

This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

Stock Code: 8150

NOTICE OF THE 67th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Time and Date of the Meeting:

10:00 a.m. on Friday, June 22, 2018

Reception starts at 9:00 a.m.

Venue:

Conference Room on the 10th floor of the Company's headquarters,
at 4-12, Shiba 4-chome, Minato-ku, Tokyo

Agenda:

Item 1: Payment of Year-End Dividends of Surplus

Item 2: Reduction in Amount of Capital Reserve

Item 3: Election of Twelve (12) Directors

Item 4: Election of Two (2) Audit & Supervisory Board Members

Item 5: Election of One (1) Substitute Audit & Supervisory Board Member

If you are unable to attend the meeting in person:

You may exercise your voting rights in writing or via
the Internet.

Time limit for exercise of voting rights:

5:10 p.m. on Thursday, June 21, 2018.

Sanshin Electronics Co., Ltd.

NOTICE OF THE 67th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Stock Code: 8150
June 1, 2018

Dear Shareholder:

You are cordially invited to attend the 67th Ordinary General Meeting of Shareholders of Sanshin Electronics Co., Ltd. (the “Company”), which will be held at 10:00 a.m. (reception starts at 9:00 a.m.) on Friday, June 22, 2018, in the Conference Room on the 10th floor of the Company’s headquarters, at 4-12, Shiba 4-chome, Minato-ku, Tokyo.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. Please review the attached reference materials and send us your vote no later than 5:10 p.m. on Thursday, June 21, 2018, using one of the methods outlined below.

Sincerely yours,

Mitsumasa Matsunaga

Representative Director, CEO

Sanshin Electronics Co., Ltd.

4-12, Shiba 4-chome, Minato-ku, Tokyo, Japan

How to Exercise Your Voting Rights

If you attend the meeting in person:

If you attend the meeting in person, please present the enclosed proxy card at the reception desk on the day of the meeting.

If you choose to exercise your voting rights in writing:

Please exercise your voting rights by indicating your approval or disapproval on the enclosed proxy card, and return it to us so that it arrives no later than 5:10 p.m. on Thursday, June 21, 2018.

If you choose to exercise your voting rights via the Internet:

If you choose to exercise your voting rights via the Internet, please vote on the Internet at the designated website no later than 5:10 p.m. on Thursday, June 21, 2018.

Meeting Details

Agenda:

Items to be reported

1. The Business Report, the Consolidated Financial Statements, and the report of the audit of the consolidated accounts by the Accounting Auditors and Audit & Supervisory Board for the 67th term, from April 1, 2017 to March 31, 2018, will be reported at the meeting.
2. The Non-Consolidated Financial Statements for the 67th term, from April 1, 2017 to March 31, 2018, will be reported at the meeting.

Items to be resolved

Item 1: Payment of Year-End Dividends of Surplus

Item 2: Reduction in Amount of Capital Reserve

Item 3: Election of Twelve (12) Directors

Item 4: Election of Two (2) Audit & Supervisory Board Members

Item 5: Election of One (1) Substitute Audit & Supervisory Board Member

Information on How to Exercise Your Voting Rights:

(1) If you choose to exercise your voting rights in writing

Please exercise your voting rights by indicating your approval or disapproval on the enclosed proxy card, and return it to us so that it arrives no later than 5:10 p.m. on Thursday, June 21, 2018.

(2) If you choose to exercise your voting rights via the Internet

If you choose to vote via the Internet, please check the “議決権行使のご案内” on page 3 in the original notice in Japanese, and vote on the Internet at the designated website no later than 5:10 p.m. on Thursday, June 21, 2018.

(3) If you exercise your voting rights both in writing and via the Internet, the electronic exercise shall be deemed as valid. Similarly, if you exercise your voting rights multiple times via the Internet, or more than once using a PC, a smartphone and a mobile phone, the latest exercise shall be deemed as valid.

When attending the meeting in person, please present the enclosed proxy card at the reception desk.

The following items are not included in the Attachment of this Notice, because they are posted on the Company website at <http://www.sanshin.co.jp/ir/meeting/> in accordance with the applicable laws and regulations, and the provision of Article 15 of the Company's Articles of Incorporation.

1) Notes to Consolidated Financial Statements

2) Notes to Non-consolidated Financial Statements

Please take note that the consolidated and non-consolidated financial statements included in the Attachment of this Notice are part of the consolidated and non-consolidated financial statements audited by the Accounting Auditors and Audit & Supervisory Board for preparation of the Report of the Audit of the Consolidated Accounts and the Auditor's Report.

If any amendments are made to reference materials for the General Meeting of Shareholders, the business report, and consolidated and non-consolidated financial statements, they will be posted on the Company website at <http://www.sanshin.co.jp/ir/meeting/>.

Reference Materials for the General Meeting of Shareholders

Item 1: Payment of Year-End Dividends of Surplus

The Company considers profit returns to its shareholders as one of the most important management issues. The Company's basic policy is to determine dividends by comprehensively considering the need to maintain a balance between rewarding of shareholders, investment to gain opportunities for growth, attainment of sufficient retained earnings to enable sustainable growth, and improvement in capital efficiency. Under this policy, the Company has set a target for its dividend payout ratio of around 50% on a consolidated basis. Under the V70 Medium-Term Management Plan, which the Group is currently executing and will conclude in the 70th term (fiscal year ending March 31, 2021), we have implemented a policy targeting a consolidated dividend payout ratio of around 100% in the three consecutive terms extending from the 67th term (fiscal year ended March 31, 2018) to the 69th term (fiscal year ending March 31, 2020). We currently plan to pay the year-end dividends for the fiscal year under review as follows.

Type of dividends	Cash
Allocation and total of year-end dividends	We propose to pay a year-end dividend of ¥23 per share, with the total payment of ¥651,304,271. (Combined with the already paid interim dividend, annual dividend thus becomes ¥33 per share.)
Date of commencement of payment of dividends of surplus	June 25, 2018

Item 2: Reduction in Amount of Capital Reserve

In order to secure flexibility and mobility in our capital policy for the future, we will reduce the amount of capital reserve and will transfer the entire reduced amount to other capital surplus under Article 448, Paragraph 1 of the Company Act.

Amount of capital reserve to be reduced:	10,000,000,000 yen out of capital reserve of 15,329,906,456 yen
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The day on which the reduction in the amount of capital reserves takes effect:	June 30, 2018
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Item 3: Appointment of Twelve (12) Directors

All 12 Directors' terms of office expire at the closing of this General Meeting of Shareholders. Therefore, the Company hereby proposes the election of twelve (12) Directors.

The candidates for the position of Director are as follows:

Candidate No.	Name	Current title, etc.	Attribute
1	Mitsumasa Matsunaga	Representative Director, CEO	Reappointment
2	Toshiro Suzuki	Representative Director, COO	Reappointment
3	Fumihide Kitamura	Director, Senior Operating Officer	Reappointment
4	Nobuyuki Hatano	Director, Senior Operating Officer	Reappointment
5	Akio Misono	Director, Operating Officer	Reappointment
6	Koji Sakamoto	Director, Operating Officer	Reappointment
7	Yuji Mori	Director, Operating Officer	Reappointment
8	Tomoyuki Nagase	Director, Operating Officer	Reappointment
9	Mitsuhiro Ogawa	Director, Operating Officer	Reappointment
10	Takeshi Uchimura	Director	Reappointment External Independent
11	Minoru Nishino	Director	Reappointment External Independent
12	Tatsuo Takeuchi	Director	Reappointment External Independent

Reappointment

Candidate for reappointment as
Director

External

Candidate for External Director

Independent

Independent Director stipulated by
the Tokyo Stock Exchange

Candidate No. 1	Mitsumasa Matsunaga (born February 7, 1948)	Shares owned: 148,587 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	<p>[Brief personal history, and title and role in the Company]</p> <p>Jan. 1980: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 1980: Director</p> <p>Nov. 1983: Director, Senior Vice President</p> <p>Apr. 1993: Director, Executive Vice President</p> <p>Jun. 1995: Representative Director, Senior Executive Director</p> <p>Jun. 1996: Representative Director, President</p> <p>Jun. 2014: Representative Director, Chairman</p> <p>Aug. 2014: Representative Director, Chairman/CEO</p> <p>Jun. 2016: Representative Director, CEO (current)</p> <p>Reason for nomination as a Director candidate: Mitsumasa Matsunaga has been involved in the management of Sanshin Electronics since 1980, when he was appointed as the Director. Mr. Matsunaga, who has deep knowledge of corporate management as well as strong leadership, can be expected to strengthen both the decision-making and supervisory functions of the Board of Directors, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 2	Toshiro Suzuki (born December 6, 1957)	Shares owned: 2,795 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	<p>[Brief personal history, and title and role in the Company]</p> <p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of General Affairs Department</p> <p>Jun. 2005: General Manager of Corporate Strategy Department</p> <p>Jun. 2008: Director</p> <p>Jun. 2014: Representative Director, President</p> <p>Aug. 2014: Representative Director, President/COO</p> <p>Jun. 2016 Representative Director, COO (current)</p> <p>[Duties] In charge of Auditing Office</p> <p>Reason for nomination as a Director candidate: Backed by an enormous reserve of knowledge regarding corporate management and management strategy, Toshiro Suzuki has led the Group as President since 2014. Drawing on this wealth of experience, Mr. Suzuki can be expected to take a leading role in implementing the policies to strengthen business capability of the Group, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 3	Fumihide Kitamura (born September 15, 1957)	Shares owned: 2,265 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
<u>Reappointment</u>	<p>[Brief personal history, and title and role in the Company]</p> <p>Jan. 1985: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 1995: President (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.</p> <p>Oct. 2007: General Manager of Business Development Department, International Operations Division</p> <p>Oct. 2008: Deputy Senior General Manager of International Operations Division</p> <p>Apr. 2011: Operating Officer, Deputy Senior General Manager of International Operations Division</p> <p>Jun. 2014: Director</p> <p>Jun. 2016: Director, Senior Operating Officer (current)</p> <p>[Duties]</p> <p>Supervisor of Device Business Group/In charge of Business Administration Department, IoT Business Unit and Overseas Sales Unit/General Manager of Business Administration Department</p> <p>[Important concurrent role]</p> <p>Managing Director of SANSHIN ELECTRONICS KOREA CO., LTD.</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Fumihide Kitamura has served Sanshin Electronics for many years as a manager of overseas subsidiaries. He was a driving force in the Sanshin Electronics Group's overseas expansion. Mr. Kitamura can be expected to take a leading role in strengthening overseas business and new business, which have become increasingly important in the device business, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 4	Nobuyuki Hatano (born November 8, 1954)	Shares owned: 3,007 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
<u>Reappointment</u>	<p>[Brief personal history, and title and role in the Company]</p> <p>Apr. 1983: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2004: General Manager of 2nd Network Systems Sales Department</p> <p>Oct. 2012: Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2013: Operating Officer, Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2014: Director</p> <p>Jun. 2016: Director, Senior Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Solution Marketing & Sales Division</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Nobuyuki Hatano has been active in the solution business since he joined the Company. He has a great deal of experience in the IT industry and the Company's solution business. Drawing on this wealth of experience, Mr. Hatano can be expected to contribute to development of Company's business strategies that meet changes in the business environment, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 5	Akio Misono (born June 24, 1959)	Shares owned: 2,715 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	<p>[Brief personal history, and title and role in the Company]</p> <p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of Accounting Department</p> <p>Oct. 2008: General manager of Planning Department</p> <p>Oct. 2012: General Manager of Finance Department (current)</p> <p>Oct. 2013: Deputy Senior General Manager of Finance & Accounting Division</p> <p>Jun. 2014: Director</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Finance & Accounting Division</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Akio Misono has not only engaged in the fields of management planning, accounting and finance, but also taken a leading role in Company's IR activities over many years. Drawing on this wealth of experience, Mr. Misono can be expected to contribute further to development of Company's business strategies and expansion of the portfolio of Company's IR activities, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 6	Koji Sakamoto (born February 3, 1960)	Shares owned: 975 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	<p>[Brief personal history, and title and role in the Company]</p> <p>Mar. 1984: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of Personnel Department</p> <p>Oct. 2013: Deputy Senior General Manager of Administration Division</p> <p>Jun. 2014: Operating Officer, Senior General Manager of Administration Division</p> <p>Jun. 2015: Director</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Senior General Manager of Administration Division</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Koji Sakamoto holds knowledge and experience in personnel strategy, corporate governance and internal controls. Utilizing the experience in these fields, Mr. Sakamoto can be expected to contribute further to construction of efficient and flexible organizational structure and strengthening of Company's human resources, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 7	Yuji Mori (born May 2, 1957)	Shares owned: 439 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
<u>Reappointment</u>	<p>[Brief personal history, and title and role in the Company]</p> <p>Mar. 1982: Joined Sanshin Electronics Co., Ltd.</p> <p>Oct. 2002: General Manager of Video System Sales Department</p> <p>Oct. 2014: Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Oct. 2015: Operating Officer, Deputy Senior General Manager of Solution Marketing & Sales Division</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>Deputy Senior General Manager of Solution Marketing & Sales Division</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Imaging operations are a pillar of the Company's solution business. Yuji Mori has extensive experience in this field and is experienced in business management, having served as President of the Company's subsidiary. Drawing on this wealth of experience, Mr. Mori can be expected to contribute to development of Company's business strategies that meet changes in the business environment, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 8	Tomoyuki Nagase (born February 15, 1960)	Shares owned: 1,060 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
<u>Reappointment</u>	<p>[Brief personal history, and title and role in the Company]</p> <p>Jan. 1984: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 1996: Senior Manager (seconded) of SANSHIN ELECTRONICS (HONG KONG) CO., LTD.</p> <p>Oct. 2006: General Manager of the 2nd Marketing & Sales Department</p> <p>Oct. 2012: Deputy Senior General Manager of the 1st Marketing & Sales Division</p> <p>Oct. 2014: Operating Officer, Deputy Senior General Manager of Eastern Japan Marketing & Sales Division</p> <p>Jun. 2016: Director, Operating Officer (current)</p> <p>[Duties]</p> <p>In charge of 1st Sales Unit and 2nd Sales Unit in Device Business Group/Director of 1st Sales Unit</p>	
	<p>Reason for nomination as a Director candidate:</p> <p>Since the day he joined Sanshin Electronics, Tomoyuki Nagase has worked in the device business and boasts an enviable track record in expanding the business of overseas subsidiaries. Drawing on this wealth of experience, Mr. Nagase can be expected to take a leading role in development of Company's strategies to improve profitability of its device business, and is therefore being asked to continue to serve as Director of the Company.</p>	

Candidate No. 9	Mitsuhiro Ogawa (born October 26, 1958)	Shares owned: 49 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	[Brief personal history, and title and role in the Company]	
	Apr. 1981: Joined NEC Corporation	
	Apr. 2000: Manager of Marketing Group at NEC Semiconductors (Malaysia) Sdn. Bhd.	
	Apr. 2004: Manager of 1st Sales Business Department at NEC Electronics Corporation (currently Renesas Electronics Corporation)	
	Oct. 2014: Joined Sanshin Electronics Co., Ltd., Deputy Senior General Manager of Eastern Japan Marketing & Sales Division	
	Jun. 2016: Operating Officer, Director of 3rd Sales Unit in Device Business Group	
	Apr. 2017: Operating Officer, Director of CE Unit in Device Business Group	
	Jun. 2017: Director, Operating Officer (current)	
	[Duties]	
	In charge of Sales Technology Unit and CE Unit in Device Business Group/Director of CE Unit	
	Reason for nomination as a Director candidate: In addition to a proven track record at the former position in Renesas Electronics Corporation, Mitsuhiro Ogawa has engaged in the device business over many years and has extensive working experience in the vehicle-mounted system field where the Group aims to expand its business. Drawing on this wealth of experience, Mr. Ogawa can be expected to take a leading role in strengthening Company's sales activities in the vehicle-mounted system market where growth is projected. Accordingly, Mr. Ogawa is nominated as a candidate for Director of the Company.	

Candidate No. 10	Takeshi Uchimura (born August 16, 1949)	Shares owned: 0 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment	[Brief personal history, and title and role in the Company]	
External	Apr. 1972: Joined Sumitomo Bakelite Co., Ltd.	
Independent	Jun. 2000: Director	
	Aug. 2003: Manager of subsidiaries in Belgium, Spain and the Netherlands	
	Jun. 2006: Director & Managing Executive Officer	
	Jun. 2009: Director & Executive Operating Officer	
	Jun. 2010: Audit & Supervisory Board member (full-time)	
	Jun. 2015: Senior Adviser (current)	
	Jun. 2016: External Director of the Company(current)	
	Reason for nomination as an External Director candidate: Takeshi Uchimura meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Uchimura can be expected to provide extensive suggestions mainly regarding growth strategies for business overseas and the development of a corporate governance system, based on his experience as an Audit & Supervisory Board member, and his expertise in M&A, subsidiary restructuring, and in IR for foreign institutional investors, as he was in charge of overseas subsidiaries. Accordingly, Mr. Uchimura is being asked to continue to serve as Director of the Company.	

Candidate No. 11	Minoru Nishino (born August 16, 1950)	Shares owned: 0 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment <input type="checkbox"/> External <input type="checkbox"/> Independent	<p>[Brief personal history, and title and role in the Company]</p> <p>Apr. 1974: Joined The Daiwa Bank, Limited.</p> <p>Jun. 2003: Executive Officer at Resona Holdings, Inc.</p> <p>Nov. 2003: Consultant at Haseko Corporation</p> <p>Jun. 2004: Director at Haseko Corporation</p> <p>Apr. 2005: Director & Managing Executive Officer</p> <p>Jun. 2007: Representative Director & Managing Executive Officer</p> <p>Apr. 2010: Representative Director & Executive Operating Officer</p> <p>Jun. 2015: Senior Adviser</p> <p>Jun. 2016: External Director of the Company(current)</p> <p>Apr. 2018: Special Consultant at Haseko Corporation (current)</p> <p>[Important concurrent role] External Director of Mori-Gumi Co., Ltd.</p> <p>Reason for nomination as an External Director candidate: Minoru Nishino meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Nishino can be expected to provide effective suggestions, mainly in finance, such as effective fund operation reflecting the Company's management strategy, based on his abounding work experience in a bank, in addition to his central role in the corporate planning of a construction company. Accordingly, Mr. Nishino is being asked to continue to serve as Director of the Company.</p>	

Candidate No. 12	Tatsuo Takeuchi (born October 23, 1950)	Shares owned: 0 shares
		Rate of attendance at the Board of Directors meetings during the current term: 13 times / 13 meetings (100%)
Reappointment <input type="checkbox"/> External <input type="checkbox"/> Independent	<p>[Brief personal history, and title and role in the Company]</p> <p>Apr. 1974: Joined Pioneer Corporation</p> <p>Apr. 1998: President of Pioneer High Fidelity Taiwan Co., Ltd.</p> <p>Dec. 2004: President of Pioneer Electronics Asiacentre Pte. Ltd.</p> <p>Jun. 2006: Executive Officer at Pioneer Corporation</p> <p>Oct. 2008: Managing Executive Officer</p> <p>Jun. 2009: Director, Senior Vice President</p> <p>Jun. 2012: Senior Managing Executive Officer</p> <p>Jun. 2013: Senior Adviser (retired June 2015)</p> <p>Jun. 2016: External Director of the Company (current)</p> <p>Reason for nomination as an External Director candidate: Tatsuo Takeuchi meets the Independence Standards required by the Company for the position of External Director, and can be expected to provide extensive suggestions concerning all aspects of the Company's corporate management, based on his abounding experience in corporate management as Director for listed companies. Furthermore, Mr. Takeuchi can be expected to provide suggestions mainly regarding growth strategies for the Group's business overseas, based on his experience as the President of a local subsidiary and his engagement for an electronics manufacturer in sales overseas, such as in Europe, the United States or Asia. Accordingly, Mr. Takeuchi being asked to continue to serve as Director of the Company.</p>	

- Notes:
1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors and Audit & Supervisory Board members reported by the Company to the Tokyo Stock Exchange.
 2. None of the above candidates have special vested interests with the Company.
 3. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi are candidates for External Director.
 4. Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi are Company's External Directors, and the term of their offices shall be two (2) years at the conclusion of this General Meeting of Shareholders.
 5. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement respectively with Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi that limits their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on their liability for damages under the agreement coincides with the legally stipulated amounts, and if the reappointment of them is approved as proposed at this General Meeting of Shareholders, the Company will continue the said agreement with them.
 6. The Company designated Takeshi Uchimura, Minoru Nishino and Tatsuo Takeuchi as Independent Directors as per the provisions of the Tokyo Stock Exchange, and gave notice to this effect to the Tokyo Stock Exchange. If the reappointment of them is approved as proposed at this General Meeting of Shareholders, the Company will designate them as Independent Directors as per the provisions of the Tokyo Stock Exchange again, and will give notice to this effect to the Tokyo Stock Exchange.

Item 4: Appointment of Two (2) Audit & Supervisory Board Members

The Terms of office of Keiji Nishio and Minoru Matsumoto respectively as the Audit & Supervisory Board members expire at the closing of this General Meeting of Shareholders. Therefore, the Company hereby proposes the election of two (2) Audit & Supervisory Board members.

Approval for this proposal has been obtained from the Audit & Supervisory Board.

The candidates for the position of Audit & Supervisory Board member are as follows:

Candidate No.	Name	Current title	Attribute
1	Keiji Nishio	Audit & Supervisory Board member (full-time)	Reappointment
2	Kuniharu Kezuka		New appointment External Independent

Reappointment

Candidate for reappointment as Audit & Supervisory Board member

New appointment

Candidate for new appointment as Audit & Supervisory Board member

External

Candidate for External Audit & Supervisory Board member

Independent

Independent Audit & Supervisory Board member stipulated by the Tokyo Stock Exchange

Candidate No. 1	Keiji Nishio (born November 24, 1952)	Shares owned: 4,539 shares
		Rate of attendance at the Audit & Supervisory Board meetings during the current term: 16 times / 16 meetings (100%)
Reappointment	[Brief personal history and title]	
	<p>Aug. 1984: Joined NIC Co., Ltd.</p> <p>Oct. 1995: Joined Sanshin Electronics Co., Ltd.</p> <p>Apr. 2003: General Manager of Finance Department</p> <p>Jun. 2007: Director, Associate Senior Vice President</p> <p>Jun. 2014: Audit & Supervisory Board member (full-time) (current)</p>	
<p>Reason for nomination as an Audit & Supervisory Board member candidate: In addition to extensive knowledge and experience of corporate finance, Keiji Nishio has experience of business management as a Director of the Company. He has played a central role in the Company's effort to strengthen its auditing system by monitoring the management of the Company and providing proper advice and recommendations as a full-time Audit & Supervisory Board member. He is expected to conduct his duties as a full-time Audit & Supervisory Board member in an appropriate manner. In view of the above points, the Company judges that he is competent as a candidate for the Audit & Supervisory Board member, and therefore he is being asked to continue to serve as the Audit & Supervisory Board member.</p>		

Candidate No. 2	Kuniharu Kezuka (born June 30, 1967)	Shares owned: 0 shares
		Rate of attendance at the Audit & Supervisory Board meetings during the current term: - times / - meetings (-%)
New appointment External Independent	[Brief personal history and title]	
	<p>Oct. 1992: Joined Chuo Shinko Audit Corporation (changed the name to MISUZU Audit Corporation)</p> <p>Apr. 1996: Registered as a certified public accountant</p> <p>Nov. 1999: Seconded to Price Waterhouse Coopers Dusseldorf (PwC Düsseldorf)</p> <p>May 2006: Established Kezuka Accounting Office</p> <p>Apr. 2007: Registered as a tax accountant</p> <p>Feb. 2015: External Audit & Supervisory Board member (full-time) at Levi Strauss Japan K.K.</p> <p>Feb. 2016: External Director (full-time Audit & Supervisory Committee member) (current)</p>	
<p>[Important concurrent role] Certified public accountant and tax accountant at Kezuka Accounting Office External Director (full-time Audit & Supervisory Committee member) at Levi Strauss Japan K.K.</p>		
<p>Reason for nomination as an External Audit & Supervisory Board member candidate: Kuniharu Kezuka satisfies the independence standards required by the Company for the positions of External Audit & Supervisory Board members and has a high level of expertise and extensive experience as a certified public accountant and tax accountant. He has the knowledge and experience that has been accumulated through his duties as the Director for Auditing at a public-listed company and that will contribute to the Company's effort to strengthen its auditing system. The Company expects that Mr. Kezuka would monitor the management of the Company and provide expert advice and recommendations from the objective viewpoint as an expert of corporate accounting. In view of the above points,, the Company judges that he is competent as the External Audit & Supervisory Board member, and therefore proposes to elect Mr. Kezuka as the External Audit & Supervisory Board member.</p>		

- Notes:
1. The candidates are decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors and Audit & Supervisory Board members reported by the Company to the Tokyo Stock Exchange.
 2. None of the above candidates have special vested interests with the Company.
 3. Kuniharu Kezuka is a candidate for the External Audit & Supervisory Board member.
 4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company entered into an agreement with Keiji Nishio that limits his liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on his liability for damages under the agreement coincides with the legally stipulated amounts, and if the reappointment of him is approved as proposed at this General Meeting of Shareholders, the Company will continue to enter into the said agreement with him.
 5. If the appointment of Kuniharu Kezuka is approved as proposed at this General Meeting of Shareholders, the Company will enter into an agreement, pursuant to Article 427, Paragraph 1 of the Companies Act, with Kuniharu Kezuka that limits his liability for damages prescribed in Article 423, Paragraph 1 of the same Act. The limit on his liability for damages under the agreement coincides with the legally stipulated amounts.
 6. If the appointment of Kuniharu Kezuka is approved as proposed at this General Meeting of Shareholders, the Company will designate Kuniharu Kezuka as an Independent Audit & Supervisory Board member as per the provisions of the Tokyo Stock Exchange, and will give notice to this effect to the Tokyo Stock Exchange.

Item 5: Appointment of One (1) Substitute Audit & Supervisory Board Member

Katsuya Sato was elected as a substitute Audit & Supervisory Board member at the 66th Ordinary General Meeting of Shareholders held on June 23, 2017, and his term of office as a substitute Audit & Supervisory Board member expires at the closing of this General Meeting of Shareholders. To prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board members required by laws and regulations, the Company hereby proposes the election of one (1) substitute Audit & Supervisory Board member.

Approval for this proposal has been obtained from the Audit & Supervisory Board.

The candidate for the position of substitute Audit & Supervisory Board member is as follows:

Katsuya Sato (born April 24, 1957)		Shares owned: 0 shares
Reappointment	<p>[Brief personal history and title]</p> <p>Apr. 1990: Registered as an attorney-at-law</p> <p>Apr. 1995: Permanent member of Tokyo Bar Association Established Takagi & Sato Law Office</p> <p>Apr. 2006: Review committee member of the Japan Legal Support Center, Tokyo Branch</p> <p>Jun. 2007: External Audit & Supervisory Board member of the Company</p> <p>Jun. 2015: Retired from External Audit & Supervisory Board member of the Company</p> <p>[Important concurrent role] Lawyer of Takagi & Sato Law Office</p> <p>Reason for nomination as a Substitute External Audit & Supervisory Board member candidate: Katsuya Sato is a lawyer and has a high level of expertise, as well as extensive knowledge and experience that will help the Company strengthen its auditing system. Mr. Sato can be expected to monitor the management of the Company from the objective point of view and to provide shrewd opinions and recommendations to the Company. The Company judges that he is competent as the substitute External Audit & Supervisory Board member, and therefore he is being asked to continue to serve as the substitute External Audit & Supervisory Board member.</p>	

Notes: 1. The candidate is decided by the Board of Directors based on reports received from the Nomination and Remuneration Advisory Committee. Key members of this Committee are Independent Directors and Audit & Supervisory Board members reported by the Company to the Tokyo Stock Exchange.

2. The above candidate has no special vested interests with the Company.

3. Katsuya Sato is a candidate for the substitute External Audit & Supervisory Board member. If Mr. Sato assumes the office of the External Audit & Supervisory Board member, the Company will designate him as an Independent Audit & Supervisory Board member as per the provisions of the Tokyo Stock Exchange, and will give notice to this effect to the Tokyo Stock Exchange.

4. Although Katsuya Sato does not have past experience in corporate management other than having served as an external Audit & Supervisory Board member, the Company judges that, as described in the reasons for appointment, he will be able to implement the duties as the External Audit & Supervisory Board member appropriately.

5. If Katsuya Sato assumes the office of the External Audit & Supervisory Board member, pursuant to Article 427, Paragraph 1 of the Companies Act, the Company will enter into an agreement with him that limits his liability for damages prescribed in Article 423, Paragraph 1 of the same Act. However, the limit on his liability for damages under this agreement coincides with the legally stipulated amounts.

[Reference Material]

Independence Standards Required by the Company for the Positions of External Directors and External Audit & Supervisory Board Members

The Company judges that the positions of External Directors and External Audit & Supervisory Board members (hereinafter referred to as “External Officers”) shall have independence, in order to guarantee the objectivity and transparency necessary to proper governance. If the requirements below are not met, the External Officers shall not be appointed.

1. Officers^{*1} or employees of the Company and its subsidiaries (hereinafter referred to as “The Group”) shall not be appointed.
2. Individuals to which one of the following a) to g) apply in the last five years shall not be appointed.
 - a) Executives^{*2} working for companies, etc., which are or will be major clients^{*3} of the Group
 - b) Executives working for the principal lenders^{*4} of the Group
 - c) Individuals who are the major shareholders^{*5} of the Group (in the event of corporations or organizations such as unions, their members)
 - d) Executives working for companies, etc., which are the Group’s major shareholders^{*5}
 - e) Specialists such as Consultants, Public Accountants, Tax Accountants, Lawyers, Judicial Scriveners, Patent Attorneys, who acquired large amounts^{*6} of money and other assets from the Group (in the event of corporations or organizations such as unions, their members)
 - f) Individuals benefiting from donations in the form of large amounts^{*6} of money and other assets from the Group (in the event of corporations or organizations such as unions, their members)
 - g) Officers and employees of companies, etc., which have a relationship of mutual assumption of office with individuals such as officers of the Group
3. The aforementioned items 1 and 2 shall not apply to the spouse and near relatives within the second degree of kinship of the individuals concerned.
4. The individuals shall not be recognized as having special motivations to lead to a conflict of interests with the Group.

*1: “Officer” refers to directors, executive officers, audit & supervisory board members, and other corporate directors (excluding External Officers).

*2: “Executives” refers to any person who falls under Article 2, Paragraph 3 Item 6 of the Enforcement of the Companies Act.

*3: “Major clients” refers to companies, etc., which paid or received an amount of money in any fiscal year of the last five years, as a compensation for business and trade with the Group, this amount being more than 2% of the consolidated net sales of the client or more than 2% of the consolidated net sales of the Group.

*4: “Principal lenders” refers to financial institutions which lent money to the Group, for which outstanding borrowings of the end of the fiscal year of any of the last five years exceeded 2% of the consolidated total assets of the Group at the end of such fiscal year.

*5: “Major shareholders” refers to stockholders who own directly or indirectly more than 10% of the total votes.

*6: “Large amounts” refers to amounts exceeding 10 million yen or 2% of the higher amount between net sales or the total income of this person, except executive compensation, in the event of a payment such as a remuneration for professional services, or a compensation for business and trade, in any fiscal year of the last five years. In the event of a donation, it refers to an amount exceeding 10 million yen or 2% of the higher amount between net sales or the total income of this person.