

June 4, 2021

To our shareholders

Atsushi Kaneda  
Representative Director,  
President and Chief Executive Officer  
**H-ONE CO., LTD.**  
11-5, Sakuragi-cho 1-chome, Omiya-ku,  
Saitama-shi, Saitama 330-0854, Japan

## **Notice of the 15th Ordinary General Meeting of Shareholders**

You are hereby notified that the 15th Ordinary General Meeting of Shareholders of H-ONE CO., LTD. (the “Company”) will be held as indicated below.

**To prevent the spread of novel coronavirus disease (COVID-19) and ensure the safety of our shareholders, we ask you to, if at all possible, exercise your voting rights in writing or by electronic means (via the Internet, etc.). In addition, if you attend the meeting, please take measures to prevent infection, such as wearing a mask, when attending.**

If you exercise your voting rights in writing or by electronic means (via the Internet, etc.), please exercise your voting rights by 5:00 p.m. on Tuesday, June 22, 2021 (Japan Time), having reviewed the Reference Documents for the General Meeting of Shareholders, which follow this notice.

**1. Date and Time:** June 23, 2021 (Wednesday) 10:00 a.m. (reception opens at 9:30 a.m.) (Japan Time)

**2. Venue:** 11-5, Sakuragi-cho 1-chome, Omiya-ku, Saitama-shi, Saitama, Japan  
Saisan Hall, 8th Floor, KS Building  
(The venue has changed from the previous year.)

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

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

1. The Business Report and the Consolidated Financial Statements for the 15th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 15th fiscal year (from April 1, 2020 to March 31, 2021)

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

- |                   |   |
|-------------------|---|
| <b>Proposal 1</b> | Appropriation of the Surplus  |
| <b>Proposal 2</b> | Partial Amendments to the Articles of Incorporation                                   |
| <b>Proposal 3</b> | Election of Seven (7) Directors   |
| <b>Proposal 4</b> | Election of One (1) Substitute Audit & Supervisory Board Member                       |
| <b>Proposal 5</b> | Resetting of Limit on Remuneration of the Share-based Remuneration Plan for Directors |

### **4. Disclosure via the Internet**

- (1) Of those documents that would require appending to this notice, the following materials have been made available on the Company’s website mentioned below in accordance with laws and regulations, and Article 15 of the Company’s Articles of Incorporation, and are therefore not presented in this notice:
- i. The “Consolidated Statements of Changes in Equity” and “Notes to the Consolidated Financial Statements” as a part of the Consolidated Financial Statements
  - ii. The “Non-consolidated Statements of Changes in Equity” and “Notes to the Financial Statements” as a part of the Non-consolidated Financial Statements

Moreover, in addition to each of the documents presented in this notice, the Consolidated Financial Statements and Non-consolidated Financial Statements reviewed by the Audit & Supervisory Board Members and the Accounting Auditor, include the “Consolidated Statements of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Equity,” and “Notes to the Financial Statements” posted on the Company’s website.

- (2) In the event that any revision is made to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised matters of these documents will be posted on the Company’s website mentioned below.

The Company’s website: <a href="https://www.h1-co.jp/">https://www.h1-co.jp/</a> (only available in Japanese)
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## Reference Documents for the General Meeting of Shareholders

### Proposal 1 Appropriation of the Surplus

With regard to the appropriation of the surplus, having taken into account the performance for the fiscal year under review and future business expansion, the Company proposes the following:

#### Year-end dividends

- |  |               |
|--|---------------|
| (1) Type of dividends:                                     | Cash          |
| (2) Dividend allocation and their aggregate amount thereof |               |
| Dividend per common share of the Company:                  | ¥14           |
| Total dividends:   | ¥397,477,990  |
| (3) Effective date of dividends of surplus:                | June 24, 2021 |

#### (Reference Note)

##### Dividend Policy

The Company regards the continuous return of profits to its shareholders as a highly important management policy, and maintains a basic policy to stably implement dividends according to the Company's performance to its shareholders over the long term, having taken into consideration future business expansion, investments in facilities, and the like, as well as striving to improve the return on equity attributable to owners of the parent (ROE).

## Proposal 2 Partial Amendments to the Articles of Incorporation

### 1. Reasons for the amendments:

(1) To clarify business objectives based on the current business status of the Company and its subsidiaries and prepare for future business expansion, the Company proposes to add business objectives.

(2) Due to addition of paragraphs, numbering of the paragraphs will be carried down.

### 2. Details of the amendments:

The details of the amendments are as follows (underlined text indicates amendments.):

Current Articles of Incorporation		Proposed Amendments	
Article 1	(Provision omitted)	Article 1	(Unchanged)
(Objectives)		(Objectives)	
Article 2	(Provision omitted)	Article 2	(Unchanged)
1 to 13	(Provisions omitted)	1 to 13	(Unchanged)
	(Newly established)	<u>14 Entrusted development business for products and goods</u>	
	(Newly established)	<u>15 Development, manufacture, and sales of consumer products and daily use items, etc.</u>	
	(Newly established)	<u>16 Development and sales of software</u>	
	(Newly established)	<u>17 Worker dispatching business and fee-charging employment placement business</u>	
<u>14</u>	(Provision omitted)	<u>18</u>	(Unchanged)
Articles 3 to 48	(Provisions omitted)	Articles 3 to 48	(Unchanged)

### Proposal 3 Election of Seven (7) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this General Meeting of Shareholders.

Therefore, in order to strengthen and enhance the corporate governance system, the Company proposes to elect seven (7) Directors by increasing one (1) Outside Director.

Candidates for Director are as follows:

#### List of Candidates for Director

Candidate No.	Name	Current Position Within the Company	Responsibilities Within the Company and Significant Concurrent Positions Outside the Company	
1	Atsushi Kaneda	Representative Director		Re-election
2	Kiyofumi Ota	Director	- Chief Operating Officer of the Administration Operations - Compliance Officer - Responsible for Environmental Activities	Re-election
3	Hiroyuki Watanabe	—	- Chief Operating Officer of the Production Operations - Risk Management Officer	New election
4	Hidenori Matsumoto	—	- Chief Operating Officer of the Development & Engineering Operations	New election
5	Keiichiro Maruyama	Director	- Deputy Managing Partner of Nagawa-Okamura Law Firm - Outside Corporate Auditor of TODA CORPORATION	Re-election Outside Independent
6	Kunihiro Todokoro	Director	- Representative Director, Chairperson and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.	Re-election Outside Independent
7	Sawako Yamamoto	—		New election Outside Independent

New election: Candidate for new election as Director

Re-election: Candidate for re-election as Director

Outside: Candidate for Outside Director

Independent: Independent Officer or the one intended to submit notification as Independent Officer as stipulated by the Tokyo Stock Exchange

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company		Number of the Company's Shares Owned (Thousands of Shares)
1	<p>Atsushi Kaneda (August 23, 1961) [Re-election]</p> <p>Attendance at the Board of Directors meetings (11/11)</p>	<p>Mar. 1985      Joined Hongo Seisakusho</p> <p>Dec. 2005      Operating Officer of HONGO CO., LTD.</p> <p>Apr. 2006      Operating Officer and Factory Operating Officer of the Koriyama Factory of the Company</p> <p>Apr. 2007      General Manager of the Corporate Management Planning Operations of the Company</p> <p>Jun. 2007      Senior Operating Officer of the Company</p> <p>Jun. 2008      Managing Director of the Company</p> <p>Apr. 2010      Chief Operating Officer of the Production Operations of the Company</p> <p>Apr. 2011      Chief Operating Officer of the Development &amp; Engineering Operations of the Company</p> <p>Jun. 2011      Representative Director, President and Chief Operating Officer of the Development &amp; Engineering Operations of the Company</p> <p>Apr. 2012      Representative Director and President of the Company</p> <p>Jun. 2016      Representative Director, President and Chief Executive Officer of the Company (current position)</p>		18
<p>[Reasons for Nomination as a Candidate for Director]</p> <p>Mr. Atsushi Kaneda has many years of experience in the fields of development and production, during which he has been engaged in the establishment and launch of two subsidiaries in the United States. Since the establishment of the Company in its current form through the merger in 2006, he has engaged in expanding operations of the Company's business as supervisor of the corporate planning, production and development divisions, and possesses abundant experience and considerable insight related to the global operation of business. Since being appointed as Representative Director of the Company, he has demonstrated potent leadership skills that capitalize on this experience and knowledge, and he has driven forward efforts to enhance the Company Group's corporate value.</p> <p>Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has renominated him as a candidate for Director.</p>				

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
2	Kiyofumi Ota (September 23, 1960) [Re-election]  Attendance at the Board of Directors meetings (11/11)	<p>Apr. 1983      Joined the Industrial Bank of Japan, Ltd. (current Mizuho Bank, Ltd.)</p> <p>Apr. 2008      General Manager of the Dalian Branch of Mizuho Corporate Bank (China), Ltd. (current Mizuho Bank (China), Ltd.)</p> <p>Sep. 2010      Joined the Company Executive Vice President of GH Auto Parts Industries Inc.</p> <p>Apr. 2011      President of QH Auto Parts Industries Inc. and Executive Vice President of GH Auto Parts Industries Inc.</p> <p>Jun. 2011      Operating Officer of the Company</p> <p>Jan. 2013      Assistant to Chief Operating Officer of the Administration Operations</p> <p>Apr. 2013      Deputy Operating Officer of the Administration Operations of the Company</p> <p>Jun. 2013      Director of the Company</p> <p>Apr. 2014      Chief Operating Officer of the Administration Operations of the Company (current position)</p> <p>Jun. 2014      Managing Director of the Company</p> <p>Apr. 2016      Compliance Officer (current position) and Responsible for Environmental Activities of the Company (current position)</p> <p>Jun. 2016      Director and Senior Managing Officer of the Company (current position)</p>	6
<p>[Reasons for Nomination as a Candidate for Director]</p> <p>Mr. Kiyofumi Ota has pursued duties related to China for many years during his time serving in financial institutions. Having engaged in the management of Chinese subsidiaries after joining the Company, he now supervises accounting and finance, HR and labor, and compliance and the governance of the Company Group as the supervisor of the administration division, and he therefore possesses abundant experience and considerable insight related to the global operation of business.</p> <p>Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has renominated him as a candidate for Director.</p>			

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company		Number of the Company's Shares Owned (Thousands of Shares)
3	Hiroyuki Watanabe (February 25, 1960) [New election]  Attendance at the Board of Directors meetings -	Mar. 1978	Joined Hirata Press Kogyo Co., Ltd.	8
		Oct. 2006	General Manager of the Production Division of the Maebashi Factory of the Company	
		Apr. 2011	Factory Operating Officer of the Kameyama Factory of the Company	
		Jun. 2012	Operating Officer of the Company	
		Apr. 2014	General Manager of the Production Planning Group of the Company (current position)	
		Jun. 2014	Director of the Company	
		Aug. 2014	Factory Operating Officer of the Koriyama Factory of the Company	
		Jun. 2016	Senior Operating Officer of the Company	
		Apr. 2019	Managing Officer (current position), Chief Operating Officer of the Production Operations (current position), and Risk Management Officer of the Company (current position)	
		Mar. 2021	Factory Operating Officer of the Kameyama Factory of the Company	
[Reasons for Nomination as a Candidate for Director] Mr. Hiroyuki Watanabe has engaged in management of the Company's Canadian subsidiary and business operations in production base in Japan in the past. He presently supervises various initiatives for strengthening the Company Group's business foundation and risk management system as the supervisor of production divisions. He therefore possesses abundant experience and considerable insight related to the manufacturing and marketing of automobile parts, the primary business of the Company Group. Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has nominated him as a candidate for Director.				
4	Hidenori Matsumoto (October 6, 1960) [New election]  Attendance at the Board of Directors meetings -	Apr. 1983	Joined Honda Motor Co., Ltd.	7
		Apr. 2004	Body Design Manager of Honda R&D Co., Ltd.	
		Apr. 2010	Chief Inspection Engineer of Honda Access Corporation	
		May 2012	Vice President, and Chief Development Officer of Honda Access America, Inc.	
		Apr. 2015	Joined the Company	
		Jun. 2015	Operating Officer and Center Chief Operating Officer of the Model Development Center of the Company (current position)	
		Jun. 2016	Senior Operating Officer of the Company	
		Apr. 2019	Managing Officer of the Company (current position)	
		Apr. 2021	Chief Operating Officer of the Development & Engineering Operations of the Company (current position)	
[Reasons for Nomination as a Candidate for Director] While working at Honda Motor Co., Ltd. and its affiliated companies, Mr. Hidenori Matsumoto has engaged in research and design operations of automobile body both in Japan and overseas. Since joining the Company, he has supervised various R&D initiatives as the supervisor of research & development divisions, such as increasing the added value of automobile parts through the development of new techniques and development of new products. He therefore possesses deep knowledge and excellent foresight with regard to the development of new techniques and new products, upon which the business activities of the Company Group depend. Given this, the Company has determined that he can sufficiently fulfill the role of deciding on important matters and supervising the execution of business within the Company Group, and so the Company has nominated him as a candidate for Director.				



Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company		Number of the Company's Shares Owned (Thousands of Shares)
5	Keiichiro Maruyama (November 27, 1963) [Re-election] [Candidate for Outside Director] [Independent Officer]  Attendance at the Board of Directors meetings (11/11)	Apr. 1998	Registered as lawyer (TOKYO BAR ASSOCIATION)	—
		Apr. 1998	Joined Nagawa-Okamura Law Firm	
		Jan. 2001	Deputy Managing Partner of Nagawa-Okamura Law Firm (current position)	
		May 2009	Director of Tokyo College of Music	
		Jun. 2014	Outside Director of the Company (current position)	
		Jun. 2016	Outside Corporate Auditor of TODA CORPORATION (current position)	
		Apr. 2021	Chairman of the Board of Tokyo College of Music (current position)	
	[Reasons for Nomination as a Candidate for Outside Director and Expected Roles]			
	Mr. Keiichiro Maruyama possesses abundant experience and considerable insight cultivated as a lawyer and is active in making proposals and recommendations to the management of the Company Group in the Board of Directors meetings of the Company. The Company has determined he will be able to continue making statements on the execution of business of the Company Group from a professional viewpoint as a lawyer, while overseeing the business from his independent and fair standpoint, and so the Company has renominated him as a candidate for Outside Director.  He does not have experience of directly contributing to the management of a company; however, he has elevated and broad perspective as a lawyer. Moreover, given that he is knowledgeable of the governance of companies and has sufficient discernment as an Outside Director, the Company has judged that he is able to appropriately execute his duties.			
	[Considerations on His Independence] Nagawa-Okamura Law Firm, at which Mr. Keiichiro Maruyama serves as Deputy Managing Partner, has entered into a legal consulting contract with the Company; however, the remuneration amounts paid by the Company are small, and the Company has determined that this does not impede his independence.  Moreover, the Company has submitted notification of his position as Independent Officer to the Tokyo Stock Exchange.			

Notes:

1. Mr. Keiichiro Maruyama's tenure as Outside Director will be seven (7) years upon the conclusion of this General Meeting of Shareholders.
2. The Company has entered into an agreement with Mr. Keiichiro Maruyama to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Director, the Company intends to roll over this limitation of liability contract with him.

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company		Number of the Company's Shares Owned (Thousands of Shares)	
6	Kunihiro Todokoro (May 29, 1954) [Re-election] [Candidate for Outside Director] [Independent Officer]  Attendance at the Board of Directors meetings (11/11)	Apr. 1977	Joined Saitama Bank, Ltd. (current Saitama Resona Bank, Limited)		
		Jun. 2009	Representative Director and Vice President of Saitama Resona Bank, Limited		
		Jun. 2013	Representative Director and President of J AND S INSURANCE SERVICE Co., Ltd.		
		Jun. 2015	Representative Director and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.		
		Jun. 2016	Outside Director of the Company (current position)		
		Jun. 2019	Chair of SAITAMA KEIZAI DOYUKAI (current position)		
		Jun. 2020	Representative Director and Chairperson of FUJI WAREHOUSE&TRANSPORTATION CO., LTD.		
		Apr. 2021	Representative Director, Chairperson and President of FUJI WAREHOUSE&TRANSPORTATION CO., LTD. (current position)		
		[Reasons for Nomination as a Candidate for Outside Director and Expected Roles]			
	Mr. Kunihiro Todokoro possesses abundant experience and considerable insight from engaging in the management of financial institutions and multiple businesses and is active in making proposals and recommendations to the management of the Company Group in the Board of Directors meetings of the Company. The Company has determined he will be able to continue making statements on the execution of business of the Company Group from a professional viewpoint as the one experienced in management, while overseeing the business of the Company Group from his independent and fair standpoint, and so the Company has renominated him as a candidate for Outside Director.				
	[Considerations on His Independence]				
The Company makes transactions related to storage and warehousing of goods with FUJI WAREHOUSE&TRANSPORTATION CO., LTD., at which Mr. Kunihiro Todokoro serves as Representative Director, Chairperson and President; however, the remuneration amounts paid by the Company are small.					
In addition, the Company is a borrower of Saitama Resona Bank, Limited, of which Mr. Kunihiro Todokoro was formerly Representative Director and Vice President; however, more than eight (8) years have passed since he retired from that position, and the Company has judged that this does not impede his independence.					
Moreover, the Company has submitted notification of his position as Independent Officer to the Tokyo Stock Exchange.					

Notes:

1. Mr. Kunihiro Todokoro's tenure as Outside Director will be five (5) years upon the conclusion of this General Meeting of Shareholders.
2. The Company has entered into an agreement with Mr. Kunihiro Todokoro to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act. In the event that the candidate is re-elected as Director, the Company intends to roll over this limitation of liability contract with him.

Candidate No.	Name (Date of Birth)	Career Summary, Position, Responsibilities, and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
7	Sawako Yamamoto (June 5, 1960) [New election] [Candidate for Outside Director] [Independent Officer (notifications to be submitted)]  Attendance at the Board of Directors meetings -	Apr. 1983      Joined Secretariat of Fair Trade Commission (current General Secretariat of Fair Trade Commission) Jun. 2008      Division Manager, Personnel Division, Secretariat, General Secretariat of Fair Trade Commission Sep. 2012      Deputy Director General, Investigation Bureau, General Secretariat of Fair Trade Commission Jul. 2014      Senior Deputy Secretary General, Secretariat, General Secretariat of Fair Trade Commission Jun. 2016      Director General, Investigation Bureau, General Secretariat of Fair Trade Commission	—
	[Reasons for Nomination as a Candidate for Outside Director and Expected Roles] Ms. Sawako Yamamoto possesses abundant experience and considerable insight cultivated by successively holding important positions at the Fair Trade Commission. The Company has determined that, after appointed as Director, she will be able to make statements on the execution of business of the Company Group from a professional viewpoint as a professional of corporate legal affairs, while overseeing the business from her independent and fair standpoint, and so the Company has nominated her as a candidate for Outside Director.  She does not have experience of directly contributing to the management of a company; however, she has elevated and broad perspective backed by her experience serving at the Fair Trade Commission. Moreover, given that she is knowledgeable of the governance of companies and has sufficient discernment as an Outside Director, the Company has judged that she is able to appropriately execute her duties.		
	[Considerations on Her Independence] The Fair Trade Commission, at which Ms. Sawako Yamamoto served as Director General of the Investigation Bureau until July 2018, has no transactions with the Company; therefore, the Company has judged that there are no problems with regards to her independence.  If the election of Ms. Sawako Yamamoto is approved, the Company intends to submit notification of her position as Independent Officer to the Tokyo Stock Exchange.		

Note: If the election of Ms. Sawako Yamamoto is approved, the Company intends to enter into an agreement with her to limit her liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act.

Notes applicable to all of the seven (7) candidates above:

1. There are no special interests between any of the candidates for Directors and the Company.
2. The number of shares of the Company owned by each of the candidates for Director includes the shares held under the name of the Officer's Shareholder Association.
3. The Company has not entered into an indemnity agreement stipulated by Article 430-2, Paragraph 1 of the Companies Act, with each of the candidates for Director.
4. The Company has entered into a Directors and Officers liability insurance agreement with an insurance company in accordance with Article 430-3, Paragraph 1 of the Companies Act. According to the said insurance agreement, if a claim for damages is made against the insured resulting from the insured's action (including nonfeasance) in the capacity of such position during the period of insurance, legal compensation for damages and fees for legal actions, etc. will be compensated. However, in order not to impair the appropriateness of duty execution by the insured, the policy includes an exemption such that it does not cover criminal acts of the insured or damages to an officer in person who has intentionally acted in violation of the law.  
If each candidate for Director is appointed as Director, he/she will become one of the insureds under said insurance agreement. The Company plans to renew the said insurance agreement under the same conditions during the Directors' terms of office.

#### Proposal 4 Election of One (1) Substitute Audit & Supervisory Board Member

In preparation for the case of absences causing the number of Audit & Supervisory Board Members required by law not being met, the Company proposes the election of one (1) substitute Audit & Supervisory Board Member, pursuant to the provisions of Article 329, Paragraph 3 of the Companies Act.

This proposal has obtained the consent of the Audit & Supervisory Board.

The candidate for substitute Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	Career Summary and Significant Concurrent Positions Outside the Company	Number of the Company's Shares Owned (Thousands of Shares)
Hiroyuki Iijima (October 27, 1974)	Apr. 1997      Joined Plaza Create Co., Ltd. Oct. 2002      Joined Iijima Certified Public Tax Accountant Office (current position) Apr. 2007      Registered as a certified public tax accountant	—
<p>[Reasons for Nomination as a Candidate for Substitute Outside Audit &amp; Supervisory Board Member]</p> <p>Mr. Hiroyuki Iijima is an active certified public tax accountant and, if he is appointed as Audit &amp; Supervisory Board Member, the Company's supervisory organization will benefit from the specialized knowledge and experience that he has cultivated as a certified public tax accountant; therefore, the Company proposes his appointment as a substitute Outside Audit &amp; Supervisory Board Member.</p> <p>He does not have experience of directly contributing to the management of a company; however, he has elevated and broad perspective as a certified public tax accountant. Moreover, given that he has sufficient discernment to be an Outside Audit &amp; Supervisory Board Member, the Company has determined that he is able to appropriately execute his duties.</p>		
<p>[Considerations on His Independence]</p> <p>Iijima Certified Public Tax Accountant Office, at which Mr. Hiroyuki Iijima is engaged in his significant concurrent position, has no transactions with the Company and has no contractual relationships, such as for consulting, with the Company; therefore, the Company has judged that there are no problems with regards to his independence.</p> <p>If he is appointed as Audit &amp; Supervisory Board Member, the Company intends to submit notification of his position as Independent Officer to the Tokyo Stock Exchange.</p>		

Notes:

1. There are no special interests between the Mr. Hiroyuki Iijima and the Company.
2. Mr. Hiroyuki Iijima is a candidate for substitute Outside Audit & Supervisory Board Member.
3. If Mr. Hiroyuki Iijima is appointed as Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit his liability for damages as stipulated by Article 423, Paragraph 1 of the Companies Act, pursuant to the stipulations of Article 427, Paragraph 1 of the same act.
4. If Mr. Hiroyuki Iijima is appointed as Audit & Supervisory Board Member, he will become one of the insureds under a Directors and Officers liability insurance agreement in accordance with Article 430-3, Paragraph 1 of the Companies Act. According to the said insurance agreement, if a claim for damages is made against the insured resulting from the insured's action (including nonfeasance) in the capacity of such position during the period of insurance, legal compensation for damages and fees for legal actions, etc. will be compensated. However, in order not to impair the appropriateness of duty execution by the insured, the policy includes an exemption such that it does not cover criminal acts of the insured or damages to an officer in person who has intentionally acted in violation of the law.

## Proposal 5 Resetting of Limit on Remuneration of the Share-based Remuneration Plan for Directors

### 1. Reasons for the proposal and reasonable grounds

At the Company's 10th Ordinary General Meeting of Shareholders held on June 22, 2016, the introduction of a share-based remuneration plan (hereinafter, the "Plan") for Directors (excluding Outside Directors; hereinafter, the same shall apply for this proposal unless otherwise specified) and Operating Officers in the ranks of Senior Operating Officer and above (hereinafter, the "Directors, etc.") was approved (for the aforementioned resolution at the General Meeting of Shareholders, hereinafter, the "Original Resolution"), and effective to this date. As the Act for Partial Revision of the Companies Act (Act No.70 of 2019) was enforced on March 1, 2021, the Company proposes to reset the limit on remuneration of the share-based remuneration for the Directors, etc. in place of the current limit on remuneration for the Directors, etc. under the Plan.

The objective of this proposal, the same as the Original Resolution, is to further clarify the link between the remuneration for the Directors, etc. and share value, and have the Directors, etc. share with all shareholders the risks of stock price fluctuations, and thereby increase the motivation to contribute to the improvement of the Company's medium to long term performance and enhancement of corporate value. Since this is in line with the Company's policy for determining the details of remuneration, etc. for each Director, the Company deems this proposal appropriate.

The Company requests approval for the specific details and the amounts of remuneration, etc. to pay to Directors of the Company based on the Plan, separate from the remuneration, etc. (not more than ¥200 million per year, excluding portion of employee's salary) for Director as approved at the 63rd Ordinary General Meeting of Shareholders of HIRATA TECHNICAL CO., LTD. held on June 26, 1991. Furthermore, the Company proposes that the details of the Plan be determined at the discretion of the Board of Directors within the limit as shown in 2. below.

Currently, there are four (4) Directors eligible for the Plan. If Proposal 3 is approved as proposed, four (4) Directors (including two (2) re-elected and two (2) newly elected) will be eligible for the Plan.

In addition, the resolution of this proposal shall be retroactively put into effect from the date of March 1, 2021.

### 2. Amounts of Remuneration, etc. and Details of the Plan

#### (1) Outline of the Plan

The Plan is a share-based remuneration plan under which shares of the Company will be acquired through a trust (for the trust established based on the Plan, hereinafter, the "Trust") using money contributed by the Company as the source of funds. The Company's shares and the money in an amount equivalent to the market value of the Company's shares (hereinafter, the "Company's Shares, etc.") shall be delivered to the Directors, etc. through the Trust in accordance with the Regulations on Delivery of Shares for Officers determined by the Board of Directors. In principle, the Directors, etc. shall receive delivery of the Company's Shares, etc. upon their retirement from office.

#### (2) Persons eligible for the Plan

Persons eligible for the Plan shall be Directors (excluding Outside Directors) and Operating Officers in the ranks of Senior Operating Officer and above. Audit & Supervisory Board Members shall not be eligible for the Plan.

#### (3) Trust period

The trust period of the Trust shall be from August 2016 until the Trust ends. No specific end date shall be established, and the Trust shall continue as long as the Plan continues. The Plan shall be terminated if the Company is delisted or when the Regulations on Delivery of Shares for Officers are abolished, etc.

#### (4) Amount of trust

The Company has introduced the Plan to cover the three fiscal years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2019 (for such three-fiscal-year period and each three-fiscal-year periods that starts after the initial three-fiscal-year period, hereinafter, the "Applicable Period") and each subsequent Applicable Period including the fiscal year started on or after April 1, 2019. It has also established the Trust, where the Directors, etc. who meet the beneficiary requirements are recognized as the beneficiaries, by contributing ¥300 million (of which ¥100 million account for the portion of Company's Directors) as funds to acquire shares for the delivery to the Company's Directors, etc. under the Plan for the current Applicable Period. The Trust has acquired 152,000 shares of the Company's shares for the current Applicable Period using money entrusted by the Company as the source of funds.

In addition, after the current Applicable Period, until the Plan ends, the Company shall make additional contributions to the Trust for every Applicable Period, with ¥300 million (of which ¥100 million account for the portion of Company's Directors) as the upper limit. Provided, however, that in cases where such additional contribution is made, and the Company's shares (excluding any undelivered portion of shares for the Directors, etc. that are Company's shares corresponding to the number of points granted to them) and money remain within the trust assets on the last day of the Applicable Period immediately preceding the Applicable Period (hereinafter, the "Remaining Shares, etc.") in which the relevant additional contributions is to be made, the total amounts of the Remaining Shares, etc. (for the Company's shares, the amount shall be the market value thereof as of the last day of the immediately preceding Applicable Period) and the additional contribution shall be within the upper limit to be approved as stated in this proposal. Any decision by the Company to make additional contributions will be disclosed in a timely and appropriate manner.

(5) Method of acquiring the Company's shares and amount of shares to be acquired through the Trust

The Trust shall acquire the Company's shares through the exchange market or through subscription of the disposed treasury shares of the Company by using the source of funds contributed in (4) above. Since the upper limit of points to be granted to the Directors, etc. is 116,800 points for each fiscal year as specified in (6) below, the upper limit of number of the Company's shares to be acquired by the Trust for each Applicable Period shall be 350,400 shares.

(6) Upper limit of number of Company's Shares, etc. to be delivered to the Directors, etc.

The Directors, etc. shall be granted points every fiscal year, in accordance with their duties and responsibilities. The upper limit of the total number of points to be granted to the Directors, etc. per fiscal year shall be 116,800 points (of which 38,900 points account for Directors). The Company deems it appropriate as it has been determined comprehensively taking into account the current level of Officers' remuneration provided, trends in the number of the Directors, etc. and future prospects, etc.

Regarding the points granted to the Directors, etc., one point shall be converted into one share of the Company's common stock when the Company's Shares, etc. are delivered as described in (7) below (however, if a stock split, allotment of shares without contribution, or consolidation of shares, etc., concerning the Company's shares are conducted after this proposal is approved, reasonable adjustments shall be made to the upper limit of points and the number of points already granted, or the conversion ratio, in accordance with the ratio, etc. thereof).

In principle, the number of points granted to the Directors, etc., as a reference for delivery of the Company's Shares, etc. described in (7) below shall be the number calculated by multiplying the number of points granted to said Directors, etc., until their retirement by the prescribed coefficient (however, the value thereof shall not exceed 1.0) set by the reason for retirement (for points calculated in such way, hereinafter, the "Defined Number of Points").

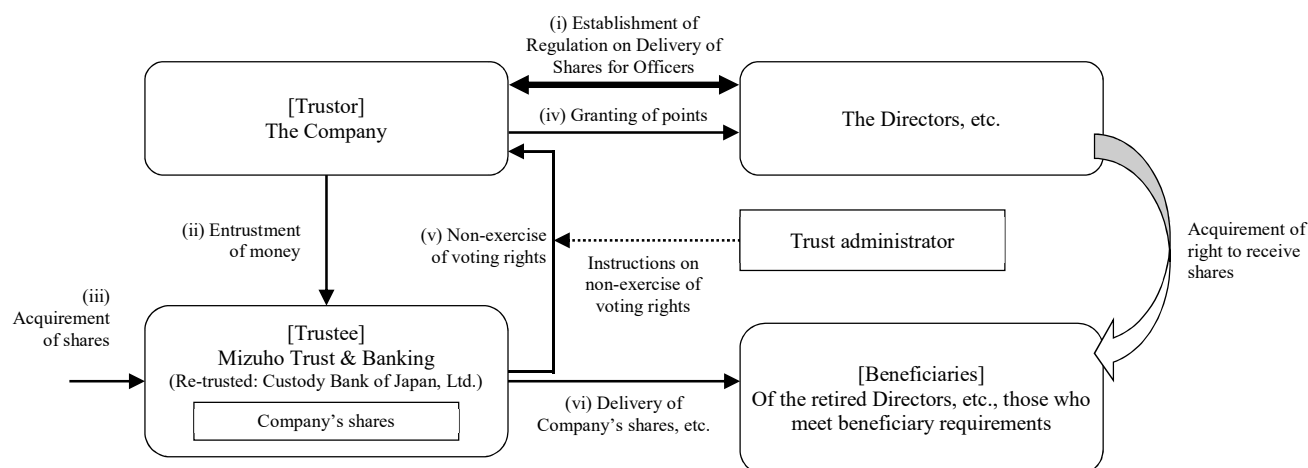
(7) Delivery of the Company's Shares, etc.

If a Director, etc., who has retired from office meets the beneficiary requirements prescribed in the Regulations on Delivery of Shares for Officers, in principle, the said Director, etc. shall be able to receive the delivery of Company's shares from the Trust after retirement in according to the number of Defined Number of Points determined as described in (6) above by following the prescribed beneficiary vesting procedures. However, if requirements set forth under the Regulations on Delivery of Shares for Officers are met, the Director, etc. shall receive, for a certain percentage, monetary provisions equivalent to the market value of the Company's shares in lieu of delivering the Company's shares. In order to pay for these monetary provisions, the Trust may sell shares of the Company.

Moreover, even for the Directors, etc. who have been granted points, if the Director, etc., retired due to a resolution for dismissal, whether by the Meeting of Shareholders or the Board of Directors, or due to violation of certain obligations, the Director, etc., shall not acquire the right to receive such delivery.

The amount of remuneration, etc., to be received by the Directors, etc. shall be based on the total number of points granted to the Directors, etc. multiplied by the book value per share of the Company's shares held by the Trust when the points are granted (however, in the event of a stock split, allotment of shares without contribution, or consolidation of shares, etc., in relation to the Company's shares, reasonable adjustments shall be made in accordance with the ratio, etc. thereof). If exceptional monetary provisions are deemed appropriate to be paid for in accordance with the Regulations on Delivery of Shares for Officers, such amount shall be added to the amount of said remuneration.

## (Reference) Structure of the Plan



- (i) The Company shall establish the Regulations on Delivery of Shares for Officers within the scope of limit to be approved in this proposal.
- (ii) The Company shall entrust money within the scope to be approved in this proposal.
- (iii) The Trust shall acquire Company's shares using the money entrusted in (ii) as source of funds through the exchange market or through subscription of the disposed treasury shares of the Company.
- (iv) The Company shall grant points to the Directors, etc. in accordance with the Regulations on Delivery of Shares for Officers.
- (v) The Trust shall not exercise voting rights regarding the Company's shares held by the Trust account based on instructions from the trust administrator, who is independent from the Company.
- (vi) The Trust shall deliver the Company's shares to retired Directors, etc. who meet the beneficiary requirements prescribed in the Regulations on Delivery of Shares for Officers (hereinafter, the "Beneficiaries") according to the number of points they have been granted. If a Director, etc., meets requirements set forth in the Regulations on Delivery of Shares for Officers, the Company shall deliver, for a certain percentage of the points granted, money provisions equivalent to the market value of such shares.

(Reference)

### **Basic Policy for Corporate Governance**

Based on our Management Philosophy, the Company has formulated a basic sustainability policy to “become a company that contributes to the world” through promoting various measures in each area of ESG (environment, society, and governance). Based on this basic policy, the Company recognizes the enhancement of corporate governance as one of its important issues in management and will consistently take initiatives for the continuous growth of the Company Group, responding to the expectation and trust from our shareholders, customers, employees, and society.

### **The Corporate Governance System**

The Company is a company with an Audit & Supervisory Board and has established the following organs: General Meeting of Shareholders, Board of Directors, Audit & Supervisory Board, and Accounting Auditor. In addition, the Company has streamlined the decision-making and enhancement of supervising functions on business execution by the Board of Directors by expanding the Operating Officer system such as by delegating business execution to Operating Officers.

#### **1. Board of Directors**

In order to supervise business execution from a wider perspective, the Board of Directors consists of six (6) Directors, including two (2) Outside Directors. The Board of Directors, upon deliberation, passes resolutions for important matters concerning management and matters designated by laws and regulations.

Two (2) Outside Directors, who have elevated and broad perspectives, independence, and considerable insight, are invited in order to strengthen the functions of the Board of Directors.

In addition, at this Ordinary General Meeting of Shareholders, the Company has proposed to increase the number of Outside Directors by one (1) for the purpose of enhancing the corporate governance system.

#### **2. Audit & Supervisory Board**

The Audit & Supervisory Board consists of three (3) Audit & Supervisory Board Members, including two (2) Outside Audit & Supervisory Board Members. The Audit & Supervisory Board requests, when deemed appropriate, reports on the progress and results of operational audits and internal control audits conducted by Audit Operations, which is an independent internal audit division. It also attends important meetings including the Board of Directors meetings, and audits Directors’ execution of duties and decision-making of the Board of Directors by examining the business and financial status from a neutral and objective standpoint.

#### **3. Other optional meeting bodies**

- (1) The Management Committee, which consists of the Representative Director and general managers or chief operating officers of the seven operations and the three overseas regional operations, adopts a system where important matters concerning business execution are either presented to the Board of Directors after prior deliberation, or resolved within its scope of authority and reported to the Board of Directors for an efficient and speedy decision making by the Board of Directors.
- (2) To ensure mutual collaboration between Outside Directors and Audit & Supervisory Board Members, the Information Exchange Meeting for Independent Officers, which consists of Independent Officers and Full-time Audit & Supervisory Board Member, is held monthly. At the Information Exchange Meeting for Independent Officers, understanding is shared through reports of business status of the Company Group made by Full-time Audit & Supervisory Board Member, or by related general managers or chief operating officers when needed, and opinions which are mutually exchanged among Independent Officers.
- (3) In order to ensure transparency and objectivity in the process of determining remuneration, the Officers Personnel Committee, chaired by the Representative Director, determines, after final consultation, the amounts of remuneration, etc. for the Company’s Officers. Moreover, if changes are to be made on the policy concerning determination of calculation methods for the amounts of remuneration, etc. for Officers, they are determined by the Board of Directors after prior deliberation at the Officers Personnel Committee.

#### **4. Standards for independence**

For elections of independent outside officers (Directors and Audit & Supervisory Board Members), aside from the requirements for outside officers pursuant to the Companies Act, the Company has set out a standard for designating independent outside officers so that candidates will meet qualifications of Independent Officer as stipulated by the Tokyo Stock Exchange and will be free of possible conflict of interest with general shareholders.

#### **5. Policy for nominating candidates for Directors and Audit & Supervisory Board Members**

With regard to candidates for Directors, election or nomination is made with comprehensive consideration from the perspective of abundance in experience, high-level expertise, considerable insight, and ethical point of view. The election or nomination for candidates for Directors is determined by the Board of Directors after prior deliberation at the Officers Personnel Committee, which is chaired by the Representative Director.

With regard to candidates for Audit & Supervisory Board Members, nomination is made with consideration from the perspective of insights in finance, accounting and legal affairs, and knowledge related to the Company’s businesses.

If Proposal 3 is approved and passed as proposed for this Ordinary General Meeting of Shareholders, the Board of Directors and the Audit & Supervisory Board will be composed as follows:



Name	Position Within the Company	Gender	Independence	Professionalism and Experience					
				Corporate management	Legal affairs and risk management	Finance and accounting	Manufacture, engineering, and research & development	Government and administrative organ	Global experience (experience of working overseas)
Atsushi Kaneda	Representative Director President and Chief Executive Officer			○			○		○
Kiyofumi Ota	Director Senior Managing Officer			○	○	○			○
Hiroyuki Watanabe	Director Managing Officer			○	○		○		○
Hidenori Matsumoto	Director Managing Officer			○			○		○
Keiichiro Maruyama	Director Outside Independent		○		○				
Kunihiro Todokoro	Director Outside Independent		○	○					○
Sawako Yamamoto	Director Outside Independent	Female	○		○			○	
Nobuyoshi Itoh	Full-time Audit & Supervisory Board Member			○	○	○			○
Hiroyuki Kawai	Audit & Supervisory Board Member Outside Independent		○			○			
Hiroki Murakami	Audit & Supervisory Board Member Outside Independent		○		○				

Outside: Outside Director or Outside Audit & Supervisory Board Member  
Independent: Independent Officer as stipulated by the Tokyo Stock Exchange