

Securities Code: 6444
July 14, 2020

Notice of Convocation of the 94th Ordinary General Meeting of Shareholders

Dear Shareholders:

It is our pleasure to announce that the 94th Ordinary General Meeting of Shareholders of Sanden Holdings Corporation (hereinafter referred to as “Sanden” or “Company”) will be held as stated below.

In order to prevent the spread of novel coronavirus (COVID-19), we recommend that shareholders refrain from attending the Ordinary General Meeting of Shareholders wherever possible, and request that you exercise your voting rights in advance by mail or via the Internet, etc.

Please review “The Reference Materials for the Ordinary General Meeting of Shareholders” attached here and exercise your voting rights no later than 5:30 p.m. on Tuesday, July 28, 2020.

Sincerely,

Katsuya Nishi
Representative Director & President,
Sanden Holdings Corporation
20, Kotobuki-cho, Isesaki City,
Gunma Prefecture

Details of the Meeting

1. Date and time: Wednesday, July 29, 2020, 10:00 a.m. (The reception will start at 9:30 a.m.)
Due to COVID-19 infections, the Meeting was delayed by approximately one month compared with a typical year.
2. Venue: Isesaki Shimin Plaza
220-13, Tomizuka-cho, Isesaki City, Gunma Prefecture
3. Meeting agenda:
Items to be reported
 - (1) Business Report and Consolidated Financial Statements for the 94th Fiscal Year (from April 1, 2019 to March 31, 2020) and Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements
 - (2) Non-Consolidated Financial Statements for the 94th Fiscal Year (from April 1, 2019 to March 31, 2020)

Agenda items to be resolved

Item 1: Election of Eight (8) Directors

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

4. About your vote
 - (1) If you vote both by mail and via the Internet etc., only the vote placed via the Internet etc. will be effective.
 - (2) If you submit your vote more than once via the Internet etc., only the last vote submitted will be effective.

**This English-language translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.*

Disclosure via the Internet

- Among the documents appended to the notice of convocation for the Ordinary General Meeting of Shareholders, the following documents are, based on stipulations of the law and our articles of incorporations, published on our online website, so they are not recorded in these appended documents.
 - Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
 - Non-Consolidated Statements of Changes in Net Assets and Notes to Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

Furthermore, the consolidated financial statements and financial statements audited in the course of the Audit and Supervisory Committee creating the audit report and in the course of the accounting auditor creating the accounting audit report include those attached to this notice as well as the Consolidated Statements of Changes in Net Assets, Notes to Consolidated Financial Statements, Non-Consolidated Statements of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements.

- If revisions are made to the Reference Materials for the Ordinary General Meeting of Shareholders, the business report, the consolidated financial statements, the financial statements, or the audit report, these will be published on our online website below.

The Company's website: <https://www.sanden.co.jp/ir/event/meeting.html>

Information on the Exercise of Voting Rights

If You Will Attend the Ordinary General Meeting of Shareholders

Please bring the enclosed Voting Right Exercise Form and submit it at the reception desk at the place of the Meeting.

Date and Time: Wednesday, July 29, 2020, 10:00 a.m. (The reception desk is scheduled to open at 9:30 a.m.)

If You Will Not Attend the Ordinary General Meeting of Shareholders

[Vote by the Internet etc.]

Access from smartphone

Please access the Voting Rights Exercise website by scanning the QR Code® on the enclosed Voting Rights Exercise Form through your smartphone with its barcode reading function.

(QR code is a registered trademark of Denso Wave Inc.)

Deadline to Exercise: Tuesday, July 28, 2020, 5:30 p.m.

*Voting right can be exercised using the above method only once.

Access from PC

Please access the Voting Rights Exercise website, enter the “Voting Rights Exercise Code” and “Password” noted on the enclosed Voting Rights Exercise Form, and input your approval or disapproval of each proposal following the on-screen instructions.

Voting Rights Exercise website: <https://www.web54.net>

Deadline to Exercise: Tuesday, July 28, 2020, 5:30 p.m.

For any questions about the exercise of voting rights via the Internet, please contact the following support desk.

Sumitomo Mitsui Trust Bank, Ltd. Stock Transfer Agency Online Support Desk, the administrator of the shareholder register

Dedicated line: 0120-652-031 (Operating hours: 9:00 a.m. to 9:00 p.m.)

[Voting Rights Exercise platform for Institutional Investors]

Institutional investors may also vote by the ICJ platform, a voting platform provided by ICJ, Inc. subject to the application for subscription in advance.

The Reference Materials for the Ordinary General Meeting of Shareholders

Item 1: Election of Eight (8) Directors

The term of office of all eight (8) directors shall expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, we propose that the following eight (8) director nominees be elected. Furthermore, as part of the reconstruction of corporate governance, the Company established the “Executive Nomination and Compensation Committee” (chaired by an independent outside director) in August 2017 as an advisory body to the Board of Directors, half of which are independent outside directors occupying its majority, ensuring transparency and objectivity in the selection process for director nominees. This proposal was resolved by the Board of Directors based on the report from the “Executive Nomination and Compensation Committee.”

The eight (8) director nominees are as follows:

List of Nominees

Nominee No.	Name (Age)	Current Position and Responsibilities at the Company	Attendance at Board of Directors meetings
1	Re-election Katsuya Nishi (55)	Representative Director & President, Member of Executive Nomination and Compensation Committee	100% 13/13
2	Re-election Tsuguo Ito (63)	Representative Director & Executive Vice President, Head of Compressor Business, Member of Executive Nomination and Compensation Committee	100% 13/13
3	Re-election Mark Ulfig (63)	Director & Executive Vice President in charge of Overseas Business and Global Compliance	100% 13/13
4	Re-election Hideyuki Kobayashi (53)	Director & Executive Corporate Officer in charge of Corporate Strategy and Corporate Communications/SDGs, General Manager of Corporate Planning Office	100% 10/10
5	Re-election Hiroshi Takahashi (62)	Director & Executive Corporate Officer in charge of Manufacturing and Human Resources/Administration, Division General Manager of Corporate Solutions Engineering Division	100% 10/10
6	Re-election Toru Akima (50)	Director & Corporate Officer, Division General Manager of Finance & Accounting Division	100% 10/10
7	Re-election Hideto Ozaki (74) Outside Independent	Director, Chairperson of Executive Nomination and Compensation Committee	100% 13/13
8	Re-election Yuzo Ushiyama (70) Outside Independent	Director, Member of Executive Nomination and Compensation Committee	100% 10/10

Re-election: Director nominee for re-election
Independent: Independent Director nominee

Outside: Outside Director nominee

(Reference) Expertise and Experience of the Director Nominees (Skill Matrix)

Nominee No.	Name	Expertise and Experience						
		Corporate Planning/ Management Strategy	Technology/ Manufacturing Quality	Finance/ Accounting	Sales/CS	Overseas Business	HR Development/Social Improvements	Internal Control/ Governance
1	Katsuya Nishi	○	○	○		○	○	○
2	Tsuguo Ito	○			○	○		○
3	Mark Ulfig	○			○	○		○
4	Hideyuki Kobayashi	○	○			○	○	○
5	Hiroshi Takahashi	○	○			○	○	○
6	Toru Akima	○		○		○		○
7	Hideto Ozaki	○		○		○	○	○
8	Yuzo Ushiyama	○	○		○	○		○

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
1	<p style="text-align: center;">Re-election</p> <p style="text-align: center;">Katsuya Nishi (Aug. 3, 1964) (55)</p> <p style="text-align: center;">[Period in office as Director (years)] 11</p> <p style="text-align: center;">[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 34,767 (17,667)</p> <p style="text-align: center;">[Attendance at the Board of Directors meeting] 100% (13 out of 13)</p>	<p>Apr. 1985 Joined Sanden</p> <p>July 2008 General Manager of Corporate Planning Office</p> <p>June 2009 Director Corporate Officer</p> <p>June 2012 General Manager of Corporate Planning Office Director & Executive Corporate Officer in charge of Corporate Planning, Finance, Accounting and Administration</p> <p>June 2013 Senior Director</p> <p>June 2015 Director & Executive Corporate Officer Division General Manager, Accounting Division</p> <p>July 2015 Director & Executive Corporate Officer Director & Executive Corporate Officer, Division General Manager of Accounting Division Representative Director & President, Sanden of America, Inc.</p> <p>June 2016 Director & Executive Vice President</p> <p>June 2017 Director & Executive Vice President in charge of Planning, Management Control, Finance, Accounting</p> <p>Apr. 2018 Representative Director & Executive Vice President in charge of Planning, Finance, Accounting, Management Control, R&D and Manufacturing strategy</p> <p>June 2019 Representative Director & President (present)</p> <p>June 2020 Outside Director, Gunma Television Co., Ltd. (present)</p> <hr/> <p>(Reasons for selection as nominee for Director) Mr. Katsuya Nishi has been in charge of the Company's corporate planning, finance, and accounting for many years and has extensive knowledge and experience in those fields. In 2008, he assumed office as General Manager of the Corporate Planning Office, and drove rebuilding management after the 2008 global financial crisis. In 2015, he drove the transition to a holding company structure and completed the transformation of the group structure. He assumed office as Representative Director in 2018, and, since 2019, has appropriately managed the Board of Directors in his role as Chairman of the Board of Directors. As Representative Director & President, he has driven the Medium-term Management Plan, and has proceeded with reform plans with the aim of implementing drastic structural reforms and realizing sustainable growth. We expect him to drive the promotion of the Group's medium- to long-term management strategy and improvement in corporate value in a drastically changing environment. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions	
2	<p data-bbox="422 589 526 611">Re-election</p> <p data-bbox="384 647 564 770">Tsuguo Ito (Sep. 26, 1956) (63)</p> <p data-bbox="365 808 584 898">[Period in office as Director (years)] 2</p> <p data-bbox="339 936 609 1155">[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 12,944 (8,044)</p> <p data-bbox="359 1193 590 1317">[Attendance at the Board of Directors meeting] 100% (13 out of 13)</p>	<p data-bbox="639 271 754 293">Apr. 1980</p> <p data-bbox="639 304 754 327">July 1997</p> <p data-bbox="639 365 754 387">Aug. 2002</p> <p data-bbox="639 398 754 421">Aug. 2012</p> <p data-bbox="639 459 754 481">Dec. 2014</p> <p data-bbox="639 492 754 515">Jan. 2015</p> <p data-bbox="639 553 754 575">Apr. 2015</p> <p data-bbox="639 613 754 636">June 2017</p> <p data-bbox="639 674 754 696">June 2018</p> <p data-bbox="639 734 754 757">June 2019</p> <p data-bbox="639 795 754 817">Apr. 2020</p>	<p data-bbox="820 271 1318 360">Joined Mitsubishi Motors Corporation Executive Vice President, Mitsubishi Motor Sales of America, Inc.</p> <p data-bbox="820 365 1310 387">President, The US Business Initiatives, Inc.</p> <p data-bbox="820 398 1366 454">Executive Vice President, ITOCHU Automobile America Inc.</p> <p data-bbox="820 459 986 481">Joined Sanden</p> <p data-bbox="820 492 1273 548">Division General Manager, Compressor Division</p> <p data-bbox="820 553 1358 609">Representative Director & President, Sanden Automotive Components Corporation (present)</p> <p data-bbox="820 613 1150 636">Executive Corporate Officer, Head of Global Compressor Business</p> <p data-bbox="820 674 1347 741">Director & Executive Corporate Officer, Head of Global Compressor Business</p> <p data-bbox="820 745 1318 835">Representative Director & Executive Vice President, Head of Automobile Compressor Business</p> <p data-bbox="820 840 1299 929">Representative Director & Executive Vice President, Head of Compressor Business (present)</p>
		<p data-bbox="639 943 911 965">(Major Concurrent Positions)</p> <p data-bbox="639 969 1286 1025">Representative Director & President, Sanden Automotive Components Corporation</p>	
		<p data-bbox="639 1032 1066 1055">(Reasons for selection as nominee for Director)</p> <p data-bbox="639 1059 1369 1637">Mr. Tsuguo Ito has a wealth of experience at overseas bases in Australia and the Americas in the automotive industry, and in 2015, he assumed office as a Representative Director of Sanden Automotive Components Corporation, a subsidiary of the Company, and has been contributing to the growth of overseas development. He assumed office as Director of the Company in 2018 and as Representative Director in 2019. As well as fully and adequately providing explanations to the Board of Directors with regard to important management matters and enhancing the decision-making functions of the Board of Directors, he has been formulating strategies for the automotive business on a global scale, while establishing structures to promote and implement the strategies and sharing them across group companies in a leadership role. We expect him, especially in the drastically changing automotive industry, to contribute to improvement in business competitiveness and further business growth with his ability and insight in a wide range of fields. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>	

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
3	<p>Re-election</p> <p>Mark Ulfig (Nov. 14, 1956) (63)</p> <p>[Period in office as Director (years)] 7</p> <p>[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 0 (-)</p> <p>[Attendance at the Board of Directors meeting] 100% (13 out of 13)</p>	<p>May 1978 Research Engineer, General Electric Co.</p> <p>Aug. 1985 Senior Management Consultant, KPMG Peat Marwick</p> <p>May 1988 Plant Manager, Sanden International (U.S.A.), Inc.</p> <p>Oct. 2009 President, Sanden International (U.S.A.), Inc.</p> <p>Oct. 2010 Corporate Officer President, Sanden International (U.S.A.), Inc. President, Sanden Mexicana S.A.DE C.V.</p> <p>June 2013 Director & Senior Executive Corporate Officer</p> <p>June 2015 Director & Senior Executive Corporate Officer</p> <p>June 2016 Director & Executive Vice President</p> <p>June 2017 Director & Executive Vice President in charge of Global Business</p> <p>Oct. 2017 Director & Executive Vice President in charge of Global Business Chairman, Sanden International (U.S.A.), Inc.</p> <p>Apr. 2018 Director & Executive Vice President in charge of Global Compliance Representative Director & President, Sanden International (U.S.A.), Inc. (present)</p> <p>June 2019 Director & Executive Vice President in charge of Overseas Business and Global Compliance (present)</p>
		<p>(Major Concurrent Positions) Representative Director & President, Sanden International (U.S.A.), Inc.</p>
		<p>(Reasons for selection as nominee for Director) Mr. Mark Ulfig is qualified as a lawyer in the U.S., and has a wealth of legal experience and knowledge. Since 2009, he has served as a representative of the U.S. subsidiary, the Group's core, and has been engaged in sales and manufacturing reforms in the U.S. Since 2013, as Director of the Company, in addition to appropriately supervising management mainly in overseas business management, he has promoted global activities, especially strengthening the management of overseas subsidiaries and building strong relationships with global customers, mainly in the automobile business. In 2018, he led the initiatives to strengthen compliance on a global scale, while also conducting rationalization and strengthening cost competitiveness with an emphasis on the Company's locations in North America and Central and South America. We expect him, especially in overseas businesses with drastic changes in the environment, to drive reconstruction of the medium-term earnings base, as well as further drive to strengthen compliance by leveraging his legal knowledge and experience. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
4	<p data-bbox="419 607 523 629">Re-election</p> <p data-bbox="352 667 587 757">Hideyuki Kobayashi (Apr. 26, 1967) (53)</p> <p data-bbox="360 795 579 884">[Period in office as Director (years)] 1</p> <p data-bbox="336 922 608 1146">[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 10,073 (6,973)</p> <p data-bbox="360 1184 587 1308">[Attendance at the Board of Directors meeting] 100% (10 out of 10)</p>	<p data-bbox="635 286 1369 862">Apr. 1991 Joined Sanden Sep. 2012 Plant Manager, Compressor Business Plant June 2013 Deputy Division General Manager, Compressor Division Apr. 2015 General Manager, Product Strategy Department, Business Division, Sanden Automotive Components Corporation Jan. 2016 General Manager, Business Strategy Department, Corporate Planning Office June 2017 Corporate Officer June 2019 General Manager, Corporate Planning Office June 2019 Director & Executive Corporate Officer, Division General Manager of Management Strategy Division in charge of Business Development Apr. 2020 Director & Executive Corporate Officer in charge of Corporate Strategy and Corporate Communications/SDGs, General Manager of Corporate Planning Office (present)</p>
		<p data-bbox="635 869 1066 891">(Reasons for selection as nominee for Director)</p> <p data-bbox="635 898 1369 1182">Mr. Hideyuki Kobayashi led the initiatives in the fields of technical development and production management of compressors for automotive air conditioners, one of the Company's core products, for many years and has extensive knowledge and experience in those fields. He has contributed to expansion of global business by supporting manufacturing and technical development on a global scale as a Plant Manager in 2012 and being engaged in business management as a Deputy Division General Manager in 2013.</p> <p data-bbox="635 1189 1369 1624">As a Corporate Officer and General Manager of the Corporate Planning Office from 2017, and Director since 2019, he appropriately supervised management with an emphasis on strategic and technical perspectives, and played a central role in establishing and promoting the Medium-term Management Plan. We expect him, in the current drastically changing market environment, to drive the tangible promotion of the management strategy, especially with his experience and capabilities in the technical development field, as a person responsible for planning and implementing the Medium-term Management Plan based on the new concept of management. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
5	<p style="text-align: center;">Re-election</p> <p style="text-align: center;">Hiroshi Takahashi (Apr. 14, 1958) (62)</p> <p style="text-align: center;">[Period in office as Director (years)] 1</p> <p style="text-align: center;">[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 11,321 (9,321)</p> <p style="text-align: center;">[Attendance at the Board of Directors meeting] 100% (10 out of 10)</p>	<p>Apr. 1979 Joined Sanden</p> <p>July 2002 General Manager, Production Management Department, A/C SystemPlant</p> <p>May 2007 Division General Manager, IT Division</p> <p>Apr. 2014 Corporate Officer Yattajima Plant Manager</p> <p>Apr. 2015 Corporate Officer Division General Manager, Production Management Division</p> <p>July 2017 Corporate Officer Akagi Plant Manager</p> <p>Nov. 2018 Corporate Officer in charge of Gunma, Manager, Manufacturing Process Standardization PJ</p> <p>June 2019 Director & Executive Corporate Officer, Division General Manager of Corporate Solutions Engineering Division in charge of Manufacturing</p> <p>Apr. 2020 Director & Executive Corporate Officer in charge of Manufacturing and Human Resources/Administration, Division General Manager of Corporate Solutions Engineering Division (present)</p> <hr/> <p>(Reasons for selection as nominee for Director) Mr. Hiroshi Takahashi has been in charge of the manufacturing field including production technology and production management for many years and has extensive knowledge and experience in this field. In 2007, he assumed office as Division General Manager of the IT Division and led operational reforms of the Group by introducing information technology. Subsequently, he promoted craftsmanship reforms in the Company's mainstay Automotive Systems Business in addition to the Commercial Store Systems Business as a Plant Manager of a global mother business office. He has launched a company-wide project for further operational reforms and driven cost reductions on a global basis since 2018, and, as a Director since 2019, he has appropriately supervised management with an emphasis on a manufacturing perspective. We expect him to further promote manufacturing innovation with his experience in plant management and through the driving of efficiency using IT. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
6	<p style="text-align: center;">Re-election</p> <p style="text-align: center;">Toru Akima (Dec. 1, 1969) (50)</p> <p>[Period in office as Director (years)] 1</p> <p>[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 7,221 (5,521)</p> <p>[Attendance at the Board of Directors meeting] 100% (10 out of 10)</p>	<p>Apr. 1992 Joined Sanden</p> <p>July 2008 General Manager, Corporate Planning Office</p> <p>June 2015 Director & Executive Vice President, Sanden International (U.S.A.), Inc.</p> <p>June 2017 General Manager, Accounting Division</p> <p>Apr. 2018 Corporate Officer Division General Manager, Accounting Division</p> <p>June 2019 Director & Corporate Officer, Division General Manager of Finance & Accounting Division (present)</p> <hr/> <p>(Reasons for selection as nominee for Director) Mr. Toru Akima has been in charge of the Company's finance and accounting for many years and has extensive knowledge and experience in those fields. In 2015, he contributed to improvement in the profitability and cash flow of a US subsidiary as Director & Executive Vice President of the subsidiary. In 2018, he assumed office as Corporate Officer and Division General Manager of the Accounting Division, and, as a Director since 2019, he has appropriately supervised management mainly from a financial perspective and has also driven the reform of the financial structure of the Group, which has business operations on a global scale. We expect him to further drive the reform of financial structure and cash flow management of the Group. We also have judged that as a Director, he is an appropriate person to provide the Group with appropriate decision-making and supervision. Accordingly, we propose his re-election as Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions	
7	<p style="text-align: center;">Re-election Outside Independent</p> <p style="text-align: center;">Hideto Ozaki (Dec. 26, 1945) (74)</p> <p>[Period in office as Director (years)] 7</p> <p>[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 2,200 (-)</p> <p>[Attendance at the Board of Directors meeting] 100% (13 out of 13)</p>	<p>Apr. 1968</p> <p>June 1999</p> <p>July 2000</p> <p>June 2008</p> <p>June 2011</p> <p>June 2013</p> <p>July 2014</p> <p>June 2015</p> <p>July 2018</p> <p>Mar. 2020</p> <p>June 2020</p>	<p>Joined Toyota Motor Sales Co., Ltd.</p> <p>Director, Toyota Motor Corporation</p> <p>Representative Director & President, Toyota Financial Services Corporation</p> <p>Representative Director & Chairman, Aioi Insurance Company, Limited (currently Aioi Nissay Dowa Insurance Company, Limited)</p> <p>Special Advisor, Aioi Nissay Dowa Insurance Company, Limited</p> <p>Outside Director, Sanden (present)</p> <p>Advisory Council, SVP Global Asia LLC</p> <p>Outside Director, Mito Securities Co., Ltd.</p> <p>Dean of the Lean Management Institute, Shanghai Jiaoda Education Group (present)</p> <p>External Corporate Auditor, Broadleaf Co., Ltd. (present)</p> <p>External Director, UCC HOLDINGS CO., LTD. (present)</p>
			<p>(Major Concurrent Positions) External Corporate Auditor, Broadleaf Co., Ltd. External Director, UCC HOLDINGS CO., LTD.</p>
			<p>(Reasons for selection as nominee for Outside Director) Mr. Hideto Ozaki has a high level insight and ability in management strategy and business administration from his experience in a wide range of corporate management at automobile companies, non-life insurance companies, and other companies, and appropriately supervises management as an Outside Director. He has provided a great deal of advice on management from a shareholder perspective and has also actively spoken to increase the transparency and fairness of management as Chairman of the Executive Nomination and Compensation Committee established in August 2017. We expect him to contribute to further assure the Group's management transparency with his insight and wealth of experience in corporate management, and to supervise management with the aim of improving corporate value in a sustainable manner. Accordingly, we propose his re-election as Outside Director.</p>
			<p>(Independence) There is no business relationship between the Company and Mr. Hideto Ozaki. He meets the Independence Criteria for Outside Directors established by the Company and is thus considered independent. The Company notified the Tokyo Stock Exchange of his appointment as an Independent Director as provided for by the aforementioned exchange. If he is re-elected, he will continue serving as an Independent Director.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions	
8	<p style="text-align: center;">Re-election Outside Independent</p> <p style="text-align: center;">Yuzo Ushiyama (June 10, 1950) (70)</p> <p style="text-align: center;">[Period in office as Director (years)] 1</p> <p style="text-align: center;">[No. of Sanden shares held] (No. of shares delivered under the Stock Compensation system) 10,000 (-)</p> <p style="text-align: center;">[Attendance at the Board of Directors meeting] 100% (10 out of 10)</p>	<p>Apr. 1974</p> <p>July 2000</p> <p>June 2004</p> <p>June 2009</p> <p>June 2010</p> <p>June 2015</p> <p>June 2019</p>	<p>Joined Toyota Motor Sales Co., Ltd.</p> <p>Senior Vice President, Toyota Motor Sales, U.S.A. Inc.</p> <p>Managing Officer, Toyota Motor Corporation</p> <p>Executive Vice President, TOKAI RIKA CO., LTD.</p> <p>President, TOKAI RIKA CO., LTD.</p> <p>Advisor, TOKAI RIKA CO., LTD.</p> <p>Outside Director, Sanden (present)</p>
		<p>(Reasons for selection as nominee for Outside Director)</p> <p>Mr. Yuzo Ushiyama has experience in a wide range of corporate management in the automobile industry and also possesses a high level insight and ability in the fields of overseas strategic planning, overseas business, and production management. In 2010, he assumed office of resident of TOKAI RIKA CO., LTD. and successfully rebuilt management and achieved business growth after the 2008 global financial crisis. Based on that experience and insight, he has been appropriately supervising management as an Outside Director of the Company since 2019. He has also actively spoken to increase the transparency and fairness of management as a Member of the Executive Nomination and Compensation Committee. We expect him to provide the Group with a great deal of advice toward driving structural reform of the Group's automobile business and advancing the Medium-term Management Plan, and to supervise management with the aim of improving sustainable corporate value. Accordingly, we propose his re-election as Outside Director.</p> <p>(Independence)</p> <p>There is no business relationship between the Company and Mr. Yuzo Ushiyama. He meets the Independence Criteria for Outside Directors established by the Company and is thus considered independent. The Company notified the Tokyo Stock Exchange of his appointment as an Independent Director as provided for by the aforementioned exchange. If he is re-elected, he will continue serving as an Independent Director.</p>	

Notes:

- 1: There is no special interest between any of the director nominees and the Company.
- 2: Hideto Ozaki and Yuzo Ushiyama have entered into the “Liability Limitation Agreement” with the Company that limits the liability under Paragraph 1 of Article 423 of the Companies Act to the ceiling amount under laws and regulations. If they are re-elected as proposed, we will renew their agreement.
- 3: The number of the Company’s shares held by Katsuya Nishi, Tsuguo Ito, Hideyuki Kobayashi, Hiroshi Takahashi, and Toru Akima among the above nominees, includes the number of shares scheduled to be delivered at their resignation as of this Ordinary General Meeting of Shareholders under the Performance-Linked Stock Compensation system. The relative number of shares is shown in the brackets under the total number of shares held by each nominee.

[Explanation about the number of shares to be delivered under the Performance-Linked Stock Compensation System]

From the 90th (2015) fiscal year, the Company introduced the Performance-Linked Stock Compensation System (the “System”) for directors and corporate officers and senior general managers with whom the Company has entered into an engagement agreement (excluding foreign residents, outside directors, and part-time directors; hereinafter “Directors, Etc.”).

The System is a stock compensation system where the Directors, Etc. will be awarded a certain number of points according to the attainment level of performance targets of each fiscal year and position on June 1 immediately after the end of the fiscal year. Upon retirement, the shares of the Company and money equivalent to the amount for the conversion to cash of the shares of the Company (“Company Shares, Etc.”) with five points as one share of the Company according to the accumulated points will be delivered or paid (“Delivery, Etc.”) to the Directors, Etc. who satisfy the beneficiary terms. The number of shares shown for each nominee above as the shares delivered under this system is the number equivalent to the accumulated points by June 1, 2020. No voting rights shall be exercised on the Company shares prior to their actual future delivery to the above nominees. The shares accounting for 10% of the shares to be delivered will be sold in the market and the proceeds will be delivered.

- 4: The age of each nominee described is as of this Ordinary General Meeting of Shareholders.
- 5: The attendance at the Board of Directors meeting of each nominee described is for FY2019.

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

The term of office of all four (4) Audit & Supervisory Board Members shall expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, we propose that the following four (4) Audit & Supervisory Board Member nominees be elected.

We have obtained the consent of the Audit & Supervisory Board in connection with this item.

The four (4) Audit & Supervisory Board Member nominees are as follows:

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions	
1	Re-election Shinji Ichikawa (Oct. 26, 1955) (64) [Period in office as Audit & Supervisory Board Member (years)] 3	Nov. 2001 June 2005 June 2007 June 2010 June 2012 July 2014 June 2016 June 2017	Joined Sanden Director Senior Director Senior Corporate Officer Executive Corporate Officer CEO, Sanden International (Europe) Ltd. Senior Corporate Officer Audit & Supervisory Board Member (Full-time) (present)
	[No. of Sanden shares held] 27,400 [Attendance at the Board of Directors meeting] 100% (13 out of 13) [Attendance at the Audit & Supervisory Board meeting] 100% (14 out of 14)	(Reasons for selection as nominee for Audit & Supervisory Board Member) Since joining the Company, Mr. Shinji Ichikawa has gained experience in planning and administration, including mainly corporate planning, corporate management, administration, human resources and auditing, and has gained extensive experience and insight through his overall responsibility for European operations. As an Audit & Supervisory Board Member (full-time), Mr. Ichikawa has provided useful comments regarding management since 2017. We have judged that he is appropriate as an Audit & Supervisory Board Member. Accordingly, we propose his re-election as Audit & Supervisory Board Member.	

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
2	<p style="text-align: center;">Re-election Outside Independent</p> <p style="text-align: center;">Ichiro Yumoto (Apr. 24, 1951) (69)</p>	<p>Apr. 1975 Joined Fuji Bank, Limited</p> <p>Apr. 2002 General Manager of Executive Secretariat, Mizuho Holdings, Inc.</p> <p>Apr. 2004 Executive Officer, Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2005 Managing Executive Officer, Chief Risk Officer, Chief Human Resources Officer, Mizuho Corporate Bank, Ltd.</p> <p>June 2006 Senior Managing Director, Japan Carlit Co., Ltd.</p> <p>June 2012 Statutory Auditor, Taiyo Nippon Sanso Corporation</p> <p>June 2016 Outside Director, JK Holdings Co., Ltd. (present) Audit & Supervisory Board Member, Sanden (present)</p>
	<p>[Period in office as Audit & Supervisory Board Member (years)] 4</p>	<p>(Major Concurrent Positions) Outside Director, JK Holdings Co., Ltd.</p>
	<p>[No. of Sanden shares held] 0</p> <p>[Attendance at the Board of Directors meeting] 100% (13 out of 13)</p> <p>[Attendance at the Audit & Supervisory Board meeting] 100% (14 out of 14)</p>	<p>(Reasons for selection as nominee for Audit & Supervisory Board Member) Mr. Ichiro Yumoto has extensive experience and insight gained through corporate management at financial institutions and in the manufacturing industry. As an Outside Audit & Supervisory Board Member of the Company, Mr. Yumoto has provided useful comments regarding management, and we have judged that he is a person who can appropriately execute the duties of an Outside Audit & Supervisory Board Member in order to further improve the effectiveness of audits. Accordingly, we propose his re-election as Audit & Supervisory Board Member.</p> <p>(Independence) There is no business relationship between the Company and Mr. Ichiro Yumoto. He meets the Independence Criteria for Outside Officers established by the Company and is thus considered independent. The Company notified the Tokyo Stock Exchange of his appointment as an Independent Officer as provided for by the aforementioned exchange. If he is re-elected, he will continue serving as an Independent Officer.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions
3	<p style="text-align: center;">Re-election Outside Independent</p> <p style="text-align: center;">Kazumichi Matsuki (Aug. 17, 1951) (68)</p> <p style="text-align: center;">[Period in office as Audit & Supervisory Board Member (years)] 4</p>	<p>Apr. 1976 Joined Mitsubishi Corporation</p> <p>Jan. 2003 General Manager, Legal Dept., Mitsubishi Corporation</p> <p>June 2007 Senior Vice President “Riji”, Mitsubishi Corporation</p> <p>June 2011 Joined Hokuetsu Kishu Paper Co., Ltd. Corporate Officer, Hokuetsu Kishu Paper Co., Ltd.</p> <p>June 2013 Managing Director, Hokuetsu Kishu Paper Co., Ltd.</p> <p>Apr. 2014 Part-Time Executive on Special Assignment, Hokuetsu Kishu Paper Co., Ltd.</p> <p>June 2016 Outside Director, Dream Incubator Inc. Outside Audit & Supervisory Board Member, Sanden (present)</p> <p>June 2017 Executive General Manager, Japan Criminal Policy Society (present)</p> <p>June 2018 Outside Director, ANEST IWATA Corporation (present)</p> <p>Mar. 2019 Outside Director, Nissha Co., Ltd. (present)</p> <p>Mar. 2020 Executive General Manager, Japan International Dispute Resolution Center (present)</p>
	<p style="text-align: center;">[No. of Sanden shares held] 0</p>	<p>(Major Concurrent Positions) Outside Director, ANEST IWATA Corporation Outside Director, Nissha Co., Ltd.</p>
	<p style="text-align: center;">[Attendance at the Board of Directors meeting] 92% (12 out of 13)</p> <p style="text-align: center;">[Attendance at the Audit & Supervisory Board meeting] 92% (13 out of 14)</p>	<p>(Reasons for selection as nominee for Audit & Supervisory Board Member) Mr. Kazumichi Matsuki has extensive experience and insight gained through legal matters in a general trading company and through management in the manufacturing sector. As an Outside Audit & Supervisory Board Member of the Company, Mr. Matsuki has provided useful comments regarding management, and we have judged that he is a person who can appropriately execute the duties of an Outside Audit & Supervisory Board Member in order to further improve the effectiveness of audits. Accordingly, we propose his re-election as Audit & Supervisory Board Member.</p> <p>(Independence) There is no business relationship between the Company and Mr. Kazumichi Matsuki. He meets the Independence Criteria for Outside Officers established by the Company and is thus considered independent. The Company notified the Tokyo Stock Exchange of his appointment as an Independent Officer as provided for by the aforementioned exchange. If he is re-elected, he will continue serving as an Independent Officer.</p>

No.	Name (Date of birth) (Age)	Resume, Positions and Areas of Responsibility in the Company and Major Concurrent Positions	
4	New nominee	Apr. 1974	Joined The Gunma Bank, Ltd.
	Tomisaburo Igarashi (Dec. 23, 1950) (69)	Feb. 2002	General Manager, Management Support Office, Credit Department, The Gunma Bank, Ltd.
	[Period in office as Audit & Supervisory Board Member (years)] -	June 2007	Director & Executive Officer, The Gunma Bank, Ltd.
	[No. of Sanden shares held] 0	June 2009	Managing Director, The Gunma Bank, Ltd.
[Attendance at the Board of Directors meeting] -	June 2011	Senior Managing Director, The Gunma Bank, Ltd.	
[Attendance at the Audit & Supervisory Board meeting] -	June 2014	Adviser, The Gunma Bank, Ltd. Representative Director & President, GUNMA TOCHI Co., Ltd.	
	June 2015	Outside Director, FUJITA ENGINEERING Co., Ltd. (present)	
	July 2017	Executive General Manager, Sanden (present)	
	(Major Concurrent Positions)		Outside Director, FUJITA ENGINEERING Co., Ltd.
	(Reasons for selection as nominee for Audit & Supervisory Board Member)		Mr. Tomisaburo Igarashi has extensive experience and insight gained through management, etc. at financial institution and in the real estate industry.
	As Executive General Manager of the Company, Mr. Igarashi has provided useful comments regarding management, and we have judged that he is an appropriate person to be Audit & Supervisory Board Member. Accordingly, we propose his election as Audit & Supervisory Board Member.		

Notes:

- 1: There is no special interest between any of the Audit & Supervisory Board Member nominees and the Company.
- 2: Shinji Ichikawa, Ichiro Yumoto, and Kazumichi Matsuki have entered into the “Liability Limitation Agreement” with the Company that limits the liability under Paragraph 1 of Article 423 of the Companies Act to the ceiling amount under laws and regulations. If they are re-elected as proposed, we will renew their agreement.
- 3: If Tomisaburo Igarashi is elected as proposed, the Company intends to enter into a Liability Limitation Agreement with him under Paragraph 1 of Article 423 of the Companies Act to the ceiling amount under the law.
- 4: The age of each nominee described is as of this Ordinary General Meeting of Shareholders.
- 5: Attendance at the Board of Directors meeting and the Audit & Supervisory Board meeting of each nominee described are for FY2019.

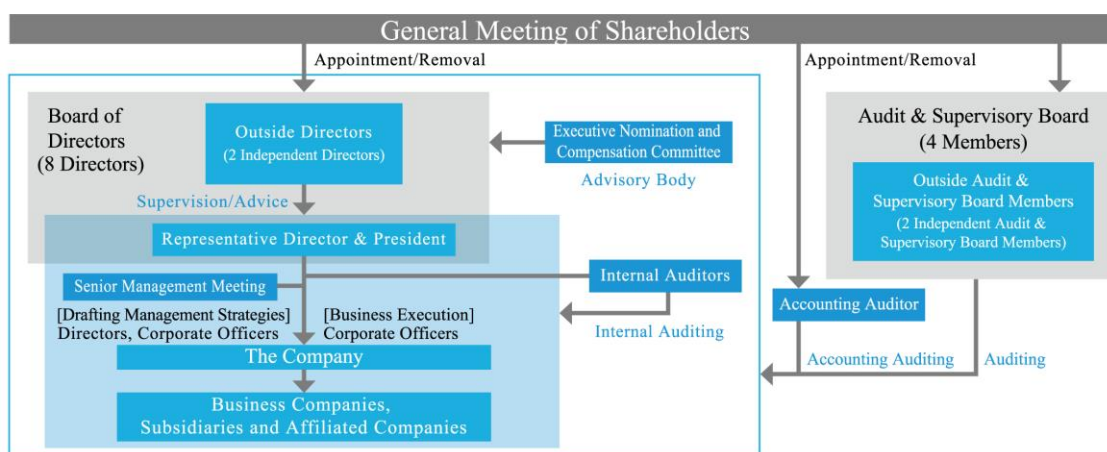
Reference: Stance on Corporate Governance and Its System, etc.

Basic Stance on Corporate Governance

Since it was founded in 1943, the Sanden Group's corporate culture has been guided by the principles set out in its founding spirit, "Let us develop with wisdom and prosper in harmony." In addition, the Corporate Philosophy, adopted in 2003 that outlines the "universal values shared by the global community" and the "basic stance toward stakeholders," has spread broadly throughout the Group. Based on the Corporate Philosophy, we are working on corporate governance from the standpoint of enhancing management quality in areas including fairness, transparency, and efficiency of management.

Under the Group's vision to "Open up a new era and become a company that is trusted by all the people so that we will be able to create an enriched society in which environment and comfort are harmonized," we will create new corporate value.

Corporate Governance System



Employing the "company with Audit & Supervisory Board" model based on Japan's Companies Act, Sanden has created a corporate governance system that includes a Board of Directors, Audit & Supervisory Board Members, Audit & Supervisory Board, and Accounting Auditor.

The Board of Directors has eight members, including two Outside Directors. This system ensures accountability of management, strengthens supervisory functions, and ensures the objectivity and independence of governance. The Audit & Supervisory Board has four members, including three Outside Audit & Supervisory Board Members. To strengthen management oversight functions, Sanden has established and disclosed the "Independence Criteria for Outside Officers." Based on the criteria, we designate four of the five Outside Directors/Audit & Supervisory Board Members as Independent Officers and notified the Tokyo Stock Exchange of the designation.

Sanden has the Executive Nomination and Compensation Committee, which gives advice and recommendations to the Board of Directors responding to requests by the Board of Directors, to ensure the transparency and objectivity of the decision-making process for appointments of Directors and the determination of their compensation. The Executive Nomination and Compensation Committee consists of four members, including two independent Outside Directors (Outside Director Mr. Hideto Ozaki (chairman), Outside Director Mr. Yuzo Ushiyama, Representative Director & President Mr. Katsuya Nishi, and Representative Director & Executive Vice President Mr. Tsuguo Ito). In addition, by setting Directors' term of office to one year, Sanden has a system to ensure management transparency and a rapid response to changes in the market environment. Also, by adopting a corporate officer system, Sanden strengthens business execution functions and increase management efficiency.

Moreover, the Management Committee and the Board of Directors deliberate in a timely fashion on important matters related to compliance and risk management. Furthermore, by putting in place internal and external hot lines as an internal reporting system, Sanden is working to strengthen compliance and risk management.

We believe that Sanden's existing system is fully capable of demonstrating the effectiveness of corporate governance in light of the actual conditions of our business type, history and corporate culture.

Evaluation of the Effectiveness of the Board of Directors

Since 2016, the Board of Directors has been analyzing and evaluating the effectiveness as to whether the Board of Directors is functioning appropriately overall. We also conducted an evaluation of the Board of Directors in 2019, as a result of which we confirmed at the Board of Directors meeting held on June 30, 2020 that the effectiveness of the Company's Board of Directors is ensured.

The results of the evaluation are as follows.

Evaluation Process

In FY2019, we had Directors and Audit & Supervisory Board Members reply to a questionnaire and requested a third-party organization to calculate and analyze the results.

The major areas covered in the evaluation were: 1. Governance system/structure; 2. Roles and responsibilities of the Board of Directors; 3. Composition and operation of the Board of Directors; 4. Activation of deliberations by the Board of Directors; 5. Management oversight and the relationship with the management team; 6. Understanding risks; and 7. Relationship with stakeholders.

Based on the results of the analysis, the Board of Directors conducted an evaluation of the structure, composition, and operations of the Board of Directors from a multifaceted perspective.

Response to Issues in FY2019

In view of the results of the FY2018 evaluation, we identified two issues to be resolved in FY2019: "the appointment and removal of Directors, and succession plans" and "provision of value to society."

With regard to the issue of "the appointment and removal of Directors, and succession plans," the Executive Nomination and Compensation Committee considers the appointment of Directors, shares the policy and decision process with the Board of Directors, and then clearly explained the reasons for selecting the candidates to the Board of Directors. By extensively replacing candidates with a younger generation, we are fostering a line of succession for the next generation. As a result, significant improvements were made.

With regard to the issue of "value provided to society," we clarified the value provided to society by the Company in the vision for the new Medium-term Management Plan, and worked to share the policy by incorporating SDGs into our key strategies. However, there remains room for improvement in terms of extending this into specific activities, and we recognize that the further involvement of the Board of Directors is required.

As for other matters where issues were identified, results of companywide improvement activities were seen, and improvements occurred for all matters.

Evaluation Results for FY2019 and Future Action

Overall, the effectiveness evaluation results for FY2019 were better than the previous fiscal year's, confirming that improvements were making steady progress. In terms of the major areas, evaluations of "Composition and operation of the Board of Directors" and "Activation of deliberations by the Board of Directors" continued to be higher than the previous fiscal year, indicating that improvements are progressing under the new management system. We will continue to work on those improvements by engaging in ongoing activities.

On the other hand, in this latest evaluation, "transfer of authority/Group control" was raised as an issue within "Governance system/structure." In view of the fact that we have been focusing on the Automotive Systems Business since FY2019, the Board of Directors will hold discussions on the nature of the governance system in response to changes in the business environment, and we will promote efforts to realize an optimal governance system.

In addition, with regard to "provision of value to society," which has continued to be an issue since the previous fiscal year, we will work on specific activities by sharing the recognition of how to create value through the Company's business activities with the further involvement of the Board of Directors.

The Company will continue to strive for sustainable growth and medium- to long-term improvements in corporate value by enhancing the effectiveness of the Board of Directors and by strengthening corporate governance.

The Company's Policy and Procedure for Election of Directors

The Company has the Executive Nomination and Compensation Committee (chaired by an Independent Outside Director) comprised of four Directors, including two Independent Outside Directors.

For the nomination of nominees for Director, consideration is given to diversity in personnel in view of factors such as corporate globalization alongside the balance between overall knowledge, experience, and ability. For nominees for Outside Director, in addition to the above, nominated personnel must secure objectivity and substantial independence from the Company while possessing high levels of specialization and wide experiences and insights, etc., providing adequate qualifications that can contribute to the sustainable growth and mid- to long-term improvement in corporate value of the Company.

The selection of candidates for Director is deliberated and determined by the Board of Directors based on recommendations provided by the Executive Nomination and Compensation Committee, which has deliberated the selection.

Policies and Procedures Regarding the Appointment of the Company's Audit & Supervisory Board Members

With regard to candidates for Audit & Supervisory Board Member, we nominate persons who have the necessary qualities to conduct effective audits from a perspective of objectivity and neutrality. The candidates for Audit & Supervisory Board Member is deliberated by determined by the Board of Directors, after the Audit & Supervisory Board has given its consent.

Independence Criteria for Outside Directors at the Company

The Company has established independence criteria for Outside Officers as follows.

Independence Criteria for Outside Officers

1. In order for a person to be an independent Director or Audit & Supervisory Board Member (hereinafter referred to as "Independent Officer(s)") of the Company, he or she must not be an Executive Director, Corporate Officer, manager, or other employee (hereinafter collectively referred to as "Executive Director(s), etc.") of the Company, and must not have been an Executive Director, etc. of the Company during the ten (10) years prior to his or her appointment (however, for a person who was a Non-executive Director (referring to a Director who is not an Executive Director; hereinafter the same applies), Audit & Supervisory Board Member, or accounting advisor at any point during the ten (10) years prior to his or her appointment, this shall apply to the ten (10) year period prior to his or her appointment to that position).
2. In order for a person to be an Independent Officer of the Company, he or she must not be an Executive Director, etc. of a current subsidiary of the Company, and must not have been an Executive Director, etc. of any such subsidiary during the ten (10) years prior to his or her appointment (however, for a person who was a Non-executive Director, Audit & Supervisory Board Member, or accounting advisor at any point during the ten (10) years prior to his or her appointment, this shall apply to the ten (10) year period prior to his or her appointment to that position).
3. In order for a person to be an Independent Officer of the Company, he or she must not fall under any of the following categories:
 - (1) A Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of the current parent company of the Company;
 - (2) A person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of the current parent company of the Company during the past five (5) years;
 - (3) A current major shareholder of the Company (referring to a shareholder with 10% or more of the Company's voting rights; hereinafter the same applies), or in the event that this major shareholder is a corporation, a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Executive General Manager, Corporate Officer, manager, or other employee of the major shareholder, or a parent company or important subsidiary thereof;
 - (4) A person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Executive General Manager, Corporate Officer, manager, or other employee of a current major shareholder of the Company, or a parent company or important subsidiary thereof, during the past five (5) years;
 - (5) A Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of a company of which the Company is currently a major shareholder.
4. In order for a person to be an Independent Director of the Company, he or she must not fall under any of the following categories:
 - (1) A Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of a current sister company of the Company;
 - (2) A person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of a current sister company of the Company during the past five (5) years.
5. In order for a person to be an Independent Officer of the Company, he or she must not fall under any of the following categories:
 - (1) A person for whom the Company or a subsidiary thereof is a major business partner (a person who received 2% or more of total annual consolidated net sales in the most recent fiscal year from the Company or a subsidiary thereof; hereinafter the same applies), or a parent company or important subsidiary thereof, or in the event that such a person is a company, an Executive Director, Executive Officer, Corporate Officer, manager, or other employee of that company;
 - (2) A person for whom the Company or a subsidiary thereof was a major business partner (a person who received 2% or more of total annual consolidated net sales in the most recent fiscal year from the Company or a subsidiary thereof; hereinafter the same applies) in any of the most recent fiscal year and the two (2) fiscal years before that, or a parent company or important subsidiary thereof, or in the event that such a person is a company, an Executive Director, Executive Officer, Corporate Officer, manager, or other employee of that company;
 - (3) A person who is a major business partner of the Company (a person whose payments account for 2% or more of total annual consolidated net sales of the Company in the most recent fiscal year; hereinafter the same applies), or a parent company or important subsidiary thereof, or in the event that such a person is a company, an Executive Director, Executive Officer, Corporate Officer, manager, or other employee of that company;
 - (4) A person who was a major business partner of the Company (a person whose payments account for 2% or more of total annual consolidated net sales of the Company in the applicable fiscal year; hereinafter the same applies) in any of the most recent fiscal year and the two (2) fiscal years before that, or a parent company or important subsidiary thereof, or in the event that such a person is a company, an Executive Director, Executive Officer, Corporate Officer, manager, or other employee of that company;
 - (5) An Executive General Manager (limited to a person engaged in the execution of business operations) or other executive (referring to an officer executing the business operations of the organization or employee; hereinafter the same applies) of an organization (such as a public interest incorporated foundation, public interest incorporated association, nonprofit organization, etc.) receiving donations or support exceeding a certain amount (an average of 10 million yen per year or 30% of the average annual expenses of the organization in the past three (3) fiscal years, whichever is larger) from the Company or a subsidiary thereof.
6. In order for a person to be an Independent Officer of the Company, he or she must not be a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, or Corporate Officer of a company receiving Director(s) (including both full-time and part-time Directors) from the Company or a subsidiary thereof, or a parent company or subsidiary of such a company.
7. In order for a person to be an Independent Officer of the Company, he or she must not fall under any of the following categories:
 - (1) A Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of a financial institution or other major creditor that the Company relies on for fundraising to an indispensable, irreplaceable degree (hereinafter referred to as a "major creditor, etc.") or a parent company or important subsidiary thereof;
 - (2) A person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other employee of a current major creditor of the Company or a parent company or important subsidiary thereof during the past three (3) years.
8. In order for a person to be an Independent Officer of the Company, he or she must not fall under any of the following categories:
 - (1) A person who is a certified public accountant (or certified public tax accountant) or employee or partner of an audit corporation (or tax accountancy corporation) that is currently the Accounting Auditor or an accounting advisor of the Company or a subsidiary thereof;
 - (2) A person who was a certified public accountant (or certified public tax accountant) or employee or partner actually overseeing audit operations pertaining to the Company or a subsidiary thereof (however, this excludes participating in a supporting role) at an audit corporation (or tax accountancy corporation) that was the Accounting Auditor or an accounting advisor of the Company or a subsidiary thereof during the past three (3) years (including persons that have retired or exited from such employment at present);
 - (3) An attorney, certified public accountant, certified public tax accountant, or other consultant who does not fall under either of the above categories (1) or (2), and who has received cash or other proprietary interests equivalent to an average of 10 million yen or more per year in the past three (3) years from the Company or a subsidiary thereof, excluding officer remuneration;
 - (4) An employee, partner, or associate of a law office, audit corporation, tax accountancy corporation, consulting firm, or other specialist advisory firm that does not fall under either of the above categories (1) or (2), and for whom the Company or a subsidiary thereof is a major business partner (a firm that received average payments accounting for 2% or more of the total consolidated net sales of that firm in the past three (3) fiscal years from the Company or a subsidiary thereof; hereinafter the same applies).
9. In order for a person to be an Independent Director of the Company, he or she must not fall under any of the following categories:
 - (1) A spouse, relative within the second degree of kinship, or cohabiting relative of a Director, Corporate Officer, manager, or other important employee of the Company or a subsidiary thereof;
 - (2) A spouse, relative within the second degree of kinship, or cohabiting relative of a person who was a Director, Corporate Officer, manager, or other important employee of the Company or a subsidiary thereof within the past five (5) years;
 - (3) A spouse, relative within the second degree of kinship, or cohabiting relative of a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other important employee of the current parent company of the Company;
 - (4) A spouse, relative within the second degree of kinship, or cohabiting relative of a person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other important employee of the current parent company of the Company during the past five (5) years;

- (5) A spouse, relative within the second degree of kinship, or cohabiting relative of a current major shareholder of the Company or a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Executive General Manager, or Corporate Officer thereof;
 - (6) A spouse, relative within the second degree of kinship, or cohabiting relative of a person who was a current major shareholder of the Company or a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Executive General Manager, or Corporate Officer thereof during the past five (5) years;
 - (7) A spouse, relative within the second degree of kinship, or cohabiting relative of a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, or Corporate Officer of a company of which the Company is currently a major shareholder;
 - (8) A spouse, relative within the second degree of kinship, or cohabiting relative of a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other important employee of a current sister company of the Company;
 - (9) A spouse, relative within the second degree of kinship, or cohabiting relative of a person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, Corporate Officer, manager, or other important employee of a current sister company of the Company during the past five (5) years;
 - (10) A spouse, relative within the second degree of kinship, or cohabiting relative of a person (individual) for whom the Company or a subsidiary thereof is a major business partner, or a spouse, relative within the second degree, or cohabiting relative of an Executive Director, Executive Officer, or Corporate Officer of a company for which the Company or a subsidiary thereof is a major business partner;
 - (11) A spouse, relative within the second degree of kinship, or cohabiting relative of a person (individual) for whom the Company or a subsidiary thereof was a major business partner in any fiscal year during the past three (3) years, or a spouse, relative within the second degree of kinship, or cohabiting relative of an Executive Director, Executive Officer, or Corporate Officer of a company for which the Company or a subsidiary thereof was a major business partner in any fiscal year during the past three (3) years;
 - (12) A spouse, relative within the second degree of kinship, or cohabiting relative of a major business partner (individual) of the Company, or relative within the second degree of kinship or cohabiting relative of an Executive Director, Executive Officer, or Corporate Officer of a company for which the Company is a major business partner;
 - (13) A spouse, relative within the second degree of kinship, or cohabiting relative of a person (individual) who was a major business partner of the Company in any fiscal year during the past three (3) years, or a spouse, relative within the second degree of kinship, or cohabiting relative of an Executive Director, Executive Officer, or Corporate Officer of a company for which the Company was a major business partner in any fiscal year in the past three (3) years;
 - (14) A spouse, relative within the second degree of kinship, or cohabiting relative of an Executive General Manager (limited to persons engaged in the execution of business operations) or other executive of an organization (such as a public interest incorporated foundation, public interest incorporated association, nonprofit organization, etc.) receiving donations or support exceeding a certain amount (an average of 10 million yen per year or 30% of the average annual expenses of the organization of the past three (3) fiscal years, whichever is larger) from the Company or a subsidiary thereof;
 - (15) A spouse, relative within the second degree of kinship, or cohabiting relative of a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, or Corporate Officer of a current major creditor, etc. of the Company;
 - (16) A spouse, relative within the second degree of kinship, or cohabiting relative of a person who was a Director, Audit & Supervisory Board Member, accounting advisor, Executive Officer, or Corporate Officer of a current major creditor, etc. of the Company during the past three (3) years;
 - (17) A person whose spouse, relative within the second degree of kinship, or cohabiting relative is a certified public accountant (or certified public tax accountant) or employee or partner of an audit corporation (or tax accountancy corporation) that is the Accounting Auditor or an accounting advisor of the Company or a subsidiary thereof;
 - (18) A person whose spouse, relative within the second degree of kinship, or cohabiting relative is a certified public accountant (or certified public tax accountant) or employee actually currently overseeing audit operations pertaining to the Company or a subsidiary thereof (however, this excludes participating in a supporting role) at an audit corporation (or tax accountancy corporation) that is the Accounting Auditor or an accounting advisor of the Company or a subsidiary thereof;
 - (19) A person whose spouse, relative within the second degree of kinship, or cohabiting relative was a certified public accountant (or certified public tax accountant) or employee or partner actually overseeing audit operations pertaining to the Company or a subsidiary thereof (however, this excludes participating in a supporting role) at an audit corporation (or tax accountancy corporation) that is the Accounting Auditor or an accounting advisor of the Company or a subsidiary thereof during the past three (3) years;
 - (20) A person whose spouse, relative within the second degree of kinship, or cohabiting relative is an attorney, certified public accountant, certified public tax accountant, or other consultant who does not fall under either category (1) or (2) in the above paragraph 8., and who has received cash or other proprietary interests equivalent to an average of 10 million yen or more per year in the past three (3) years from the Company or a subsidiary thereof, excluding officer remuneration, or an employee or partner of a law office, audit corporation, tax accountancy corporation, consulting firm, or other specialist advisory firm that does not fall under either category (1) or (2) in the above paragraph 8., and for whom the Company or a subsidiary thereof is a major business partner.
10. In order for a person to be an Independent Officer of the Company, he or she must be a person with no other ongoing possibility of a material conflict of interest occurring with general shareholders of the Company as a whole for reasons other than those considered in the above paragraphs 1. through 9.
 11. Even if a person falls under any of the categories in the above paragraphs 3. through 9., the Company may designate him or her as an Independent Officer of the Company if it considers he or she suitable as an Independent Director of the Company in view of his or her character, insight, etc., subject to his or her fulfilling the criteria for Outside Directors provided for in the Companies Act, and the Company providing a public explanation of the reasons he or she is considered suitable as an Independent Officer of the Company.
 12. In order for a person currently serving in the position of Independent Officer to be reelected as an Independent Officer of the Company, his or her total term in office must not exceed eight (8) years.

Consolidated Balance Sheet

(As of March 31, 2020)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	105,787	Current liabilities:	121,170
Cash and deposits	26,440	Notes and accounts payable – trade	29,983
Notes and accounts receivable – trade	45,344	Short-term loans payable	47,497
Merchandise and finished goods	16,193	Current portion of bonds	1,985
Work in process	8,699	Current portion of long-term loans payable	20,984
Raw materials	7,514	Accounts payable – other	6,341
Other inventories	2,932	Lease obligations	2,627
Accounts receivable – other	4,570	Income taxes payable	238
Consumption taxes receivable	3,780	Provision for bonuses	1,475
Other	8,153	Provision for sales rebates	169
Allowance for doubtful accounts	(17,842)	Provision for product warranties	1,736
		Other	8,131
Noncurrent assets:	81,772	Noncurrent liabilities:	43,689
Property, plant and equipment	58,522	Bonds	3,847
Buildings and structures	16,144	Long-term loans payable	25,938
Machinery, equipment and vehicles	16,671	Lease obligations	7,610
Tools, furniture and fixtures	3,359	Deferred tax liabilities	476
Land	10,610	Net defined benefit liability	3,491
Lease assets	6,764	Provision for environmental measures	198
Construction in progress	4,971	Reserve for compensation to be paid in stock	153
Intangible assets	4,111	Other	1,972
Goodwill	13	Total Liabilities	164,859
Lease assets	141	[Net assets]	
Other	3,956	Shareholders' equity	26,482
Investments and other assets	19,138	Capital stock	11,037
Investment securities	15,903	Capital surplus	3,377
Net defined benefit asset	99	Retained earnings	12,772
Deferred tax assets	1,743	Treasury stock	(704)
Other	3,165	Accumulated other comprehensive income	(5,732)
Allowance for doubtful accounts	(1,774)	Valuation difference on available-for-sale securities	(46)
		Deferred gains or losses on hedges	(50)
		Foreign currency translation adjustment	(3,986)
		Remeasurements of defined benefit plans	(1,648)
		Non-controlling interests	1,949
		Total net assets	22,699
Total assets	187,559	Total liabilities and net assets	187,559

Consolidated Statement of Income
(From April 1, 2019 to March 31, 2020)

(In millions of yen)

Item	Amount	
Net sales		204,880
Cost of sales		173,052
Gross profit		31,827
Selling, general and administrative expenses		35,229
Operating loss		3,401
Non-operating income		
Interest income	587	
Dividends income	19	
Equity in earnings of affiliates	71	
Other	1,067	1,745
Non-operating expenses		
Interest expenses	2,400	
Foreign exchange loss	2,997	
Commission expenses	775	
Other	1,905	8,079
Ordinary loss		9,735
Extraordinary income		
Gain on sales of noncurrent assets	1,364	
Gain on sales of shares of subsidiaries and associates	25,403	
Gain on sales of investment securities	9	
Other	30	26,808
Extraordinary loss		
Loss on disposal of noncurrent assets	733	
Restructuring charges	13,395	
Loss on reversal of foreign currency translation adjustment due to liquidation of a foreign subsidiary	96	
Other	521	14,746
Profit before income taxes and minority interests		2,326
Income taxes – current		1,031
Income taxes – deferred		328
Profit before minority interests		966
Net profit attributable to non-controlling shareholders		1,321
Net profit		2,287

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(In millions of yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets:	51,806	Current liabilities:	63,037
Cash and deposits	11,959	Operating payables	5,668
Operating receivables	6,384	Short-term loans payable	37,324
Supplies	15	Current portion of long-term loans payable	17,527
Short-term loan receivable from subsidiaries and affiliates	43,850	Current portion of bonds	1,985
Other	724	Lease obligations	47
Allowance for doubtful accounts	(11,129)	Provision for bonuses	69
		Other	415
Noncurrent assets:	59,656	Noncurrent liabilities:	23,354
Property, plant and equipment	18,720	Bonds	3,847
Buildings	8,156	Long-term loans payable	19,155
Structures	975	Lease obligations	145
Machinery and equipment	38	Guarantee deposits received	24
Vehicles	0	Reserve for compensation to be paid in stock	153
Tools, furniture and fixtures	179	Deferred tax liabilities	0
Land	8,966	Other	28
Lease assets	29		
Construction in progress	374	Total liabilities	86,391
		[Net assets]	
Intangible assets	2,863	Shareholders' equity	25,105
Leasehold right	8	Capital stock	11,037
Software	2,773	Capital surplus	4,453
Other	81	Legal capital surplus	4,453
Investments and other assets	38,072	Retained earnings	10,046
Investment securities	283	Other retained earnings	10,046
Stocks of subsidiaries and affiliates	20,947	Retained earnings brought forward	10,046
Investments in capital of subsidiaries and affiliates	15,220	Treasury stock	(433)
Long-term loans receivable from subsidiaries and associates	1,083	Valuation and translation adjustments	(34)
Prepaid pension costs	99	Valuation difference on available-for-sale securities	(34)
Other	496		
Allowance for doubtful accounts	(59)	Total net assets	25,070
Total assets	111,462	Total liabilities and net assets	111,462

Non-Consolidated Statement of Income
(From April 1, 2019 to March 31, 2020)

(In millions of yen)

Item	Amount	
Operating income		
Income from Group operations	4,335	
Income from real estate rentals	1,534	
Income from dividends of associated companies	2,064	
Other operating income	4	7,940
Operating expenses		6,422
Operating profit		1,518
Non-operating income		
Interest income	616	
Dividends income	16	
Rental income	377	
Miscellaneous income	384	1,395
Non-operating expenses		
Interest expenses	836	
Taxes and dues	66	
Provision of allowance for doubtful accounts	839	
Foreign exchange loss	484	
Commission expenses	775	
Miscellaneous loss	837	3,840
Ordinary loss		926
Extraordinary income		
Gain on sales of noncurrent assets	13	
Gain on sales of shares of subsidiaries and associates	31,949	
Gain on sales of investment securities	386	
Others	193	32,542
Extraordinary loss		
Restructuring charges	5,214	
Loss on support to subsidiaries and associates	17,000	
Other	805	23,020
Profit before income taxes		8,595
Income taxes – current		115
Income taxes – deferred		167
Net income		8,312