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(Stock Exchange Code 1961)
June 7, 2018

To Shareholders with Voting Rights:

Tsutomu Hasegawa
Representative Director and President
SANKI ENGINEERING CO., LTD.
8-1, Akashicho, Chuo-ku, Tokyo

**NOTICE OF CONVOCAION OF
THE 94th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 94th Annual General Meeting of Shareholders of SANKI ENGINEERING CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by no later than 5:00 p.m. Japan time on Tuesday, June 26, 2018.

[Exercising Voting Rights in Writing]

Please indicate your proposals on the enclosed Voting Rights Exercise Form, and return it such that it arrives by the above deadline for exercise.

[Exercising Voting Rights via the Internet]

Please review the “Guide to Exercising Voting Rights via the Internet” on page 3 (Japanese version only), access the voting rights exercise website designated by the Company (<https://www.web54.net>), and enter your proposals by the above deadline for exercise, in accordance with the on-screen instructions.

1. Date and Time: Wednesday, June 27, 2018 at 10:00 a.m. Japan time
(Reception opens: 9:00 a.m.)

2. Place: Sakura Room, 4th Floor, Main Building, Imperial Hotel Tokyo
1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 94th Fiscal Year (April 1, 2017 - March 31, 2018) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 94th Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of 12 Directors
Proposal 4: Election of 2 Audit & Supervisory Board Members
Proposal 5: Election of 1 Substitute Audit & Supervisory Board Member
Proposal 6: Revision of Amount of Remuneration for Directors and Audit & Supervisory Board Members

1. English versions of this Notice of Annual General Meeting of Shareholders and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<http://www.sanki.co.jp>).
2. Should the Appendix and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company's website (<http://www.sanki.co.jp>).
3. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers the return of profits to shareholders an important management policy. The Company recognizes its dividend policy as the foundation of its shareholder return policy, and has increased its dividends in accordance with its business performance while maintaining a basic policy of a stable dividend, and taking into consideration the balance of ongoing business development and short-term returns to shareholders.

The Company has maintained a high level of profits from the previous fiscal year, and therefore proposes a year-end dividend for the fiscal year under review as follows, in addition to a special dividend, in acknowledgment of shareholders' ongoing support.

Items Related to the Year-end Dividend

- (1) Items related to the allocation of dividend property to shareholders and its total amount
20 yen per common share of the Company
(Including an ordinary dividend of 10 yen and a special dividend of 10 yen)
Total of 1,211,631,780 yen
- (2) Effective date of the appropriation of surplus
June 28, 2018

Furthermore, the Company paid an interim dividend of 15 yen per share, and therefore the total dividend for the fiscal year under review will be 35 yen per share.

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reason for the amendment

In order to establish a more sophisticated corporate governance structure in the future, the Company must enhance mid- to long-term corporate value by balancing the functions of execution and supervision by forming a Board of Directors with persons that possess wide-ranging knowledge, experience, and capabilities. To address such issues, the Company proposes to amend the maximum number of Directors prescribed in Article 19 of the current Articles of Incorporation.

2. Details of the amendment

Details of the amendment are as follows.

(Amended part is underlined.)

Current Articles of Incorporation	Proposed amendments to Articles of Incorporation
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
Article 19 The Company shall have not more than <u>twelve (12)</u> Directors.	Article 19 The Company shall have not more than <u>sixteen (16)</u> Directors.

Proposal 3: Election of 12 Directors

The terms of office of all Directors (10 Directors) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 12 Directors is proposed, by increasing 2 Directors (including 1 Non-executive Director) in order to further strengthen the corporate governance structure.

The candidates for Director are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
1	Takuichi Kajiura (September 22, 1943)	April 1968	Joined the Company	81,200
		June 2003	Director; Deputy General Manager, Air-Conditioning & Plumbing Division	
		June 2004	Managing Executive Officer; General Manager, Air-Conditioning & Plumbing Division	
		April 2005	Managing Executive Officer; General Manager, Sales Headquarters	
		June 2005	Senior Executive Officer; General Manager, Sales Headquarters	
		June 2007	Director; Senior Executive Officer; General Manager, Sales Headquarters	
		April 2008	Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters	
		April 2010	Representative Director and Executive Vice President; General Manager, Mechanical & Electrical Contracting Headquarters	
		April 2011	Representative Director and Executive Vice President	
		April 2012	Director	
April 2012	Representative Director and President			
April 2015	Representative Director and Chairman			
April 2017	Director and Chairman To present			
Reason for nomination Mr. Takuichi Kajiura focuses on enhancing the corporate governance of the Company as Chair of the Board of Directors and as Non-executive Director. In addition, he contributes to the enhancement of corporate value of the Company by demonstrating his outstanding skills in activities of various economic organizations. The Company has judged that his excellent experience and insights are essential for the overall Group to promote solid management, and has therefore nominated him as a candidate for Director.				
2	Tsutomu Hasegawa (March 4, 1953)	April 1975	Joined the Company	22,500
		June 2008	Executive Officer; Deputy General Manager, Tokyo Branch, Mechanical & Electrical Contracting Headquarters	
		April 2009	Executive Officer; General Manager, Business Strategy Division, Mechanical & Electrical Contracting Headquarters	
		April 2010	Superior Executive Officer; General Manager, Tokyo Branch, Mechanical & Electrical Contracting Headquarters	
		April 2011	Managing Executive Officer; General Manager, Tokyo Branch	
		April 2012	Senior Executive Officer; General Manager, Sales Administration Division	
		June 2012	Director; Senior Executive Officer; General Manager, Sales Administration Division	
		April 2013	Representative Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters	
April 2015	Representative Director and President To present			
Reason for nomination Mr. Tsutomu Hasegawa has continually demonstrated his leadership in the decision-making processes of the overall Group as Representative Director and President. In addition, he has been taking the initiative in the promotion of workstyle reforms, placing importance on communication with employees. As his capability as an executive and attractive personality will bring unity among all employees, the Company has judged that he is essential for the Company to achieve its Medium-Term Management Plan, and has therefore nominated him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	Nobuo Kumura (November 1, 1949)	April 1972 June 2005	Joined the Company Executive Officer; Deputy General Manager, Kansai Branch Office	22,700
		April 2008 April 2009 April 2011 April 2013 June 2013 June 2014 April 2015 April 2017	Executive Officer; Deputy General Manager, Kansai Branch, Mechanical & Electrical Contracting Headquarters Managing Executive Officer; General Manager, Kansai Branch, Mechanical & Electrical Contracting Headquarters Managing Executive Officer; General Manager, Kansai Branch (in Charge of West Japan) Managing Executive Officer; General Manager, Kansai Branch (in Charge of West Japan) Director; Managing Executive Officer; General Manager, Kansai Branch (in Charge of West Japan) Director; Managing Executive Officer; General Manager, CSR Promotion Division Director; Senior Executive Officer; General Manager, CSR Promotion Division Representative Director and Executive Vice President To present	
<p>Reason for nomination</p> <p>Mr. Nobuo Kumura has many years of experience in operation and division management of the facilities construction business and deeply understands the conditions of the Group. With such a foundation, he currently assists the President as Representative Director and Executive Vice President on a continuous basis and has responsibility for the CSR promotion departments and accounting departments. The Company has judged that his above experience and abundant insights are essential for the Company to promote solid management, and has therefore nominated him as a candidate for Director.</p>				
4	Hidemi Fujii (January 1, 1951)	April 1973 June 2006 April 2008	Joined the Company Executive Officer; General Manager, Chugoku Branch Office Executive Officer; Deputy General Manager, Tokyo Branch, Mechanical & Electrical Contracting Headquarters	17,700
		March 2010 April 2010 March 2012 April 2012 April 2013 June 2013 June 2014 April 2015 April 2017	Retired from the Company Representative Director and President, Sanki Techno Support Co., Ltd. Retired from Sanki Techno Support Co., Ltd. Managing Executive Officer; General Manager, Tokyo Branch, the Company Managing Executive Officer; General Manager, Tokyo Branch (in Charge of East Japan) Director; Managing Executive Officer; General Manager, Tokyo Branch (in Charge of East Japan) Director; Managing Executive Officer; Deputy General Manager, Mechanical & Electrical Contracting Headquarters (Supervising East Japan and West Japan) Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters Representative Director and Executive Vice President To present	
<p>Reason for nomination</p> <p>Mr. Hidemi Fujii, who has a thorough knowledge regarding business of the facilities construction business, has served as a departmental manager and President of Sanki Techno Support Co., Ltd. (a facilities construction business subsidiary) and deeply understands the conditions of the Group. With such a foundation, he currently assists the President as Representative Director and Executive Vice President on a continuous basis and has responsibility for general affairs, human resources, and information systems departments. The Company has judged that his above experience and abundant insights are essential to steady development of the Company, and has therefore nominated him as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Eiji Mitsuishi (February 24, 1952)	April 1972 April 2011 April 2013 April 2017 June 2017 To present	20,000
		Joined the Company Executive Officer; Deputy General Manager, Chubu Branch Managing Executive Officer; General Manager, Chubu Branch Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters <Responsibilities> Mechanical & Electrical Contracting Headquarters, Labor Safety, Health, Quality Management & Environment Promotion Office	
Reason for nomination Mr. Eiji Mitsuishi has many years of experience in operation and division management of the facilities construction business and deeply understands the conditions of this business. With such a foundation, he currently demonstrates his excellent management skills as the person responsible for mechanical & electrical contracting departments. The Company has judged that his above experience and management skills are essential for the Company to further enhance corporate value, and has therefore nominated him as a candidate for Director.			
6	Takashi Motomatsu (February 1, 1953)	April 1976 April 2012 October 2012 June 2014 April 2015 June 2015 April 2018 To present	12,200
		Joined the Company Executive Officer; Deputy General Manager, Environmental Systems Administration Division Executive Officer; General Manager, Environmental Systems Administration Division Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters; General Manager, Environmental Systems Administration Division Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters Director; Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters Director; Senior Executive Officer; General Manager, Plants & Machinery Systems Headquarters <Responsibilities> Plants & Machinery Systems Headquarters	
Reason for nomination Mr. Takashi Motomatsu has many years of experience in operation and division management of the environmental systems business and has full knowledge regarding the conditions of related departments. With such a foundation, he currently has responsibility for the machinery systems administration departments and environmental systems administration departments. The Company has judged that his above experience and excellent management skills are essential for the Company to further enhance corporate value, and has therefore nominated him as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Hirokazu Ishida (January 22, 1959)	April 1983 April 2012 April 2013 April 2016 June 2017 April 2018 <Responsibilities> Management Planning Office	16,500
		<p>Joined the Company</p> <p>Executive Officer; Deputy General Manager, Sales Administration Division</p> <p>Executive Officer; General Manager, Hokkaido Branch Office</p> <p>Managing Executive Officer; General Manager, Sales Administration Division, Mechanical & Electrical Contracting Headquarters</p> <p>Director; Managing Executive Officer; General Manager, Sales Administration Division, Mechanical & Electrical Contracting Headquarters</p> <p>Director; Senior Executive Officer; General Manager, Management Planning Office</p> <p>To present</p>	
<p>Reason for nomination</p> <p>Mr. Hirokazu Ishida has many years of experience in operation and division management of the facilities construction business. He is currently involved in overall management of the Group as General Manager of the Management Planning Office and is significantly contributing to the enhancement of the Company's corporate value. The Company has judged that his past experience and insights into business management of the Group are essential to the further development of the Company, and has therefore nominated him as a candidate for Director.</p>			
8	*Masayuki Kudo (June 27, 1959)	April 1985 June 2014 April 2017 April 2018 <Responsibilities> Food Service Equipment Office, Mechanical & Electrical Contracting Headquarters, Facility Systems Division, International Business Division	5,100
		<p>Joined the Company</p> <p>Executive Officer; General Manager, Facility Systems Division</p> <p>Managing Executive Officer; Deputy General Manager, Mechanical & Electrical Contracting Headquarters</p> <p>Managing Executive Officer</p> <p>To present</p>	
<p>Reason for nomination</p> <p>Mr. Masayuki Kudo has abundant operational experience including overseas as an engineer in the facilities construction business. In addition, he has experienced division management in the facility systems business for many years, and has full knowledge regarding business of both related departments. With such a foundation, he is currently demonstrating his outstanding skills as an officer responsible for international business, facility systems, and food service equipment. The Company has judged that his experience in the Company and insights are essential to management of the Company, and has therefore nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
9	Masato Komura (July 12, 1947)	April 1971	Joined Meiji Life Insurance Company	39,000
		July 1997	Director; General Manager, Finance Division, Meiji Life Insurance Company	
April 2000	Executive Managing Director, Meiji Life Insurance Company			
January 2004	Senior Executive Director; General Manager, Asset Management Division, Meiji Yasuda Life Insurance Company			
November 2005	Retired from Meiji Yasuda Life Insurance Company			
June 2006	Representative Director and Chairman, TOWA KOSAN			
June 2007	Retired from TOWA KOSAN			
April 2012	Director; Senior Executive Officer; General Manager, CSR Promotion Division, the Company			
June 2012	Director			
June 2014	Director; Senior Executive Officer; General Manager, CSR Promotion Division			
		June 2014	Full-time Audit & Supervisory Board Member	
		To present		
Reason for nomination Mr. Masato Komura has worked at an asset management division of a life insurance company for many years and has a thorough knowledge regarding finance and accounting. In addition, at the Company, he has experienced the management of TOWA KOSAN (a real estate management subsidiary) and served as an officer responsible for environmental systems administration departments and CSR promotion departments and has broad insight. Furthermore, he has contributed to the enhancement of corporate governance since June 2014 when he assumed office as full-time Audit & Supervisory Board Member. In order to utilize his abundant operational experience and insight, the Company has nominated him as a candidate for Non-executive Director.				
10	Yukiteru Yamamoto (June 3, 1953)	April 1977	Joined MITSUI LIFE INSURANCE MUTUAL COMPANY	4,500
		June 2008	Director; Managing Executive Officer, MITSUI LIFE INSURANCE COMPANY LIMITED	
April 2009	Representative Director and President; Chief Operating Officer; General Manager, Operational Improvement Promotion Division			
April 2012	Representative Director and President; Chief Operating Officer			
June 2013	Special Advisor			
June 2014	External Director, the Company			
		To present		
April 2015	Advisor, MITSUI LIFE INSURANCE COMPANY LIMITED			
March 2017	Retired from MITSUI LIFE INSURANCE COMPANY LIMITED			
Reason for nomination Mr. Yukiteru Yamamoto has served in positions including Representative Director and President of MITSUI LIFE INSURANCE COMPANY LIMITED, was also active as an Executive Member of the Policy Board of the Japan Business Federation from August 2013 to March 2017, and he thus possesses abundant operational experience and wide-ranging knowledge regarding corporate management. In order to utilize his experience and insight developed through this background, the Company has nominated him as a candidate for External Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
11	Makoto Nukaga (December 21, 1946)	<p>April 1970 Joined The Bank of Japan</p> <p>May 1988 Manager, Overseas Research Section, Research and Statistics Department</p> <p>May 1990 Manager, Management Planning Section, Management Administration Department</p> <p>May 1991 Manager, General Affairs Section, International Department</p> <p>May 1992 General Manager, Niigata Branch</p> <p>September 1994 Examiner, Examination Department</p> <p>March 1996 General Manager, Kobe Branch</p> <p>October 1997 Retired from The Bank of Japan</p> <p>Director and Vice President, Chibagin Research Institute Corporation</p> <p>June 1998 Director and President</p> <p>June 2010 Director and Chairman</p> <p>December 2010 Retired from Chibagin Research Institute Corporation</p> <p>January 2011 President, Organization for Workers' Retirement Allowance Mutual Aid</p> <p>September 2015 Retired from Organization for Workers' Retirement Allowance Mutual Aid</p> <p>June 2016 External Director, the Company</p> <p>To present</p>	5,500
<p>Reason for nomination</p> <p>Mr. Makoto Nukaga worked at The Bank of Japan for many years, and served in managerial positions in key departments, in addition to serving as Director and President of Chibagin Research Institute Corporation and President of the Organization for Workers' Retirement Allowance Mutual Aid, etc., and he thus possesses abundant operational experience and wide-ranging knowledge. In order to utilize his experience and insight developed through this background, the Company has nominated him as a candidate for External Director.</p>			
12	*Kazuhiko Kashikura (April 13, 1954)	<p>April 1977 Joined Mitsui Bank Co., Ltd.</p> <p>June 2005 Executive Officer; General Manager, Operations Audit Division, Sumitomo Mitsui Banking Corporation</p> <p>April 2008 Executive Officer</p> <p>April 2008 Retired from Sumitomo Mitsui Banking Corporation</p> <p>May 2008 Representative Director and President, SMBC Staff Service Co., Ltd.</p> <p>May 2013 Retired from SMBC Staff Service Co., LTD.</p> <p>June 2013 Representative Director and President, SMBC Finance Service Co., Ltd.</p> <p>June 2017 Representative Director and Chairman, the Company</p> <p>To present</p> <p><Significant concurrent positions></p> <p>Representative Director and Chairman, SMBC Finance Service Co., Ltd.</p> <p>Outside Corporate Auditor, Muromachi Co.,Ltd</p>	None
<p>Reason for nomination</p> <p>Mr. Kazuhiko Kashikura has served as Executive Officer of Sumitomo Mitsui Banking Corporation and a top executive at the same group companies and he thus has abundant experience and broad insight in corporate management. In order to utilize his experience and insight developed through this background, the Company has nominated him as a candidate for External Director.</p>			

- (Notes) 1. * indicates a new candidate for Director.
2. Mr. Masato Komura is currently serving as Audit & Supervisory Board Member and is scheduled to resign as Audit & Supervisory Board Member at the conclusion of this General Meeting of Shareholders.
3. There are no special interests between the candidates and the Company.
4. (1) Mr. Yukiteru Yamamoto, Mr. Makoto Nukaga, and Mr. Kazuhiko Kashikura are candidates for External Director.
(2) The Company has registered Mr. Yukiteru Yamamoto and Mr. Makoto Nukaga with the Tokyo Stock Exchange as Independent Officers with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange. If they are reappointed and assumes office as Directors, They will contribute to be Independent Officers.
(3) If Mr. Kazuhiko Kashikura is appointed and assumes office as Director, the Company intends to register him with the Tokyo Stock Exchange as Independent Officer with no possibility of a conflict of interest occurring with general

shareholders, whose designation is required by the Exchange.

5. Number of years since candidates for External Director were appointed External Director
 - (1) Mr. Yukiteru Yamamoto's term in office as External Director will be four years at the conclusion of this General Meeting of Shareholders.
 - (2) Mr. Makoto Nukaga's term in office as External Director will be two years at the conclusion of this General Meeting of Shareholders.
6. Liability limitation agreements with candidates for Director
 - (1) The Company has entered into agreements with Mr. Takuichi Kajiura, Mr. Yukiteru Yamamoto, and Mr. Makoto Nukaga to limit their liabilities as provided for in Article 423, Paragraph 1, of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations. In addition, if Mr. Kazuhiko Kashikura is appointed and assumes office as Director, the Company intends to enter into the same agreement with him.
 - (2) The Company has entered into an agreement with Mr. Masato Komura as Audit & Supervisory Board Member to limit his liability as provided for in Article 423, Paragraph 1, of the Companies Act. The maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations. If he is appointed and assumes office as Director, the Company intends to newly enter into the agreement with him as Director.

Proposal 4: Election of 2 Audit & Supervisory Board Members

The Company proposes that the number of Audit & Supervisory Board Members be increased by 1 to strengthen and improve the audit structure. In addition, Audit & Supervisory Board Member Masato Komura will resign at the conclusion of this year's Annual General Meeting of Shareholder. Therefore the election of 2 Audit & Supervisory Board Members is proposed.

Furthermore, the Audit & Supervisory Board has given its approval to this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held	
1	*Etsuji Hitomi (May 13, 1951)	April 1970 July 2003 June 2007 March 2013 April 2013 June 2014 March 2017 April 2017 To present	Joined the Company General Manager, Accounting Department, Accounting Division General Manager, Internal Audit Office Retired from the Company Director, SANKI KANKYO SERVICE CO., LTD. Executive Managing Director Retired from SANKI KANKYO SERVICE CO., LTD. Management Planning Office, the Company To present	1,000
		Reason for nomination Mr. Etsuji Hitomi had worked at the accounting and finance departments of the Company for many years and has a thorough knowledge regarding finance and accounting. In addition, he engaged in audits of compliance as General Manager of Internal Audit Office and served as Executive Managing Director of SANKI KANKYO SERVICE CO., LTD. (a plant facilities business subsidiary) and he thus has abundant operational experience and wide-ranging knowledge regarding corporate management. In order to utilize his abundant operational experience and insight, the Company has nominated him as a candidate for Audit & Supervisory Board Member.		
2	*Shozo Fujita (August 1, 1948)	April 1976 June 2006 January 2008 July 2008 June 2010 December 2010 August 2011 September 2011 June 2012 October 2015 To present <Significant concurrent positions> Attorney-at-law (OKUNO & PARTNERS) Outside Director, Member of Audit and Supervisory Committee, Asset Management One Co., Ltd. Outside Director, Eco's Co, Ltd Outside Director-Audit and Supervisory Committee Member, Bunka Shutter Co., Ltd.	Appointed as a public prosecutor Director-General of the Rehabilitation Bureau, The Ministry of Justice Director-General of the Public Security Division, Supreme Public Prosecutors Office Director-General of Citizen Judge Trial Division Superintending Prosecutor, Hiroshima High Public Prosecutors Office Superintending Prosecutor, Nagoya High Public Prosecutors Office Retired from Nagoya High Public Prosecutors Office Registered as an attorney-at-law Representative Director and President, The Resolution and Collection Corporation Retired from The Resolution and Collection Corporation Joined OKUNO & PARTNERS To present <Significant concurrent positions> Attorney-at-law (OKUNO & PARTNERS) Outside Director, Member of Audit and Supervisory Committee, Asset Management One Co., Ltd. Outside Director, Eco's Co, Ltd Outside Director-Audit and Supervisory Committee Member, Bunka Shutter Co., Ltd.	None
		Reason for nomination Mr. Shozo Fujita has expertise as a public prosecutor and attorney-at-law, and abundant experience and wide-ranging insights through experience including as Representative Director and President of The Resolution and Collection Corporation and as a director who serves as an audit and supervisory committee member at other companies. In order to utilize his experience and insight developed through this background to audit the Company, the Company has nominated him as a candidate for External Audit & Supervisory Board Member.		

(Notes) 1. * indicates a new candidate for Director.

2. Special interests between the candidates and the Company

Mr. Shozo Fujita is serving concurrently as Outside Director and Member of Audit and Supervisory Committee of Asset

Management One Co., Ltd., with which the Company has transactions including a facilities construction subcontracting agreement.

3. (1) Mr. Shozo Fujita is a candidate for External Audit & Supervisory Board Member and fulfills the criteria in the Independence Standards for External Officers established by the Company, as in the most recent three fiscal years, transactions with Asset Management One Co., Ltd. described in the above (Note) 2. accounted for less than 1% of consolidated net sales, respectively.
(2) If Mr. Shozo Fujita is appointed and assumes office as Audit & Supervisory Board Member, the Company intends to register him with the Tokyo Stock Exchange as Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
4. Liability limitation agreements with candidates for Audit & Supervisory Board Members.
If Mr. Etsuji Hitomi and Mr. Shozo Fujita are appointed and assume office as Audit & Supervisory Board Members, the Company intends to enter into agreements with them to limit their liabilities as provided for in Article 423, Paragraph 1, of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations.

Proposal 5: Election of 1 Substitute Audit & Supervisory Board Member

Substitute Audit & Supervisory Board Member Takaya Abe was elected at the 93rd Annual General Meeting of Shareholders held on June 27, 2017, and the effectiveness of his election will expire at the conclusion of this year's Annual General Meeting of Shareholders. Therefore, in order to prepare for cases where the number of Audit & Supervisory Board Members falls below prescribed by laws and regulations, the Company proposes the election of Mr. Takaya Abe as a substitute Audit & Supervisory Board Member.

Furthermore, the Audit & Supervisory Board has given its approval to this proposal.

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

Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
Takaya Abe (February 19, 1952)	January 1982 Joined Shinwa Audit Corporation April 1984 Registered as certified public accountant May 1995 Partner, Asahi Audit Corporation May 2001 Representative Partner July 2010 Partner, KPMG AZSA LLC June 2014 Retired from KPMG AZSA LLC July 2014 Established Abe Certified Public Accountant Office To present <Significant concurrent position> Certified public accountant (Abe Certified Public Accountant Office)	None
Reason for nomination In order to utilize Mr. Takaya Abe's expertise and experience, etc. developed as a certified public accountant to strengthen the audit systems of the Company, the Company has nominated him as a candidate for substitute External Audit & Supervisory Board Member.		

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. (1) The candidate is a candidate for substitute External Audit & Supervisory Board Member.
 (2) If Mr. Takaya Abe assumes office as Audit & Supervisory Board Member, the Company intends to register him with the Tokyo Stock Exchange as Independent Officer with no possibility of a conflict of interest occurring with general shareholders, whose designation is required by the Exchange.
 3. Liability limitation agreements with the candidate for substitute External Audit & Supervisory Board Member
 If Mr. Takaya Abe is appointed as Audit & Supervisory Board Member, the Company intends to enter into an agreement with him to limit his liability as provided for in Article 423, Paragraph 1 of the Companies Act, and the maximum amount of liability under this agreement shall be the greater of 10 million yen or the minimum amount stipulated in laws and regulations.

<Reference>

[Policy on nomination of a candidate for Director and Audit & Supervisory Board Member]

The Company established the “Sanki Engineering Corporate Governance Guidelines” and stipulated a policy about nomination of a candidate for Director and Audit & Supervisory Board Member as follows.

1. Candidates for Director

(Policy on nomination of candidates for Director)

- (1) The Board of Directors shall nominate as a candidate for Director a person who has abundant operational experience and knowledge, excellent insight, and high ethics and is expected to fulfill the role of a Director and the Board of Directors as listed below.
- (2) The Board of Directors shall nominate as a candidate for External Director a person who is expected to provide advice from an independent and objective standpoint in addition to qualifications listed in the preceding paragraph.

(Roles of Directors and the Board of Directors)

- (1) Directors and the Board of Directors shall make effort to realize sustainable growth and enhance corporate value over the medium to long term as entrusted by the shareholders by realizing efficient and effective corporate governance, conducting important decision-making of the Company, and supervising execution of duties.
- (2) Directors and the Board of Directors shall make effort to build internal control systems, establish risk management systems, and make information disclosure in a timely and appropriate manner.
- (3) The Board of Directors shall supervise the state of progress regarding election of a successor to the chief executive officer whenever necessary.
- (4) The Board of Directors shall establish procedures on transactions with conflicts of interest and deliberate and approve transactions.

2. Candidates for Audit & Supervisory Board Member

(Policy on nomination of candidates for Audit & Supervisory Board Member)

- (1) The Board of Directors shall nominate as a candidate for Audit & Supervisory Board Member a person who has excellent insight and high ethics and is expected to fulfill the role of an Audit & Supervisory Board Member as listed below, subject to prior consent from the Audit & Supervisory Board.
- (2) The Board of Directors shall nominate as a candidate for External Audit & Supervisory Board Member a person who is expected to provide advice from an independent and objective standpoint in addition to qualifications listed in the preceding paragraph.
- (3) The Board of Directors shall make effort to appoint at least one Audit & Supervisory Board Member who has appropriate knowledge regarding finance and accounting.

(Roles of Audit & Supervisory Board Members)

Audit & Supervisory Board Members who shall play a part of supervision functions in cooperation with the Board of Directors shall make efforts to realize sound and sustainable growth and enhancement of corporate value over the medium to long term, and establish a superior corporate governance structure that can respond to social trust, while maintaining appropriate cooperation with stakeholders by auditing the execution of duties of Directors as an independent organization entrusted by the shareholders.

[Independence Standards for External Officers]

The Company established the “Independence Standards for External Officers” and designates those not applicable to all of categories listed below as an Independent Officer.

1. A person whose major business partner (Note 1) is the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
2. A major business partner (Note 1) of the Company or a major lender (Note 4) of the Company or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).
3. A consultant, accounting professional, or legal professional who receives a significant amount of money or other assets (Note 5) from the Company other than Officer remuneration.
4. A person who has fallen under any of items 1 to 3 above in a recent period (Note 6)
5. A relative within the second degree of relationship of a person who falls under any of items (a) to (d) below (excluding a person with whom relationship was dissolved due to a divorce, dissolution, etc.).
 - (a) A person who falls under any of items 1 to 4.
 - (b) An executive person (Note 2) of the Company’s subsidiary
 - (c) A Non-executive Director of the Company’s subsidiary (in the case that an External Audit & Supervisory Board Member is nominated as an Independent Officer)
 - (d) A person who has fallen under the preceding (b) or (c) or an executive person (Note 2) of the Company in a recent period (Note 6)
6. A major shareholder of the Company holding 10% or more of the Company’s total shares for three or more consecutive years in a recent period (Note 6) or an executive person (Note 2) of the same if such person is a juridical person, etc. (Note 3).

(Note 1) A “Major business partner” refers to a business partner with which the Company has transactions corresponding to, in principle, 3% or more of annual consolidated sales of the Company for three or more consecutive years (3% of annual consolidated sales is approximately 5,104 million yen in fiscal 2017)

(Note 2) An “executive person” refers to an Executive Director or employee in the General Manager position or equivalent managerial position and other equally important position

(Note 3) A “juridical person, etc.” refers to a juridical person or any organization other than a juridical person (including agricultural cooperatives and management associations)

(Note 4) A “major lender” refers to a lender from which the balance of loans as of the end of each fiscal year is, in principle, 2% or more of the consolidated total assets of the Company on the same day for three or more consecutive years (2% of the consolidated total asset is approximately 3,571 million yen in fiscal 2017)

(Note 5) A “significant amount of money or other assets” refers to that with a value equivalent to a cash amount of 10 million yen or more per annum

(Note 6) A “recent period” refers to a five-year period before the time point in which the election proposal to be submitted to the shareholder’s meeting is determined

Proposal 6: Revision of Amount of Remuneration for Directors and Audit & Supervisory Board Members

Regarding remuneration amounts for the Company's Directors and Audit & Supervisory Board Members, it was approved at the 82nd Annual General Meeting of Shareholders held on June 28, 2006 that remuneration shall be not more than 450 million yen per annum for Directors and not more than 100 million yen per annum for Audit & Supervisory Board Members, which remains effective to this day. However, to enable the Company to flexibly operate the remuneration system for officers by revising the amount of remuneration stated above in consideration of an increase in the number of Directors and Audit & Supervisory Board Members associated with the strengthening of the Company's corporate governance structure and the possibility of further increase in responsibilities of Directors and Audit & Supervisory Board Members due to changes in economic conditions and the business environment, the Company proposes to revise the amount of remuneration to not more than 650 million yen (of which, not more than 50 million yen for External Directors) per annum for Directors and not more than 120 million yen per annum for Audit & Supervisory Board Members.

The number of Directors is currently 10 and the number of Audit & Supervisory Board Members is currently four. If Proposal 3 and Proposal 4 are approved, the number of Directors and Audit & Supervisory Board Members will be 12 (including three External Directors) and five (including three External Audit & Supervisory Board Members), respectively.