officer of Kobe Steel, Ltd.</p> <p>April 2004      Senior Officer of Kobe Steel, Ltd.</p> <p>April 2007      Executive Officer of Kobe Steel, Ltd.</p> <p>June 2008      Senior Managing Director of Kobe Steel, Ltd.</p> <p>April 2009      Senior Representative Director of Kobe Steel, Ltd.</p> <p>April 2010      Executive Vice President of Kobe Steel, Ltd.</p> <p>April 2012      Advisor of Kobelco Eco-Solutions Co., Ltd.</p> <p>June 2012      President of Kobelco Eco-Solutions Co., Ltd.</p> <p>June 2015      Advisor of Kobelco Eco-Solutions Co., Ltd.</p> <p>June 2016      Retired as Advisor of Kobelco Eco-Solutions Co., Ltd.</p> <p>June 2017      Outside Director of the Company (part-time) (present position)</p> | 0                                    |
| <p><b>[Reasons for nomination of candidate for Outside Director]</b><br/>The Company proposes the continued election of Mr. Shigekawa as Outside Director after determining he will be able to provide supervision of overall management and effective recommendations based on his broad knowledge and wealth of experience as a corporate manager. He is currently serving as Outside Director of the Company, and his tenure as Outside Director will be three (3) years at the close of this general meeting of shareholders.</p>   |   |   |                                      |

| No.   | Name<br>(Date of birth)  | Career summary, positions and responsibilities, and significant concurrent positions outside the Company  | Number of the Company's shares owned |
|---|--|---|--------------------------------------|
| 7   | [Reelection]<br>[Outside Director]<br><br>Satoshi Mizui<br>(August 9, 1952)<br>Attendance at Board of Directors' Meetings:<br>15/15 (100%) | <p>April 1975      Joined Nissho Iwai Corporation (now: Sojitz Corporation)</p> <p>July 2002        President of Nissho Iwai Indonesia Corporation (now: PT. Sojitz Indonesia)</p> <p>February 2006   COO of Sojitz Corporation of America</p> <p>April 2006        Officer of Sojitz Corporation</p> <p>April 2011        Senior Officer of Sojitz Corporation</p> <p>April 2014        Executive Officer of Sojitz Corporation</p> <p>October 2015     Executive Vice President Officer of Sojitz Corporation</p> <p>June 2016        Representative Director and Executive Vice President of Sojitz Corporation</p> <p>April 2018        Director of Sojitz Corporation</p> <p>June 2018        Advisor of Sojitz Corporation</p> <p>June 2018        Outside Director of the Company (part-time) (present position)</p> <p>June 2019        Retired as Advisor of Sojitz Corporation</p>  | 0                                    |
| <p><b>[Reasons for nomination of candidate for Outside Director]</b><br/>The Company proposes the continued election of Mr. Mizui as Outside Director after determining he will be able to provide supervision of overall management and effective recommendations based on his broad knowledge and wealth of experience as a corporate manager. He is currently serving as Outside Director of the Company, and his tenure as Outside Director will be two (2) years at the close of this general meeting of shareholders.</p> |  |   |                                      |
| 8   | [New election]<br><br>Masaaki Narihisa<br>(April 6, 1957)  | <p>April 1981        Joined the Company</p> <p>April 2006        Senior Staff Manager of the Engineering Department, Clutch Products Works, Clutch &amp; Servo Division, and Senior Staff Manager of the Recipro-Motor Sales Department of Clutch &amp; Servo Division, and Senior Staff Manager of the Automobile Vibration Control Project Department of the Company</p> <p>July 2012        General Manager of the Clutch Products Works, Ise Plant, Electronics &amp; Precision Products Division, and General Manager of the Engineering Department, Clutch Products Works of the Company</p> <p>April 2013        General Manager of the Clutch Products Works, Ise Plant, Electronics &amp; Precision Products Division of the Company</p> <p>June 2016        Officer of the Company (present position)</p> <p>June 2016        In charge of the Motion Control Products Division, Electronics &amp; Precision Products Division of the Company</p> <p>June 2017        In charge of the Motion Control Products Division and the Digital Printer Division, Electronics &amp; Precision Products Division of the Company</p> <p>June 2019        Deputy General Manager of the Electronics &amp; Precision Products Division (in charge of Manufacturing), and General Manager of the Ise Plant, Electronics &amp; Precision Products Division of the Company</p> <p>April 2020        General Manager of the Electronics &amp; Precision Products Division and in charge of the Motion Control Products Division and the Digital Printer Division, Electronics &amp; Precision Products Division of the Company (present position)</p> | 7,818                                |

**[Reasons for nomination of candidate for Director]**

The Company proposes the election of Mr. Narihisa as Director after determining he will be able to make contributions to the supervision of business execution and perpetual enhancements in corporate value based on his broad knowledge on the Company's business as Officer in charge of the business division.

Notes:

1. There is no special interest between the candidates and the Company.
2. Mr. Kazuo Shigekawa and Mr. Satoshi Mizui are candidates for Outside Director. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Kazuo Shigekawa and Mr. Satoshi Mizui have been designated as Independent Officers based on the regulations of Tokyo Stock Exchange, Inc., and if their elections are approved, the Company plans to continue to designate them as Independent Officers.
3. The Company has entered into agreements respectively with Mr. Kazuo Shigekawa and Mr. Satoshi Mizui that limit their liability with the Company pursuant to Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under the said agreements is the minimum liability amount as provided in laws and ordinances. If their elections are approved, the Company plans to renew the above limited liability agreements with them.



**Proposal No. 3 Election of eight (4) Corporate Auditors**

The term of all four (4) Corporate Auditors expires at the close of this General Meeting of Shareholders. Accordingly, the Company proposes that four (4) Corporate Auditors be elected. For submission of this Proposal No. 3 to the meeting, the Board of Auditors' consent has been obtained.

The candidates for Corporate Auditors are as follows:

| No. | Name<br>(Date of birth)  | Career summary and positions, and significant concurrent positions outside the Company  | Number of the Company's shares owned |
|-----|--|---|--------------------------------------|
| 1   | [Reelection]<br><br>Shunji Momoka<br>(August 23, 1949)<br>Attendance at Board of Directors' Meetings:<br>15/15 (100%)<br>Attendance at Board of Auditors' Meetings<br>15/15 (100%)   | April 1974    Joined the Company<br>July 2004    General Manager of the Finance Department of the Company<br>June 2011    Managing Director of SINFONIA ENGINEERING CO., LTD.<br>June 2012    Corporate Auditor (full-time) of the Company (present position)   | 13,500                               |
|     | <p><b>[Reasons for nomination of candidate for Corporate Auditor]</b><br/>Mr. Momoka who has experience in working at the Finance Department as well as holding the positions as General Manager of the Finance Department and Corporate Auditor of the Company has enough knowledge on finance and accounting, and the Company proposes the continued election of Mr. Momoka after determining he is qualified to serve as Corporate Auditor.</p>   |   |                                      |
| 2   | [Reelection]<br>[Outside Corporate Auditor]<br><br>Osamu Shimotani<br>(March 26, 1956)<br>Attendance at Board of Directors' Meetings:<br>14/15 (93%)<br>Attendance at Board of Auditors' Meetings:<br>14/15 (93%)  | April 1988    Admitted to the Bar (up to the present day)<br>April 1994    Tokyo Bar Association Regular Delegate (until March 1995)<br>April 1999    Kanto Federation of Bar Associations Managing Director (until March 2000)<br>April 2006    Bar Association Building Lecture Hall Operation Committee President (until March 2009)<br>April 2010    Tokyo Bar Association Vice-President (until March 2011)<br>April 2011    Tokyo Bar Association Building Committee President (until March 2012)<br>June 2011    Tokyo Lawyers Cooperative Executive Director (until May 2013)<br>July 2011    Bureau Chief of Legal Team to Support the Great East Japan Earthquake Nuclear-Accident Afflicted People (until March 2013)<br>January 2012    Establishment of Shimotani Law Office (up to the present day)<br>April 2015    Tokyo Bar Association Building Committee President (until March 2017)<br>June 2015    Japan Federation of Lawyers Cooperatives Executive Director (until May 2017)<br>June 2016    Outside Corporate Auditor of the Company (part-time) (present position)<br>June 2017    Tokyo Lawyers Cooperative Director<br>May 2019    Tokyo Lawyers Cooperative Vice President (present position) | 2,900                                |
|     | <p><b>[Reasons for nomination of candidate for Outside Corporate Auditor]</b><br/>The Company proposes the continued election of Mr. Shimotani as Outside Corporate Auditor after determining he will be able to audit and provide effective advice in an objective way based on his advanced knowledge on and insight for laws and regulations as lawyer. While he has no experience in directly participating management of a company, the Company deems that Mr. Shimotani will appropriately perform his duty as Outside Corporate Auditor for the above reason. He is currently serving as Outside Corporate Auditor of the Company, and his tenure as Outside Corporate Auditor will be four (4) years at the close of this general meeting of shareholders.</p> |   |                                      |

| No.  | Name<br>(Date of birth)   | Career summary and positions, and significant concurrent positions outside the Company  | Number of the Company's shares owned |
|--|---|---|--------------------------------------|
| 3  | [New election]<br>[Outside Corporate Auditor]<br><br>Kenji Ohnishi<br>(April 1, 1955) | <p>April 1977      Joined SHINSHO Corporation</p> <p>April 1994      President of SHINSHO (MALAYSIA) SDN. BHD.</p> <p>February 1999    International Trading Group Leader of Machinery Division of SHINSHO Corporation</p> <p>October 2004     General Manager of Int'l Trading Department of Machinery &amp; IT Division of SHINSHO Corporation</p> <p>June 2007        Officer of SHINSHO Corporation</p> <p>June 2010        Senior Officer of SHINSHO Corporation</p> <p>June 2013        Senior Officer of SHINSHO Corporation, Representative Director &amp; President of KOBELCO TRADING (SHANGHAI) CO., LTD.</p> <p>June 2015        Director &amp; Executive Officer of SHINSHO Corporation</p> <p>June 2017        Representative Director &amp; Executive Officer of SHINSHO Corporation</p> <p>June 2018        Advisor of SHINSHO Corporation</p> <p>June 2018        Director of MATSUBO Corporation (present position)</p> <p>June 2019        Retired as Advisor of SHINSHO Corporation</p> | 0                                    |
| <p><b>[Reasons for nomination of candidate for Outside Corporate Auditor]</b><br/>The Company proposes the election of Mr. Ohnishi as Outside Corporate Auditor after determining he will be able to provide supervision of overall management and effective recommendations based on his broad knowledge and wealth of experience as a corporate manager.</p> |   |   |                                      |
| 4  | [New election]<br>[Outside Corporate Auditor]<br><br>Jun Fujioka<br>(March 3, 1951)   | <p>April 1976        Joined Kobe Steel, Ltd.</p> <p>October 1999     Executive Officer of Kobelco Construction Machinery Co., Ltd.</p> <p>June 2002        Director, Executive Officer of Kobelco Construction Machinery Co., Ltd.</p> <p>June 2005        Managing Executive Officer of Kobelco Construction Machinery Co., Ltd.</p> <p>April 2008        Senior Managing Executive Officer of Kobelco Construction Machinery Co., Ltd.</p> <p>June 2008        Director, Senior Managing Executive Officer of Kobelco Construction Machinery Co., Ltd.</p> <p>June 2011        President, CEO and Representative Director of Kobelco Construction Machinery Co., Ltd.</p> <p>April 2016        Senior Adviser of Kobelco Construction Machinery Co., Ltd.</p> <p>June 2018        Retired as Senior Adviser of Kobelco Construction Machinery Co., Ltd. (present status)</p>  | 0                                    |
| <p><b>[Reasons for nomination of candidate for Outside Corporate Auditor]</b><br/>The Company proposes the election of Mr. Fujioka as Outside Corporate Auditor after determining he will be able to provide supervision of overall management and effective recommendations based on his broad knowledge and wealth of experience as a corporate manager.</p> |   |   |                                      |

Notes:

1. There is no special interest between the candidates and the Company.
2. Mr. Osamu Shimotani, Mr. Kenji Ohnishi and Mr. Jun Fujioka are candidates for Outside Corporate Auditor. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Mr. Osamu Shimotani has been designated as an Independent Officer based on the regulations of Tokyo Stock Exchange, Inc., and if his election is approved, the Company plans to continue to designate him as Independent Officer. Furthermore, if the elections of Mr. Kenji Ohnishi and Mr. Jun Fujioka are approved, the Company plans to submit to Tokyo Stock Exchange, Inc. a notification on designation of Mr. Kenji Ohnishi and Mr. Jun Fujioka as additional

Independent Officers.

3. The Company has entered into an agreement with Mr. Osamu Shimotani that limits his liability with the Company pursuant to Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under the said agreement is the minimum liability amount as provided in laws and ordinances. If his election is approved, the Company plans to renew the above limited liability agreement with him. Furthermore, if the elections of Mr. Kenji Ohnishi and Mr. Jun Fujioka are approved, the Company also plans to enter into such limited liability agreements with both of them.
4. Mr. Kenji Ohnishi who is a director of MATSUBO Corporation plans to retire from the position upon the close of the ordinary shareholders' meeting of MATSUBO Corporation to be held in June 2020.

#### **Proposal No. 4: Renewal of policy to counter large-scale purchase of share certificates, etc. of the Company (anti-takeover measures)**

The Company resolved at the Board of Directors' meeting held on April 24, 2017 to renew its policy to counter large-scale purchase of share certificates, etc. of the Company (anti-takeover measures) (the "Former Policy") in order to secure and enhance its corporate value and the common interests of its shareholders ("Shareholders"), and the renewal was approved by Shareholders at the 93rd ordinary general meeting of Shareholders held on June 29, 2017. It is set forth that the Former Policy is effective until the close of the ordinary general meeting of Shareholders for the last fiscal year which ends in three (3) years following the close of the 93rd ordinary general meeting of Shareholders held on June 29, 2017; i.e., until the close of this Shareholders' Meeting.

Ahead of the expiry of the Former Policy, subject to obtaining Shareholders' approval at this Shareholders' Meeting, the Board of Directors' meeting held on May 13, 2020 resolved to revise in part and renew the Former Policy as the framework to prevent decision-making of financial and business policies of the Company from being controlled by any inappropriate person in light of the Basic Policies regarding the way in which a person controlling decision-making of financial and business policies should conduct (as set forth in Article 118, Item (3) of the Regulation for Enforcement of the Companies Act; the "Basic Policies") of the Company, as stipulated in Article 118, Item (3)(ro)(2) of the Regulation for Enforcement of the Companies Act (hereinafter the partial revision and renewal of the Former Policy is referred to as the "Renewal" and the revised policy is referred to as the "Policy").

At the Board of Directors' meeting which resolved the Renewal, the Renewal was approved and adopted unanimously by Directors including two (2) Outside Directors who were present, and three (3) Corporate Auditors including two (2) Outside Corporate Auditors were present and all of them expressed their opinion approving the Renewal. The other Outside Corporate Auditor who was not present at the meeting also expressed his opinion approving the Renewal in advance.

As of the date hereof, there is no fact that the Company has received any notice or proposal from a specific third party that the party will conduct Large-Scale Purchase (as defined in the following section 3. 2)(2)(i); hereinafter the same) of share certificates, etc. of the Company.

The major revisions to the Former Policy made in the course of the Renewal are as follows:

- (i) The countermeasures which may be exercised against Large-Scale Purchase are limited to allotment of share options without contribution;
- (ii) The items of large-scale purchase information to be provided by large-scale purchaser have been simplified by means of deletion of some of the items, etc.;
- (iii) It has been clarified that the period during which the Company requests a large-scale purchaser to provide additional information is limited to sixty (60) days from the day immediately following the day on which the Board of Directors receives large-scale purchase information for the first time from such purchaser;
- (iv) Eighth (8) types designated as "Types deemed to Significantly Damage the Company's Corporate Value and Shareholders' Common Interests" as criteria for the Board of Directors to decide whether or not to exercise the countermeasures have been reduced and the types as criteria have been limited to five (5) types of so-called the Tokyo High Court-Approved Four (4) Types and the high-handed 2 phase-purchase type; and
- (v) The wordings and phrases have been modified or sorted out and some of the statements have been further detailed.

As the Renewal needs to be approved and resolved at this Shareholders' Meeting as stated above, the Company hereby requests Shareholders to deliberate on and approve the Renewal.

1. Outline of the Basic Policies regarding the way in which a person controlling the decision-making of financial and business policies of the Company should conduct

The Board of Directors considers that the person who should control the decision-making of financial and business policies of the Company needs to understand the source of the Company's corporate value and be capable of continuously and sustainably securing and improving the corporate value and Shareholders' common interests. As the shares of the Company as a listed company are permitted to be freely traded, the Board of Directors considers that if Large-Scale Purchase of shares of the Company is offered, the final decision of whether or not to accept the offer should be made by people who are Shareholders at the time of the offer.

There are, however, not a few offers of Large-Scale Purchase which do not serve a target company's corporate value and its shareholders' common interests in terms of the purposes thereof such as those which (i) are explicitly detrimental to the corporate value and the common interests of shareholders, (ii) are likely to substantively force shareholders to sell their share certificates, etc., (iii) provide no sufficient

time or information for the board of directors and shareholders of a target company to examine details, etc. of Large-Scale Purchase offered or for the board of directors to make an alternative proposal, and (iv) require a target company to discuss or negotiate with the purchaser for more favorable conditions than those offered by the purchaser.

The Company deems that its corporate value is sourced from (i) its consistent system from developing and manufacturing the machinery, and electricity and control devices for a wide range of products to distributing the products, (ii) its advanced technical capabilities secured by wealth of experience and know-how amassed since its start of business, (iii) its trust relationship with its stakeholders established for long years, (iv) its corporate culture building upon synergy of human resources, specific technologies and manufacturing technologies, etc. among business units, and (v) its trust relationship between the management who creates synergy of business units and human resources and employees, and unless a purchaser of Large-Scale Purchase of share certificates, etc. of the Company understands the source of the Company's corporate value as stated above, and is capable to secure and enhance the corporate value over the medium-to-long term, the Company's corporate value and the common interest of Shareholders will be damaged. Furthermore, the Company considers that in the event of Large-Scale Purchase by Purchaser (as defined in the following section 3. 2)(1)(i); hereinafter the same) who does not belong to the Company, the information on Large-Scale Purchase offered necessary and sufficient for Shareholders to decide whether or not to accept such offer should be provided by Purchaser in advance, and if Large-Scale Purchase is forced through without disclosing the information to Shareholders, it is highly likely to damage the Company's corporate value and Shareholders' common interests.

The Company deems that any person conducting Large-Scale Purchase which does not serve the Company's corporate value and Shareholders' common interests is not an appropriate person to control the decision-making of financial and business policies of the Company and that it is requisite to secure its corporate value and Shareholders' common interests by taking necessary and adequate countermeasures against Large-Scale Purchase conducted by such inappropriate person.

## 2. Outline of special framework serving achievement of the Basic Policies

### 1) Framework to secure and enhance the Company's corporate value and Shareholders' common interests

#### (1) The Company's corporate philosophy and source of its corporate value

The Company has established its "corporate philosophy" and been working on improving its corporate value and competitiveness creating the value. Its "corporate philosophy" is as follows: "With three (3) mottos: 'One step ahead in technology', 'respect for the Earth', and 'thoughtful behavior'; we contribute to a good life and better society for human beings on the Earth and the universe."

The Company has expanded its business domain to a wide range of fields by using its electromagnetic application technology and precision mechanics technology since its start of business in 1917, and has been providing a variety of products such as electronics for aircraft, color printer, electromagnetic clutch, semiconductor wafer transportation device and social infrastructure electric facilities to its customers.

In securing and improving its corporate value, the Company deems that the source of its corporate value is found in the following elements:

- (i) its consistent system from developing and manufacturing electronic device, precision machinery, control device/software for products which satisfy needs of its various customers including public offices, semiconductor makers, photography-related makers to distributing such products;
- (ii) its advanced technical capabilities secured by its wealth of experience and know-how amassed since its start of business;
- (iii) its trust relationship with not only Shareholders but also other stakeholders such as customers, business clients and community-related persons of the Company established for long years;
- (iv) its corporate culture building upon synergy of human resource support, reciprocal usage of technologies owned, and technological cooperation at production site, etc. among business units; and
- (v) its trust relationship between the management who deeply understands the Company's corporate culture and historic background and brings about maximum effect therefrom and employees

#### (2) Framework to secure and enhance the Company's future corporate value and Shareholders' common interests

The Company has drawn up a 3-year medium-term management plan titled "SINFONIA ABC

2020” starting in 2018 and been working on its business activities based thereon. Aiming to establish a strong corporate structure to sustainably grow for the future and further enhance its technological development capability for improving its corporate culture to try out new technologies at all times, the Company focuses on the following four (4) items:

- (i) Boosting sales of core businesses;  
The Company designates its aviation and space venture business, motion control equipment business, clean transportation equipment business, vibration equipment business and engineering business as five (5) core businesses of the Company and prioritizes allocation of resources in the five (5) businesses.
- (ii) Expansion of overseas operations  
The Company aims to achieve the ratio of 30% or more of overseas sales to the total sales for FY2020 by focusing on China and ASEAN where the Company has worked on expanding its operational bases.
- (iii) Active investment in development  
The Company actively invests in development primarily for regenerative medicine and automobile-related businesses.
- (iv) Active investment for increasing productivity  
The Company conducts active capital investment to increase productivity for product families of semiconductor/automobile/FA-related sectors for which the booming demand is expected to remain.

Additionally, the Company continuously promotes handing down and enhancing its high technology for designing and development of electronic device, precision machinery and control device/software and its manufacturing technique and skill such as welding and processing which the Companies deems as key items to secure and enhance the Company’s group’s corporate value.

As stated above, the Company continuously fosters its corporate culture which values the importance of skills irreplaceable by machinery or data and synergy among business units, and also works on strengthening the trust relationship between the management who deeply understands the above and employees, for the purpose to further enhance its corporate value, i.e., business performance.

- 2) Structure as basis to secure and enhance corporate value and Shareholders’ common interests  
- Improvement of corporate governance

Considering it necessary to also pay attention to keeping a good relationship with each stakeholder in the course of achieving its management objectives, the Company has been working on improvement of its compliance structure to secure and enhance its corporate value and enhance its management-check function, subject to understanding and support from each stakeholder, compliance with laws and regulations and its articles of incorporation and building high ethical standards, for a good relationship with each stakeholder.

As specific methods, the Company has enhanced its business execution function and decision-making/supervisory function of the management by implementing a corporate-officer system and segregating the decision-making/supervisory function from the business execution function, and, for the purpose to maintain the appropriate management based on checks thereon conducted by and on advices from outsiders, has received advices from outside experts such as lawyers from time to time and appointed two (2) Outside Directors and three (3) Outside Corporate Auditors who are independent from the Company as notified to Tokyo Stock Exchange, Inc. as independent officers under the rules thereof. Furthermore, to increase awareness about compliance and prevent issues of compliance in the Company, the Company has appointed officers in charge of company-wide compliance and established a compliance committee in which representatives of affiliated companies and outside intellectuals have also joined. The Company has also put in place a structure for its internal control system and used efforts to operate and evaluate/improve the system on an ongoing basis.

3. Framework to prevent the decision-making of financial and business policies of the Company from being controlled by an inappropriate person in light of the Basic Policies (the Policy)

- 1) Purpose of the Policy

The Policy is to be renewed for the purpose to secure and enhance the Company’s corporate value and Shareholders’ common interests, in accordance with the Basic Policies stated in the above section 1.

The Board of Directors considers that any person conducting Large-Scale Purchase which does not

serve the Company's corporate value and Shareholders' common interests is inappropriate as the person to control the decision-making of the Company's financial and business policies. Paying close attention to trends such as revisions to the Financial Instruments and Exchange Act and related governmental and ministerial ordinances and based on development of discussions related to anti-takeover measures in these days, the Board of Directors judged that it is essential to maintain the framework to prevent Large-Scale Purchase against the Company's corporate value and Shareholders' common interests by means of securing time and information enough for Shareholders to finally decide whether or not to accept Large-Scale Purchase offered or for the Board of Directors to make an alternative proposal to Shareholders as well as obtaining opportunities for the Board of Directors to discuss and negotiate with Purchaser for the benefit of Shareholders in the event of Large-Scale Purchase of share certificates, etc. in the Company, for the purpose to prevent such inappropriate person from controlling the decision-making of finance and business policies of the Company. Accordingly, the Board of Directors finally decided to make the Renewal as part of the framework to prevent an inappropriate person in terms of the Basic Policies from controlling the decision-making of financial and business policies of the Company.

2) Contents of the Policy

The contents of the Policy are as follows. As to the flow of procedures for the Policy, please refer to "Flowchart" as Attachment 2 hereto which indicates the outline.

(1) Outline of the Policy

(i) Procedures for the Policy

The Policy is to set forth the procedures to demand information on Large-Scale Purchase of share certificates, etc. of the Company in advance from a person who intends to conduct or is conducting such Large-Scale Purchase ("Purchaser"), secure time enough for the Company to collect and examine such information and then indicate a plan or alternative proposal prepared by its management to Shareholders and have negotiations, etc. with Purchaser (please refer to the following section (2) "Procedures for the Policy"). Purchaser is required to accept the procedures for the Policy and not to proceed with Large-Scale Purchase during a period from start of the procedures for the Policy to (i) the end of Board of Directors Evaluation Period (as defined in the following section (2)(iv)) and (ii) to the time when a Shareholders' meeting to confirm their overall intentions ("Shareholders' Meeting to Confirm Intentions") makes a resolution with respect to exercise of countermeasures if such Shareholders' Meeting to Confirm Intentions is convened to ask whether or not to exercise countermeasures even after the end of Board of Directors Evaluation Period.

(ii) Exercise of Countermeasures

If Purchaser proceeds with Large-Scale Purchase without following the procedures set forth in the Policy or if Purchaser's Large-Scale Purchase would significantly damage the Company's corporate value or Shareholders' common interests (please refer to "Types deemed to Significantly Damage the Company's Corporate Value and Shareholders' Common Interests" as Attachment 3 hereto for details), the Company may allocate share options subject to the exercise conditions under which Purchaser or other certain persons shall not be entitled to exercise the share options and the acquisition clause under which the Company shall acquire the share options in exchange for shares of the Company from persons other than Purchaser or other certain persons (the major contents of share options are detailed in "Outline of Share Options" as Attachment 4 hereto; "Share Options") by means of allotment of share options without contribution (as set forth in Article 277 and subsequent Articles of the Companies Act) to all Shareholders except for the Company. In such allotment of Share Options without contribution, the Company has no plan to distribute money in consideration for acquisition of Share Options held by Purchaser.

(iii) Use of independent committee and Shareholders' Meeting to Confirm Intentions in order to exclude arbitrary decision-making by the Board of Directors

The Policy sets forth to receive objective decisions from an independent committee exclusively consisting of (i) the Company's Outside Directors, (ii) the Company's Outside Corporate Auditors or (iii) outside intellectuals (such as lawyers, accountants, certified public accountants, academic experts, persons acquainted with investment banking business and outsiders who have experience in working as director or executive officer of other companies), who are independent from the Company's management (the "Independent Committee") in accordance with the committee's rules (please refer to "Outline of the Independent Committee Rules" as Attachment 5 hereto for their outline) for the purpose to exclude any arbitrary decision-making by the Board of Directors for

operation of the Policy and exercise of countermeasures, etc. and secure reasonableness and fairness of their decisions. If Large-Scale Purchase is offered by Purchaser, the Board of Directors provides the Independent Committee with such information on a timely basis and the Independent Committee verifies that fair procedures have been taken including that neither Purchaser nor the Board of Directors has conducted anything detrimental to Shareholders' common interests. The Board of Directors pays maximum respect to recommendations from the Independent Committee in deciding whether or not to exercise countermeasures. In addition, if the Independent Committee recommends convening Shareholders' Meeting to Confirm Intentions, the Board of Directors pays maximum respect to the recommendation in deciding whether or not to convene the meeting to submit the proposal on exercise of countermeasures thereto and confirm Shareholders' intentions on the exercise. The transparency of these procedures is secured by means of timely disclosure of information to Shareholders.

The names and career summaries of the Independent Committee's members at the time of the Renewal are as listed in "Career Summary of the Independent Committee Members" as Attachment 6 hereto (please refer to "Outline of the Independent Committee Rules" as Attachment 5 hereto for member appointment criteria, resolution requirements and matters to be resolved of the committee).

- (iv) Exercise of Share Options and the Company's acquisition of Share Options  
In case of allotment of Share Options without contribution in accordance with the Policy and when Shareholders other than Purchaser and any other certain persons exercise the options or when shares of the Company are delivered to Shareholders other than Purchaser and other certain persons in exchange for the Company's acquisition of Share Options, the ratio of voting right of shares of the Company held by Purchaser and other certain persons may be diluted to a certain extent.

(2) Procedures for the Policy

- (i) Large-Scale Purchase subject to the Policy  
For the purpose of the Policy, if an act falling under the following a. or b. (but excluding the one approved in advance by the Board of Directors; "Large-Scale Purchase") is conducted or to be conducted, countermeasures under the Policy may be exercised:
  - a. purchase of Share Certificates, etc.<sup>1</sup> issued by the Company if Holder's<sup>2</sup> Holding Ratio of Share Certificates, etc.<sup>3</sup> becomes 20% or more in total; or
  - b. Tender Offer<sup>4</sup> for Share Certificates, etc.<sup>5</sup> issued by the Company if Ownership Ratio of Share Certificates, etc.<sup>6</sup> by Tender Offeror and its Specially Related Party<sup>7</sup> becomes 20% or more in total
- (ii) Submission in advance of "Letter of Intent for Large-Scale Purchase" to the Company  
First, Purchaser is required to submit "Letter of Intent for Large-Scale Purchase" in Japanese representing its pledge to follow the procedures set forth in the Policy (the "Large-Scale Purchase Rules") to the Board of Directors ahead of proceeding with Large-Scale Purchase. Specifically, the following items need to be stated in "Letter of Intent for Large-Scale Purchase":
  - a. Outline of Purchaser
    - (i) name and address or location;
    - (ii) representative's name
    - (iii) purpose and business contents of its company, etc.
    - (iv) outline of major shareholders or investors (top 10 shareholders or investors based on the number of shares held or investment ratio);
    - (v) domestic contact information; and

<sup>1</sup> This means "Share Certificates, etc." set forth in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act (the "Act" in these footnotes) unless otherwise set forth herein. In case of any revision to laws and regulations referred to in the Policy (including name change and enactment of new laws and regulations succeeding to former laws and regulations), the clauses of and terms used in laws and regulations referred to in the Policy are deemed to be replaced with those of the revised or substantially succeeding laws and regulations unless otherwise decided by the Board of Directors.

<sup>2</sup> This means "Holder" set forth in Article 27-23, Paragraph 1 of the Act, including persons deemed to be Holders based on Paragraph 3 of the said Article. Hereinafter the same.

<sup>3</sup> This means "Holding Ratio of Share Certificates, etc." set forth in Article 27-23, Paragraph 4 of the Act. Hereinafter the same.

<sup>4</sup> This means "Tender Offer" set forth in Article 27-2, Paragraph 6 of the Act. Hereinafter the same.

<sup>5</sup> This means "Share Certificates, etc." set forth in Article 27-2, Paragraph 1 of the Act. The same in the following section b.

<sup>6</sup> This means "Ownership Ratio of Share Certificates, etc." set forth in Article 27-2, Paragraph 8 of the Act. Hereinafter the same.

<sup>7</sup> This means "Specially Related Party" set forth in Article 27-2, Paragraph 7 of the Act; provided, however, that the "persons" listed in Item 1 of the said paragraph excludes the "persons" set forth in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers. Hereinafter the same.



- (vi) name of the law governing its incorporation
- b. Number of share certificates, etc. of the Company currently held by Purchaser and the share certificates, etc. of the Company purchased or sold by Purchaser during 60 days before the submission of Letter of Intent for Large-Scale Purchase
- c. Outline of Large-Scale Purchase offered by Purchaser (including the type and number of share certificates, etc. of the Company intended to be acquired in Large-Scale Purchase and the outline of purpose of Large-Scale Purchase (such as acquisition of control or participation in management, passive investment or long-term investment for business relationship, transfer of share certificates, etc. of the Company to third parties after Large-Scale Purchase, or Material Proposal<sup>1</sup>. Purchaser who has any other purpose is required to state that effect and outline thereof. Purchaser who has more than one purposes is required to state all of them.))
- d. Pledge to follow the Large-Scale Purchase Rules

In submitting “Letter of Intent for Large-Scale Purchase”, Purchaser is also required to attach a certified copy of its commercial registry, a photocopy of its articles of incorporation and any other written certificate of its existing.

(iii) Provision of “Large-Scale Purchase Information”

Following submission of “Letter of Intent for Large-Scale Purchase” stated in the above section (ii), Purchaser is required to provide information in Japanese necessary and enough for Shareholders to make a decision on Large-Scale Purchase and for the Board of Directors to evaluate and examine the same (“Large-Scale Purchase Information”) to the Board of Directors in accordance with the following procedures.

First, the Company delivers to Purchaser “Large-Scale Purchase Information List” specifying the information to be initially provided, within ten (10) business days<sup>2</sup> from (and excluding) the day on which Purchaser submitted Letter of Intent for Large-Scale Purchase, and Purchaser is required to provide adequate information to the Board of Directors based on the list. If the Board of Directors reasonably decides that the information provided by Purchaser is insufficient for Shareholders to make a decision and for the Board of Directors to evaluate and examine in light of the contents and form of Large-Scale Purchase, Purchaser is required to provide additional information as separately requested by the Board of Directors no later than the deadline specified by the Board of Directors (but within 60 days from the day immediately following the day on which the Board of Directors received Large-Scale Purchase Information for the first time).

Regardless of contents and form, etc. of Large-Scale Purchase, while the information on the following items is to be included in Large-Scale Purchase Information List as a general rule, specific items of information to be included in the list are reasonably decided by the Board of Directors based on advices from financial advisers, lawyers, tax accountants, certified public accountants and other outside professionals (“Outside Professionals”) and in light of the contents and form, etc. of Large-Scale Purchase. If Purchaser is unable to provide some of the information on the items listed in Large-Scale Purchase Information List, the Company requests Purchaser to indicate specific reason for that.

- a. Details of Purchaser and its group (including names, histories, capital amounts or contribution amounts and total numbers of outstanding shares, names and work experiences of and numbers of shares owned by representatives, officers, employees and any other members, financial condition, business performance and any other accounting matters for the last two (2) fiscal years, and the outline of relationships among Purchaser’s group (including, but not limited to, capital relationship, business relationships, concurrent position of officers and employees and any other personnel relationship, contract relationship and histories thereof))
- b. Purpose (specific detail of the purpose disclosed in Letter of Intent for Large-Scale Purchase), method and contents (including timing, structure of related transactions,

<sup>1</sup> This means “Material Proposal” set forth in Article 27-26, Paragraph 1 of the Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act and Article 16 of the Cabinet Office Order on Disclosure of the Status of Large-Volume Holdings in Share Certificates.

<sup>2</sup> This means days other than those set forth in the items of Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. Hereinafter the same.

legality of the method, and feasibility of Large-Scale Purchase and related transactions) of Large-Scale Purchase

- c. Type and amount of purchase price for Large-Scale Purchase (in case of securities, etc. to be paid, the type and exchange ratio thereof, and in case of securities, etc. and money to be paid, the type and exchange ratio of securities, etc. and the amount of money need to be stated) and base amount and process for calculation of the purchase price (the specific calculation base for base amount needs to be stated and if the purchase price is not the market value or the price of recent transactions executed by Purchaser, details of such difference need to be stated. Additionally, as to difference of purchase prices according to types of share certificates, etc., details including concept for conversion need to be specifically stated. As to the calculation process, if any third party's opinion was heard in calculating, the third party's name, summary of its opinion and how the price was decided based on such opinion need to be specifically stated as well.);
- d. Status of funds raised for Large-Scale Purchase and outline of lenders of the funds (in case of deposit with banks, the balance thereof by type, in case of borrowing, the contents of loan agreement such as borrowing amount and lender's business category, and in case of any other fund-raising methods, the contents, amount raised and lender's business category, etc. are included.);
- e. Specific contents of any lending agreement, security agreement, sell-back agreement, preliminary sale & purchase agreement and any other important agreement or arrangement executed with respect to the Company's share certificates, etc. already held by Purchaser ("Security Agreements") such as type of, counterparties to and quantity of share certificates, etc. subject to Security Agreements;
- f. Specific contents of Security Agreements to be executed or any other agreements to be entered into with any third party with respect to the Company's share certificates, etc. planned by Purchaser to acquire in Large-Scale Purchase such as type of, counterparties to and quantity of share certificates, etc. subject to such Security Agreements or agreement;
- g. Candidate for management executive (including information on his/her experience in the same business fields of the Company and its group), management policy, business plan, capital policy and dividend policy expected to be selected after Large-Scale Purchase completed;
- h. Specific contents of any change to be made to the Company's relationship with its employees, business clients, customers, local community and any other stakeholders;
- i. Information on relationship with antisocial forces; and
- j. Any other information that the Board of Directors or the Independent Committee reasonably deems necessary

If the Company receives Letter of Intent for Large-Scale Purchase from Purchaser, the Company timely discloses that effect and also timely discloses all or some of the information provided by Purchaser (if any of the information requested in Large-Scale Purchase Information List is not provided by Purchaser, the item of such missing information and the reason for such non-provision are included) as deemed necessary for Shareholders to make a decision.

If the Board of Directors reasonably decides that Purchaser completed providing Large-Scale Purchase Information, the Company promptly notifies Purchaser to that effect and discloses that effect.

- (iv) Establishment, etc. of Board of Directors Evaluation Period  
The Board of Directors establishes a 60-day period starting from (but excluding) the day on which the Board of Directors discloses its decision that Purchaser completed providing Large-Scale Purchase Information (including additionally-requested information) for the Board of Directors to evaluate, examine, negotiate, form an opinion and prepare an alternative proposal ("Board of Directors Evaluation Period"), as a general rule. If the Board of Directors fails to resolve, within Board of Directors Evaluation Period, whether or not to exercise countermeasures due to the Independent Committee's failure to recommend whether or not to exercise countermeasures or any other cause or if there are any other unavoidable circumstances, the Board of Directors may extend Board of Directors Evaluation Period up to 30 days to the extent necessary

based on recommendations from the Independent Committee. If the Board of Directors resolves the extension, the specific period to be extended and reason therefor are timely and appropriately disclosed in accordance with the applicable laws and regulations and financial instruments exchange rules.

Purchaser may not start Large-Scale Purchase before the end of Board of Directors Evaluation Period.

Based on Large-Scale Purchase Information provided by Purchaser and with advices from Outside Professionals obtained as needed, the Board of Directors adequately evaluates and examines Purchaser and specific contents of Large-Scale Purchase and its impacts to be given on the Company's corporate value and Shareholders' common interests, etc., carefully puts together the Board of Directors' opinion on Large-Scale Purchase within Board of Directors Evaluation Period, and notifies Purchaser of the opinion and timely and appropriately discloses the opinion to Shareholders. If necessary, the Board of Directors may negotiate about the conditions and method for Large-Scale Purchase with Purchaser and offer an alternative proposal of the Board of Directors to Shareholders.

(v) Requirements to exercise countermeasures

a. If Purchaser conducts Large-Scale Purchase not in accordance with the Large-Scale Purchase Rules:

If Purchaser conducts or intends to conduct Large-Scale Purchase not in accordance with the Large-Scale Purchase Rules, regardless of its specific conditions/method whatsoever, the Board of Directors deems such Large-Scale Purchase to be significantly detrimental to the Company's corporate value and Shareholders' common interests, and paying maximum respect to the Independent Committee's recommendations, the Board of Directors may exercise necessary and adequate countermeasures to secure or enhance the Company's corporate value and Shareholders' common interests.

b. If Purchaser conducts Large-Scale Purchase in accordance with the Large-Scale Purchase Rules:

If Purchaser conducts or intends to conduct Large-Scale Purchase in accordance with the Large-Scale Purchase Rules, even if the Board of Directors objects to such Large-Scale Purchase and represents its adverse comment, offers an alternative proposal and gives explanations to Shareholders, the Board of Directors exercises no countermeasures against such Large-Scale Purchase, as a general rule.

Considering Large-Scale Purchase Information thereon and the Board of Directors' comments and alternative proposal and so on, Shareholders decide whether or not to accept such Large-Scale Purchase offer.

Nevertheless, even if Purchaser conducts or intends to conduct Large-Scale Purchase in accordance with the Large-Scale Purchase Rules, if such Large-Scale Purchase is deemed to be significantly detrimental to the Company's corporate value and Shareholders' common interests such as exclusively aiming for Purchaser's short-term benefits, subject to paying maximum respect to recommendations from the Independent Committee, the Board of Directors may exercise necessary and adequate countermeasures to secure or enhance the Company's corporate value and Shareholders' common interests.

Specifically, if Large-Scale Purchase is deemed to fall under any of the types listed in "Types deemed to Significantly Damage the Company's Corporate Value and Shareholders' Common Interests" as Attachment 3 hereto or there are any circumstances in which Large-Scale Purchase is deemed to be objectively and reasonably suspected to fall thereunder, such Large-Scale Purchase is considered to be significantly detrimental to the Company's corporate value and Shareholders' common interests, as a general rule.

Even in either of the cases listed in a. and b. above, if the Board of Directors receives the Independent Committee's recommendation that whether or not to exercise countermeasures needs to be referred to Shareholders' Meeting to Confirm Intentions or if the Board of Directors receives the Independent Committee's recommendation on exercise of countermeasures but decides Shareholders' opinion needs to be reflected, the Board of Directors convenes Shareholders' Meeting to Confirm Intentions and refers the proposal with respect to the exercise to the meeting, as a general rule. In this case, Purchaser may not start Large-Scale

Purchase until the meeting resolves whether or not to exercise countermeasures.

- (vi) Procedures to establish and seek advice from the Independent Committee
- a. Establishment of the Independent Committee
- Whether or not a set of procedures have been taken in accordance with the Large-Scale Purchase Rules, whether or not certain countermeasures deemed necessary and adequate to secure or enhance the Company's corporate value and Shareholders' common interests should be exercised if the Large-Scale Purchase Rules have been observed, and whether or not to convene Shareholders' Meeting to Confirm Intentions are finally decided by the Board of Directors (provided, however, that if Shareholders' Meeting to Confirm Intentions is convened, the Board of Directors accepts the resolution thereof). In order to secure the reasonableness and fairness of the Board of Directors' decisions, the Company establishes the Independent Committee independent from the Board of Directors in accordance with the Independent Committee Rules of which the outline is listed in "Outline of the Independent Committee Rules" as Attachment 5 hereto. The committee comprises of three (3) or more members who are appointed among Outside Directors, Outside Corporate Auditors, lawyers, accountants, certified public accountants, academic experts, persons acquainted with investment banking business, outsiders who have experience in working as directors or executive officers of other companies and so on. The members' career summaries are as listed in "Career Summary of the Independent Committee Members" as Attachment 6 hereto.
- The Independent Committee may verify whether or not a set of procedures have been taken in accordance with the Large-Scale Purchase Rules (including whether the information provided by Purchaser is necessary and enough as Large-Scale Purchase Information and whether the Board of Directors continues demanding more information even though necessary and enough information has been already provided to the Board of Directors), report the same to the Board of Directors, and evaluate and examine specific details of Large-Scale Purchase and its impacts, etc. to be given on the Company's corporate value and Shareholders' common interests based on Large-Scale Purchase Information provided by Purchaser and by obtaining advices from Outside Professionals as appropriate at the expense of the Company when necessary in order to increase the reasonableness and objectivity of the committee's decisions, and also demand additional Large-Scale Purchase Information from and discussions and negotiations with Purchaser directly or through the Board of Directors, etc. In response to the demand, Purchaser is required to promptly satisfy the demand. Upon receipt of Letter of Intent for Large-Scale Purchase and Large-Scale Purchase Information from Purchaser, the Independent Committee may request the Board of Directors to present, within a specified period of time (up to 30 days within Board of Directors Evaluation Period), its comments on Purchaser and the content of Large-Scale Purchase and materials supporting the comments, alternative proposals and any other information and materials ("Board of Directors Information") as the committee deems necessary to compare to the management plan, etc. prepared by and the Company's corporate evaluation decided by the Board of Directors in light of securing or improving the Company's corporate value and Shareholders' common interests, and the Board of Directors accepts the request. The Independent Committee may also request explanations on Board of Directors Information from Directors, Corporate Auditors and employees who were engaged in preparation thereof and third parties who gave advice in preparation thereof when the committee deems necessary.
- b. Procedures to exercise countermeasures
- In making a decision on whether or not to exercise countermeasures, the Board of Directors takes the following procedures to secure the reasonableness and fairness of the decision:
- First, ahead of exercising countermeasures, the Board of Directors requests the Independent Committee to give advice about whether or not to exercise countermeasures, and in response to such request, the Independent Committee gives recommendations about whether or not to exercise countermeasures based on advice from Outside Professionals as necessary. In making a decision on whether or not to exercise countermeasures, the Board of Directors pays maximum respect to the Independent Committee's recommendations (but if Shareholders' Meeting to Confirm Intentions is convened, the Board of Directors accepts the resolution

thereof).

In addition, if the Independent Committee recommends the Board of Directors to convene Shareholders' Meeting to Confirm Intentions or if the committee recommends the exercise of countermeasures without confirming Shareholders' intentions but the Board of Directors decides at its absolute discretion that Shareholders' intentions need to be confirmed, the Board of Directors convenes Shareholders' Meeting to Confirm Intentions, refers the proposal on exercise of countermeasures thereto and confirms Shareholders' intentions, as a general rule. Furthermore, the Board of Directors secures the transparency of the course of these procedures by means of timely disclosure of information to Shareholders.

Based on not only the advice from the Independent Committee as requested above but also Large-Scale Purchase Information provided by Purchaser and with advice from Outside Professionals as necessary, the Board of Directors decides whether or not to exercise countermeasures by evaluating and examining Purchaser and specific details of Large-Scale Purchase and its impacts, etc. on the Company's corporate value and Shareholders' common interests.

c. Cancellation or withdrawal of countermeasures exercised

Even if the Board of Directors exercises countermeasures in accordance with the procedures set forth in the above section b., (i) if Purchaser cancels or withdraws Large-Scale Purchase, or (ii) if any fact, etc. on which the exercise of countermeasures was decided based are changed and it is no longer reasonable to continue the countermeasures exercised in light of securing and improving the Company's corporate value and Shareholders' common interests, the Board of Directors explains the specific cause of the case of the above (i) or (ii) and requests the Independent Committee again to give advice about whether or not to continue the countermeasures, obtains advices from Outside Professionals when necessary and considers cancellation or withdrawal of the countermeasures. In response to the Board of Director's request, the Independent Committee examines whether or not to continue the countermeasures with advice from Outside Professionals when necessary and gives its recommendations to the Board of Directors. In making a decision on whether or not to continue the countermeasures, the Board of Directors pays maximum respect to the recommendations from the committee.

As a result of considering the Independent Committee's recommendations, if the Board of Directors decides that it is unreasonable to continue the countermeasures in light of securing or improving the Company's corporate value and Shareholders' common interests, the Board of Directors cancels or withdraws the countermeasures and promptly discloses to that effect. In case of allotment of Share Options without contribution to be conducted as countermeasures, on or before the second business day preceding the ex-rights date associated with the record date thereof ("Ex-Rights Date") the allotment may be cancelled. However, on and after the business day immediately preceding Ex-Rights Date, the allotment is not cancelled in order not to cause damage to general investors who traded shares of the Company before Ex-Rights Date based on a belief that the allotment without contribution would be conducted and cause dilution of economic value per share of the Company. Provided, however, that during a period from the effective date of the allotment without contribution of Share Options to the day immediately preceding the start date of the exercise period of Share Options, Share Options may be acquired by the Company without consideration in some cases (in this case, as stated in the following section 5)(2), Shareholders who traded the shares of the Company on the premise that the economic value per share thereof would be diluted may suffer damage due to a fluctuation in the share price).

d. Request for recommendations of the Independent Committee at the Board of Directors' discretion

If there is any doubt about whether the information provided by Purchaser is necessary and adequate as Large-Scale Purchase Information or whether Purchaser has observed the Large-Scale Purchase Rules or if the Board of Directors otherwise deems necessary, the Board of Directors may request at its discretion the Independent Committee to recommend about the above in addition to whether or not to exercise countermeasures and to continue the countermeasures as stated above. In response to the request, with advice from Outside Professionals as necessary, the Independent Committee examines the matter requested and gives its recommendations to the Board of Directors. The Board of Directors pays maximum

respect to the recommendations from the committee.

- e. Recommendations to extend Board of Directors Evaluation Period  
Failing to give recommendations on whether or not to exercise countermeasures by the end of the initial Board of Directors Evaluation Period, the Independent Committee may resolve and recommend the extension of Board of Directors Evaluation Period (up to 30 days) to the extent reasonably necessary to examine contents of Purchaser's Large-Scale Purchase and the Board of Directors' alternative proposal and discuss and negotiate with Purchaser (in case of recommendations to further extend the period within the limit of extension after the first extension, the same procedures are taken).

If the Board of Directors pays maximum respect to the above recommendations and extends Board of Directors Evaluation Period, the Independent Committee discloses the reason and period of extension via the Board of Directors and uses its best efforts to recommend whether or not exercise countermeasures within so-extended period by continuously collecting and examining information.

(3) Contents of Countermeasures

As countermeasures under the Policy, the allotment without contribution of Share Options of which the outline is stated in "Outline of Share Options" as Attachment 4 hereto is conducted based on the Board of Director's resolution.

Nevertheless, if the Independent Committee recommends convening Shareholders' Meeting to Confirm Intentions, the Board of Directors may pay maximum respect to the recommendations and refer the proposal on exercise of countermeasures to the meeting. In this case, when the meeting resolves the exercise of countermeasures, the Board of Directors takes procedures necessary to conduct the allotment without contribution of Share Options in accordance with the meeting's resolution. On the other hand, when the meeting resolves to reject the proposal on exercise, the Board of Directors conducts no allotment without contribution of Share Options. If Shareholders' Meeting to Confirm Intentions is convened, Purchaser may not start Large-Scale Purchase until and unless the meeting resolves whether or not to exercise countermeasures. If it is resolved to convene Shareholders' Meeting to Confirm Intentions or if the meeting resolves whether or not to exercise countermeasures, the Board of Directors promptly discloses the outline of such resolution and any other matters that the Board of Directors deems appropriate.

3) Effective period of, abolition of and amendment to the Policy

The effective period of the Policy terminates upon the close of the ordinary general meeting of Shareholders for the last fiscal year ending in three (3) years after the close of this Shareholders' Meeting.

Even before the expiry of the effective period, if (i) a Shareholders' meeting approves a proposal to abolish or amend the Policy or (ii) the Board of Directors resolves to abolish or amend the Policy, the Policy is abolished or amended at the time of such approval or resolution.

If the Policy is abolished or amended, the Company promptly discloses the abolition or amendment and any other matters that the Board of Directors deems appropriate in accordance with the applicable laws and regulations and financial instruments exchange rules.

4) Reasonableness and fairness of the Policy

(1) Focus on Shareholders' intentions

The Company considers that the Policy becomes effective if Shareholders approve the Policy at this Shareholders' Meeting to confirm their intentions on whether or not to adopt the Policy. Accordingly, if the Policy fails to be approved by Shareholders at this Shareholders' Meeting, the Policy does not become effective and the Former Policy terminates due to the expiry of its effective period upon the close of this Shareholders' Meeting.

Furthermore, as stated in the above section 3), even before the expiry of the effective period, (i) if a proposal to abolish or amend the Policy is approved at a Shareholders' meeting or (ii) if the Board of Directors of which the members are Directors appointed at a Shareholders' meeting resolves to abolish or amend the Policy, the Policy is abolished or amended at the time of such approval or resolution. If the Board of Directors pays maximum respect to the Independent Committee's recommendations to convene Shareholders' Meeting to Confirm Intentions or if the Board of Directors deems necessary even though the Independent Committee recommends the exercise of countermeasures, the Board of Directors may refer a proposal on exercise of countermeasure to Shareholders' Meeting to Confirm Intentions, by which Shareholders' intentions can be directly confirmed.

- (2) Full satisfaction of requirements sets forth in guidelines for anti-takeover measures  
 The Policy fully satisfies three (3) principles set forth in “Guidelines for Anti-Takeover Measures to Secure or Enhance Corporate Value/Shareholders’ Common Interests” published by the Ministry of Economy, Trade and Industry (“METI”) and the Ministry of Justice on May 27, 2005 (i.e., (a) a principle for securing/improving corporate value/shareholders’ common interests, (b) a principle for prior disclosure/shareholders’ intentions, and (c) a principle for securing necessity/reasonableness). The Policy is also based on “The Way in which Anti-Takeover Measures should be in light of Recent Changes to Circumstances” published on June 30, 2008 by the Corporate Value Study Group established in METI and other recent discussions on anti-takeover measures. Furthermore, the Policy is consistent with the intent of rules for implementation of anti-takeover measures as set forth by Tokyo Stock Exchange, Inc.
- (3) Implementation for securing or improving the Company’s corporate value and Shareholders’ common interests  
 As stated in the above section 1., the Policy is to be implemented to obtain necessary information on Large-Scale Purchase from Purchaser in advance and secure time necessary to evaluate and examine contents of Large-Scale Purchase for the purpose to secure or enhance the Company’s corporate value and Shareholders’ common interests.
- (4) Establishment of reasonable and objective requirements to exercise countermeasures  
 As stated in the above section 3. 2)(2)(v), the Policy has been designed to prevent countermeasures from being exercised unless the reasonable and objective requirements are satisfied, by which a system prohibiting any arbitrary exercise by the Board of Directors is secured.
- (5) Establishment of the Independent Committee  
 As stated in the above section 3. 2)(2)(vi), in the Policy, the Company has set forth to establish the Independent Committee as an organization independent from the Board of Directors in order to guarantee the reasonableness and fairness of the Board of Directors’ decisions on whether a set of procedures have been taken in accordance with the Large-Scale Purchase Rules, and, if the rules are observed, whether or not to exercise certain countermeasures deemed necessary and adequate to secure or enhance the Company’s corporate value and Shareholders’ common interests and whether or not to convene Shareholders’ Meeting to Confirm Intentions, and to secure the reasonableness and fairness of the Board of Directors’ decisions on any other operation of the Policy, exercise of countermeasures and so on.  
 The Board of Directors’ decision-making while paying maximum respect to recommendations from the Independent Committee secures a structure to prevent the Board of Directors from operating the Policy or exercising countermeasures in an arbitrary manner.
- (6) No dead-hand or slow-hand anti-takeover measures  
 As stated in the above section 3. 3), it is set forth that the Policy may be abolished by the Board of Directors of which the members are Directors appointed at a Shareholders’ meeting at any time even before the expiry of the effective period thereof. Accordingly, the Policy is not a dead-hand anti-takeover measure (i.e., anti-takeover measure preventing exercise of countermeasures from being precluded even after replacement of a majority of the Board of Directors’ members). As the term of office of each Director terminates upon the close of the ordinary general meeting of Shareholders for the last fiscal year ending in one (1) year following the appointment and all members of the Board of Directors may be replaced at an ordinary general meeting of Shareholders to be held each year, the Policy is not a slow-hand anti-takeover measure to take time to prevent countermeasures from being exercised, either.
- 5) Impact on Shareholders and investors
- (1) Impact on Shareholders and investors upon the Policy’s becoming effective  
 At the time when the Policy becomes effective, no allotment without consideration of Share Options is conducted. Accordingly, the Policy directly gives no specific impact on any legal right and economic interest in and to shares of the Company held by Shareholders and investors at that time.
- (2) Impact on Shareholders and investors upon allotment without consideration of Share Options  
 If the Board of Directors decides to exercise countermeasures and resolves to conduct allotment without consideration of Share Options, one (1) Share Option per share is allotted without consideration on the effective date to be separately decided to Shareholders entered in the latest shareholders registry as of the record date to be separately decided. Due to the scheme of this countermeasure, the economic value per share of the Company held by Shareholders and investors is also diluted upon such allotment with consideration but the economic value of the

whole shares held by them is not diluted and the ratio of voting rights held by them is not diluted, either. Therefore, the allotment without consideration of Share Options is not expected to directly give any specific impact on the legal right and economic interest in and to the whole shares held by Shareholders and investors.

Even if the Board of Directors resolves the allotment without contribution of Share Options, if the Board of Directors decides to suspend or withdraw the countermeasures that the Board of Directors resolved to exercise in accordance with the procedures stated in the above section 3. 2)(2)(vi)c., because the economic value per share of the Company held by Shareholders and investors is not to be diluted, the investors who traded shares of the Company on the premise that the economic value per share would be diluted may suffer damage due to a fluctuation in the share price.

(3) Impact on Shareholders and investors upon exercise or acquisition of Share Options after allotment without contribution

As selective conditions are planned to be imposed on exercise or acquisition of Share Options, legal rights, etc. of Purchaser and other certain persons are expected to be diluted upon the exercise or acquisition. Even in this case, no specific impact is expected to be directly given on legal rights and economic interests in and to the shares of the Company held by Shareholders and investors other than Purchaser and other certain persons. However, it should be noted that since no transfer of share options without approval from the Board of Directors is permitted, if shares are delivered to Shareholders on and after the record date for allotment without consideration of Share Options as a result of the exercise or acquisition thereof, with respect to the value of shares of the Company held by Shareholders which is attributable to share options, collection of capital invested by means of transfer may be restricted only to the extent attributable to share options during the period up to delivery of the shares to Shareholders.

6) Procedures to be taken by Shareholders upon allotment without contribution of Share Options

(1) Procedures to be taken on the effective date of allotment without contribution of Share Options

In case of Shareholders who are entered in the shareholders registry as of the record date, no procedure for allotment without contribution of Share Options such as application is required to be taken because Share Options are automatically granted as of the effective date of the allotment.

(2) Procedures to be taken by Shareholders upon exercise or acquisition of Share Options after allotment without contribution of Share Options

If the Company acquires Share Options from Shareholders other than Purchaser and other certain persons in accordance with an acquisition clause, the Board of Directors makes a resolution or, in case there are several clauses of the acquisition, resolutions for the respective clauses, and the Company gives public notice to the share-option holders and then acquires the options, in accordance with the procedures set forth in the Companies Act (as set forth in Article 273 and subsequent articles of the said Act). In this case, without paying money equal to the exercise price, Shareholders receives delivery of common shares of the Company in consideration for Share Options exercised by the Company (Shareholders eligible for the allotment may be separately requested to provide information necessary to transfer to their accounts and submit written undertakings in the form prescribed by the Company including representation and warranty clause (such as that Shareholder is not Purchaser or other certain person), indemnification clause and any other undertakings). If the Company requests Shareholders other than Purchaser and other certain persons to exercise Share Options after start of the exercise period of Share Options, the Company sends to the share-option holders documents necessary to exercise the same such as written exercise request. Shareholders are requested to exercise Share Options within the exercise period (and to pay a certain amount of money at the time of exercise). Regardless of which procedure is taken, the Company timely and appropriately discloses details thereof in accordance with the applicable laws and regulations and financial instruments exchange rules. In the event of exercise of countermeasures by the Company, please pay attention to information to be further disclosed by the Company.

END



## Major Shareholders of the Company

(As of March 31, 2020)

- (1) Total number of authorized shares 116,000,000 shares  
 (2) Total number of outstanding shares 29,789,122 shares  
 (3) Number of shareholders 13,226 persons  
 (4) Shareholding by each shareholder

| Category of shareholders   | Number of shareholders (persons) | Number of shares held (shares) | Shareholding ratio (%) |
|----------------------------|----------------------------------|--------------------------------|------------------------|
| Financial institutions     | 45                               | 9,103,154                      | 30.56                  |
| Individuals and others     | 12,819                           | 10,064,440                     | 33.79                  |
| Other corporations         | 174                              | 6,119,537                      | 20.54                  |
| Foreign corporations, etc. | 136                              | 4,199,421                      | 14.10                  |
| Treasury shares            | 1                                | 6,055                          | 0.02                   |
| Securities firms           | 51                               | 296,515                        | 0.99                   |
| Total                      | 13,226                           | 29,789,122                     | 100.00                 |

Note: The number of shares filled out "Other corporations" includes 3,200 shares held in the name of Japan Securities Depository Center, Incorporated.

## (5) Status of major shareholders

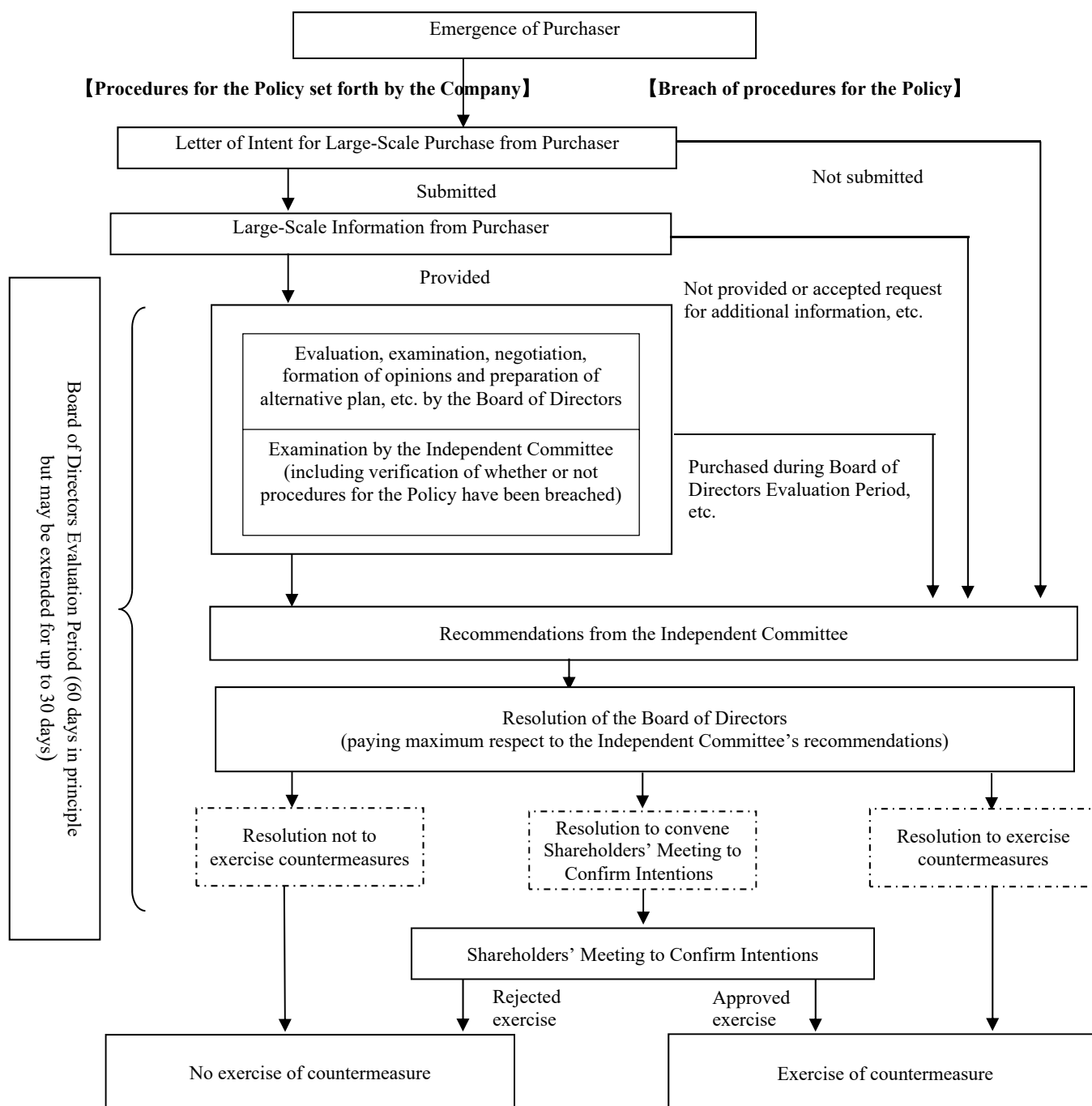
| Name of shareholder  | Investment in the Company              |                    |
|--|--|--------------------|
|  | Number of shares held in the thousands | Investment ratio % |
| The Master Trust Bank of Japan, Ltd. (employee pension trust account/Kobe Steel, Ltd. account) | 2,979                                  | 10.00              |
| The Master Trust Bank of Japan, Ltd. (Trust account)   | 1,330                                  | 4.47               |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS            | 1,110                                  | 3.73               |
| Daikin Industries, Ltd.  | 1,017                                  | 3.41               |
| Japan Trustee Services Bank, Ltd. (Trust account)  | 983                                    | 3.30               |
| SINFONIA TECHNOLOGY Group employee stock ownership association                                 | 891                                    | 2.99               |
| SINFONIA TECHNOLOGY client stock ownership association   | 788                                    | 2.65               |
| Dai Nippon Printing Co., Ltd.  | 732                                    | 2.46               |
| Japan Trustee Services Bank, Ltd. (Trust account 5)  | 532                                    | 1.79               |
| Nabtesco Corporation   | 461                                    | 1.55               |

Note 1: The 2,979,000 shares held by The Master Trust Bank of Japan, Ltd. (employee pension trust account/Kobe Steel, Ltd. account) are the trust assets entrusted by Kobe Steel, Ltd. to the bank. Under the trust agreement, the power to give instruction on exercise of voting rights of the shares is held by Kobe Steel, Ltd.

Note 2: The above investment ratios have been calculated by deducting the number of treasury shares (6,055 shares).

End of Attachment 1

Flowchart



This flowchart has been prepared as reference only to facilitate understanding the contents of the Policy. Please read the above section “Renewal of policy to counter large-scale purchase of share certificates, etc. of the Company (anti-takeover measure)” for details.

Types deemed to Significantly Damage the Company's Corporate Value  
and Shareholders' Common Interests

- (1) If Purchaser is deemed as a person who has no intention to participate in the Company's management in good faith is acquiring or intends to acquire share certificates, etc. of the Company for the purpose to drive up the price of the share certificates, etc. and cause the Company or its related parties to repurchase the same at inflated price (so-called green mailer);
- (2) If Purchaser is deemed to be acquiring share certificates, etc. of the Company for the purpose to control the Company's management for a temporary period of time and transfer assets of the Company or its group companies such as intellectual property rights, know-how, trade secret, major business clients and customers, etc. necessary to run the Company or its group companies to Purchaser itself or its group companies;
- (3) If Purchaser is deemed to be acquiring share certificates, etc. of the Company for the purpose to divert assets of the Company or its group companies as security or funds for payment of debts of Purchaser or its group companies after controlling the management of the Company;
- (4) If Purchaser is deemed to be acquiring share certificates, etc. of the Company for the purpose to control the management of the Company for a temporary period of time and cause its high-priced assets such as real properties and securities which are not relevant to the business of the Company or its group companies for the time being to be disposed of by sale, etc. in order to receive proceeds from the disposal as temporary high dividend or sell the share certificates, etc. of the Company at inflated price by getting an opportunity of the share price to skyrocket caused by such a temporary high dividend; and
- (5) If Purchaser is deemed to be likely to restrict opportunities or discretion of Shareholders to make decisions and, in effect, force Shareholders to sell their share certificates, etc. of the Company by means of so-called high-handed two-phase acquisition (meaning purchase of share certificates, etc. such as tender offer in a two-phase method by which, in the first phase, Purchaser does not offer purchasing the whole share certificates, etc. of the Company and sets the conditions for the second-phase offer which are disadvantageous for or unclear to Shareholders).

End of Attachment 3

## Outline of Share Options

- (1) Total allotment number of Share Options  
The total allotment number of Share Options is equal to the total latest number of outstanding common shares of the Company as of a specific date (“Allotment Date”) to be separately decided by the Board of Directors’ resolution for allotment without contribution of Share Options (“Resolution of Share Options Allotment without Contribution”) (but excluding the number of common shares held by the Company at that time).
- (2) Shareholders eligible for the allotment  
Shareholders who are entered in the latest shareholders registry as of Allotment Date are eligible for allotment without contribution of one (1) Share Option per common share held (but excluding common shares held by the Company at that time).
- (3) Effective date of allotment without contribution of Share Options  
The effective date is separately decided by Resolution of Share Options Allotment without Contribution.
- (4) Type and number of shares subject to Share Options  
The type of shares subject to Share Options is common type and the number of shares subject to one (1) Share Option (“Number of Subject Shares”) is one (1) or more and to be separately decided by Resolution of Share Options Allotment without Contribution; provided, however, that in case of share split or share consolidation, etc. by the Company, the Company makes necessary arrangements.
- (5) Contents and value of properties to be contributed upon exercise of Share Options  
Money is contributed upon exercise of Share Options and the amount of properties to be contributed per common share of the Company upon the exercise is 1 yen or more and to be separately decided by Resolution of Share Options Allotment without Contribution.
- (6) Restrictions on transfer of Share Options  
Transfer of Share Options requires approval from the Board of Directors.
- (7) Requirements to exercise Share Options  
Share Options may not be exercised by (i) Specified Large-Volume Holder<sup>1</sup>, (ii) Joint Holder<sup>2</sup> of Specified Large-Volume Holder, (iii) Specified Large-Volume Purchaser<sup>3</sup>, (iv) Specified Large-Volume Purchaser’s specially related party, (v) persons who acquired or succeeded to Share Options from any of those listed in (i) through (iv) above without approval of the Board of Directors, or (vi) Related Party<sup>4</sup> of any of those listed in (i) through (v) above (collectively “Ineligible Persons”). The

<sup>1</sup> This “Specified Large-Volume Holder” means a holder of share certificates, etc. issued by the Company and its ownership ratio of share certificates, etc. is 20% or more or any person deemed by the Board of Directors to fall under the category. However, those by whom the acquisition/holding of share certificates, etc. of the Company is deemed by the Board of Directors not to be against the Company’s corporate value and Shareholders’ common interests and those to be separately set forth by the Board of Directors at Resolution of Share Options Allotment without Contribution are excluded. Hereinafter the same.

<sup>2</sup> This “Joint Holder” means the Joint Holder set forth in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act (the “Act”) and includes those deemed to be Joint Holders based on Paragraph 6 of the said Article.

<sup>3</sup> This “Specified Large-Volume Purchaser” means a person who publicly notified to conduct purchase, through tender offer, of share certificates, etc. issued by the Company (meaning the Share Certificates, etc. set forth in Article 27-2, Paragraph 1 of the Act; hereinafter the same in these footnotes) if its ownership ratio of share certificates, etc. held after such purchase, etc. (including those equivalent thereto as set forth in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act) together with ownership ratio of share certificates, etc. held by its specially related parties becomes 20% or more in total and any other persons deemed by the Board of Directors to be Specified Large-Volume Purchasers. However, those by whom the acquisition/holding of share certificates, etc. of the Company is deemed by the Board of Directors not to be against the Company’s corporate value and Shareholders’ common interests and those to be separately set forth by the Board of Directors at Resolution of Share Options Allotment without Contribution are excluded. Hereinafter the same.

<sup>4</sup> This “Related Party” of a person means the one who substantively controls such person, is controlled by such person or is under the common control (including those deemed by the Board of Directors to fall under the above) or the one deemed by the Board of Directors to act in concert with such person. The “control” means “controlling decision-making of financial and business policies” of other companies, etc. (as set forth in Article 3, Paragraph 3 of the Regulation for Enforcement of the

Company does not expect to deliver money in consideration for acquisition of Share Options held by Ineligible Persons. Details of requirements to exercise Share Options are separately decided by Resolution of Share Options Allotment without Contribution.

- (8) Acquisition of Share Options by the Company  
The Company may acquire Share Options held by persons other than Ineligible Persons and deliver common shares of the Company in Number of Subject Shares per one (1) Share Option as of such acquisition date in exchange for Share Options, in consideration for the acquisition. Details of acquisition clause for Share Options are separately set forth in Resolution of Share Options Allotment without Contribution.
- (9) Acquisition without consideration in case of suspension, etc. of countermeasures exercised  
If the Board of Directors resolves to suspend or withdraw countermeasures exercised or if Resolution of Share Options Allotment without Contribution separately sets forth, the Company may acquire the whole Share Options without contribution.
- (10) Issuance of Share Options  
No share option certificates for Share Options are issued.
- (11) Exercise Period, etc. of Share Options  
The exercise period and any other matters necessary for Share Options are separately set forth by Resolution of Share Options Allotment without Contribution.

End of Attachment 4

## Outline of the Independent Committee Rules

1. The Independent Committee is established by the Board of Directors' resolution.
2. The Independent Committee comprises of three (3) or more members appointed by the Board of Directors among 1) Outside Directors, 2) Outside Corporate Auditors and 3) outside intellectuals who are independent from the management executing the Company's operation ("Members"); provided, however, that such outside intellectuals need to be lawyers, accountants, public certified accountants, academic experts, persons acquainted with investment banking business or outsiders having experience in working as director or executive officer of other companies and the like, who have entered into agreements with the Company as separately designated by the Board of Directors including clauses of duty of care of a good manager, etc. to the Company.
3. The term of Members terminates upon the close of the Shareholders' ordinary general meeting for the last fiscal year ending in three (3) years after the appointment unless otherwise set forth by the Board of Directors' resolution. If any Member who is Outside Director or Outside Corporate Auditor ceases to be the same (excluding if he/she is reappointed), his/her term of office of Member is terminated at the same time.
4. The Independent Committee makes decisions for the following items and recommends the decisions together with reason therefor to the Board of Directors. Paying maximum respect to the recommendations, the Board of Directors as the body in charge of deciding whether or not to exercise countermeasures under the Companies Act makes resolutions. In making such decisions and resolutions, each Member and each Director must take into account whether or not such decisions and resolutions serve the Company's corporate value and Shareholders' common interests and must not aim to exclusively promote his/her own or the Company's management's personal interests.
  - 1) Whether or not to exercise countermeasures;
  - 2) Whether or not to continue countermeasures exercised;
  - 3) Extension of Board of Directors Evaluation Period;
  - 4) Any other matters to be decided by the Board of Directors for which the Board of Directors has requested at its discretion the Independent Committee to give advice; and
  - 5) Convocation of Shareholders' Meeting to Confirm Intentions
5. In addition to the above, the Independent Committee may conduct the following items:
  - 1) To decide whether an act falls under Large-Scale Purchase subject to the Large-Scale Purchase Rules or not;
  - 2) To decide items of information to be provided by Purchaser and the Board of Directors to the committee and a deadline by which the Board of Directors responds with respect to the information provided;
  - 3) To examine whether a set of procedures have been taken in accordance with the Large-Scale Purchase Rules (including whether the information provided by Purchaser is necessary and enough as Large-Scale Purchase Information and whether the Board of Directors continues demanding more information even though necessary and enough information has been already provided to the Board of Directors);
  - 4) To evaluate and examine contents of Large-Scale Purchase by Purchaser;
  - 5) To discuss and negotiate with Purchaser;
  - 6) To request the Board of Directors to present its alternative proposal and examine such proposal;
  - 7) To give an approval on abolishment of or amendment to the Policy;
  - 8) Matters which the Policy authorizes the committee to conduct; and
  - 9) Matters which the Board of Directors separately authorizes the committee to conduct
6. If the Independent Committee decides that information provided as Large-Scale Purchase Information is insufficient, the committee demands additional information from Purchaser directly or via the Board of Directors. When Purchaser submits Letter of Intent for Large-Scale Purchase and additional Large-Scale Purchase Information requested by the committee, the committee may also request the Board of Directors to present its opinion on Purchaser and contents of Large-Scale Purchase and information materials supporting such opinion, an alternative proposal and any other information and materials, etc. as the committee deems necessary within a reasonable period time as designated.

7. The Independent Committee may request explanations on the information and materials, etc. mentioned in the above paragraph from Directors, Corporate Auditors and employees who were engaged in preparation thereof and third parties who gave advice in preparation thereof when the committee deems necessary.
8. The Independent Committee may obtain advice from independent third parties (including financial advisers, certified public accountants, lawyers, consultants and any other experts) at the Company's expense.
9. Each Member may convene a meeting of the Independent Committee at any time in the event of Large-Scale Purchase of the Company's share certificates, etc. is conducted.
10. The Independent Committee's resolution is deemed to be approved when all Members are present and a majority thereof vote for such resolution at a meeting; provided, however, that if any accident occurs to any Member or there are any other unavoidable circumstances, the committee's resolution is deemed to be approved when a majority of Members are present and a majority of their votes are cast for such resolution at a meeting.

End of Attachment 5

## Career Summary of the Independent Committee Members

The Independent Committee Members will comprise of the following three (3) officers:  
There is no special interest between each Member and the Company.

(\*Honorifics omitted)

## Kazuo Shigekawa

Career summary: Date of Birth: January 18, 1948

|            |  |
|------------|--|
| April 1972 | Joined Kobe Steel, Ltd.  |
| April 1997 | President of KOBELCO COMPRESSORS (AMERICA), INC.               |
| June 2002  | Officer of Kobe Steel, Ltd.                                    |
| April 2004 | Senior Officer of Kobe Steel, Ltd.                             |
| April 2007 | Executive Officer of Kobe Steel, Ltd.                          |
| June 2008  | Senior Managing Director of Kobe Steel, Ltd.                   |
| April 2009 | Senior Representative Director of Kobe Steel, Ltd.             |
| April 2010 | Executive Vice President of Kobe Steel, Ltd.                   |
| April 2012 | Advisor of Kobelco Eco-Solutions Co., Ltd.                     |
| June 2012  | President of Kobelco Eco-Solutions Co., Ltd.                   |
| June 2015  | Advisor of Kobelco Eco-Solutions Co., Ltd.                     |
| June 2016  | Retired as Advisor of Kobelco Eco-Solutions Co., Ltd.          |
| June 2017  | Outside Director of the Company (part-time) (present position) |

\*\* Mr. Kazuo Shigekawa has been designated as an Independent Officer based on the regulations of Tokyo Stock Exchange, Inc. If his election as Outside Director is approved at this Shareholders' Meeting, the Company plans to continue to designate him as an Independent Officer.

## Kenji Ohnishi

Career summary: Date of Birth: April 1, 1955

|               |   |
|---------------|---|
| April 1977    | Joined SHINSHO Corporation  |
| April 1994    | President of SHINSHO (MALAYSIA) SDN. BHD.   |
| February 1999 | International Trading Group Leader of Machinery Division of SHINSHO Corporation                                       |
| October 2004  | General Manager of Int'l Trading Department of Machinery & IT Division of SHINSHO Corporation                         |
| June 2007     | Officer of SHINSHO Corporation  |
| June 2010     | Senior Officer of SHINSHO Corporation   |
| June 2013     | Senior Officer of SHINSHO Corporation,<br>Representative Director & President of KOBELCO TRADING (SHANGHAI) CO., LTD. |
| June 2015     | Director & Executive Officer of SHINSHO Corporation   |
| June 2017     | Representative Director & Executive Officer of SHINSHO Corporation  |
| June 2018     | Advisor of SHINSHO Corporation  |
| June 2018     | Director of MATSUBO Corporation (present position)  |
| June 2019     | Retired as Advisor of SHINSHO Corporation   |

\*\* If the election of Mr. Kenji Ohnishi as Outside Corporate Auditor is approved at this Shareholders' Meeting, the Company plans to designate him as an Independent Officer based on the regulations of Tokyo Stock Exchange, Inc.



Mr. Osamu Shimotani

Career summary: Date of Birth: March 26, 1956

|              |  |
|--------------|--|
| April 1988   | Admitted to the Bar (up to the present day)  |
| April 1994   | Tokyo Bar Association Regular Delegate (until March 1995)  |
| April 1999   | Kanto Federation of Bar Associations Managing Director (until March 2000)  |
| April 2006   | Bar Association Building Lecture Hall Operation Committee President (until March 2009)                                     |
| April 2010   | Tokyo Bar Association Vice-President (until March 2011)  |
| April 2011   | Tokyo Bar Association Building Committee President (until March 2012)  |
| June 2011    | Tokyo Lawyers Cooperative Executive Director (until May 2013)  |
| July 2011    | Bureau Chief of Legal Team to Support the Great East Japan Earthquake Nuclear-Accident Afflicted People (until March 2013) |
| January 2012 | Establishment of Shimotani Law Office (up to the present day)  |
| April 2015   | Tokyo Bar Association Building Committee President (until March 2017)  |
| June 2015    | Japan Federation of Lawyers Cooperatives Executive Director (until May 2017)   |
| June 2016    | Outside Corporate Auditor of the Company (part-time) (present position)  |
| June 2017    | Tokyo Lawyers Cooperative Director   |
| May 2019     | Tokyo Lawyers Cooperative Vice President (present position)  |

\*\* Mr. Osamu Shimotani has been designated as an Independent Officer based on the regulations of Tokyo Stock Exchange, Inc. If his election as Outside Corporate Auditor is approved at this Shareholders' Meeting, the Company plans to continue to designate him as an Independent Officer.

End of Attachment 6