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(Stock Exchange Code 1961)  
June 9, 2020

**To Shareholders with Voting Rights:**

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

**NOTICE OF CONVOCATION OF  
THE 96th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

Please be informed that the 96th Annual General Meeting of Shareholders of SANKI ENGINEERING CO., LTD. (the “Company”) will be held for the purposes as described below.

To prevent the spread of COVID-19, the national and local governments have been strongly requesting citizens to stay home. Carefully considering this situation, we have decided to take appropriate measures to prevent infections and hold the General Meeting of Shareholders.

From the perspective of infection prevention, for this General Meeting of Shareholders, we strongly urge all shareholders to exercise their voting rights in writing or via the Internet beforehand and refrain from visiting the venue on the day of the General Meeting of Shareholders, irrespective of their health condition.

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 Wednesday, June 24, 2020.

[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 5 (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.

Please note that we will not be giving out souvenirs to shareholders who attend the meeting this time.

- 1. Date and Time:** Thursday, June 25, 2020 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 96th Fiscal Year (April 1, 2019 - March 31, 2020) 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 96th Fiscal Year (April 1, 2019 - March 31, 2020)

**Proposals to be resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 10 Directors
- Proposal 3:** Election of 1 Audit & Supervisory Board Member
- Proposal 4:** Election of 1 Substitute Audit & Supervisory Board Member
- Proposal 5:** Revision of Amount of Remuneration for External Directors

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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 (<https://www.sanki.co.jp/>).
  2. Of the documents to be included in this notice of the General Meeting of Shareholders, the Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are posted on the Company's website (<https://www.sanki.co.jp/>) pursuant to laws and regulations as well as Article 16 of the Articles of Incorporation of the Company, and are therefore not provided in the Appendix of this notice of the General Meeting of Shareholders. The Consolidated Financial Statements and Non-consolidated Financial Statements described in the Appendix of this notice of the General Meeting of Shareholders are excerpt of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board Members in preparing the accounting audit report and audit report, respectively.
  3. 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 (<https://www.sanki.co.jp/>).
  4. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

## Requests to All Shareholders

- Depending on the developments of the COVID-19 outbreak and announcements, etc. to be made by the government, etc. by the day of the General Meeting of Shareholders, the response method might be altered. Please be sure to check the Company's website (<https://www.sanki.co.jp/>) for the latest information.
- The exercising of voting rights using the Voting Rights Exercise Form comes with the risk of infection in the process of returning the form, and in the operations of consolidating results. Therefore, if you will be exercising your voting rights beforehand, as far as possible, please exercise your voting rights via the Internet.
- We will prepare alcohol disinfectant for shareholders near the reception at the venue. If you will be attending the meeting, please bring and wear a face mask on the day.
- We shall be measuring the temperatures of all attendees near the reception at the venue. If you have a fever, are feeling unwell, or have been overseas in the past two weeks, you may be refused entry to the meeting and we may request for you to leave. For shareholders who have been overseas in the past weeks, please report it at the reception.
- The operating staff at this General Meeting of Shareholders shall be wearing masks as they measure temperatures and check whether shareholders are feeling unwell.
- From the standpoint of shortening the duration of this General Meeting of Shareholders in order to prevent the spread of COVID-19, the explanation of the matters to be reported (including the audit report) and the proposals at the meeting hall may be abbreviated. We hereby request all shareholders to read this Notice of Convocation of the General Meeting of Shareholders beforehand.

# 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 fiscal year under review (FY2019) is the first year of Phase 2 of the medium-term management plan “Century 2025.” Among the Group’s management goals for Phase 2, a total payout ratio of 70% or higher has been set as a target, with a basic policy of paying a stable dividend of 60 yen or more per share each year.

We deliberated on the dividend amount after careful examination of the impact of the COVID-19 outbreak on social conditions and the Company’s business results. Even under such circumstances, we were able to record a profit exceeding our forecast and celebrate our 95th anniversary. Based on the above, we wish to contribute to the recovery and revitalization of the economy after the COVID-19 outbreak ends by returning profits to shareholders, who are stakeholders of ours.

Accordingly, the Company proposes a year-end dividend for the fiscal year under review as follows, in addition to a special dividend.

#### 1. Items Related to the Year-end Dividend

##### (1) Items related to the allocation of dividend property to shareholders and its total amount

60 yen per common share of the Company

(Including an ordinary dividend of 35 yen and a special dividend of 25 yen)

Total of 3,458,082,840 yen

##### (2) Effective date of the appropriation of surplus

June 26, 2020

Furthermore, the Company paid an interim dividend of 35 yen per share, and therefore the total dividend for the fiscal year under review will be 95 yen per share.

**Proposal 2:** Election of 10 Directors

The terms of office of all Directors (12 Directors) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 10 Directors is proposed.

The candidates for Director are as follows:

No.	Name	Current positions and responsibilities	Attendance at the Board of Directors' meetings
1	<u>Reappointed</u> Tsutomu Hasegawa	Representative Director and Chairman (of the Board)	100% (12/12)
2	<u>Reappointed</u> Hirokazu Ishida	Representative Director and President	100% (12/12)
3	<u>Reappointed</u> Eiji Mitsuishi	Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters	100% (12/12)
4	<u>Reappointed</u> Takashi Motomatsu	Director; Senior Executive Officer; General Manager, Plants & Machinery Systems Headquarters	91% (11/12)
5	<u>Reappointed</u> Masayuki Kudo	Director; Managing Executive Officer	100% (12/12)
6	<u>Newly appointed</u> Hirotohi Fukui	Full-time Audit & Supervisory Board Member	–
7	<u>Reappointed</u> Yoshio Kawabe	Executive Officer; General Manager, Accounting Division	–
8	<u>Reappointed</u> Yukiteru Yamamoto <u>External Independent</u>	External Director	91% (11/12)
9	<u>Reappointed</u> Makoto Nukaga <u>External Independent</u>	External Director	100% (12/12)
10	<u>Reappointed</u> Kazuhiko Kashikura <u>External Independent</u>	External Director	100% (12/12)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Tsutomu Hasegawa (March 4, 1953)  <u>Reappointed</u>	<p>April 1975      Joined the Company</p> <p>June 2008      Executive Officer; Deputy General Manager, Tokyo Branch, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2009      Executive Officer; General Manager, Business Strategy Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2010      Superior Executive Officer; General Manager, Tokyo Branch, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2011      Managing Executive Officer; General Manager, Tokyo Branch</p> <p>April 2012      Senior Executive Officer; General Manager, Sales Administration Division</p> <p>June 2012      Director; Senior Executive Officer; General Manager, Sales Administration Division</p> <p>April 2013      Representative Director; Senior Executive Officer; General Manager, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2015      Representative Director and President</p> <p>April 2020      Representative Director and Chairman (of the Board)</p> <p>To present</p> <p>&lt;Responsibilities&gt; Secretarial Office, CSR Promotion Division and Chief Cost Inspector Office</p>	27,900
<p>Reason for nomination</p> <p>Since April 2015, as Representative Director, President and Executive Officer, Mr. Tsutomu Hasegawa has continually demonstrated his leadership in a myriad of situations and engaged in business operations. Since April 2020, he has displayed his managerial abilities, insight and capabilities cultivated over the years in the position of Representative Director and Chairman. The Company has judged that he is essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
2	Hirokazu Ishida (January 22, 1959)  <u>Reappointed</u>	<p>April 1983      Joined the Company</p> <p>April 2012      Executive Officer; Deputy General Manager, Sales Administration Division</p> <p>April 2013      Executive Officer; General Manager, Hokkaido Branch Office</p> <p>April 2016      Managing Executive Officer; General Manager, Sales Administration Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>June 2017      Director; Managing Executive Officer; General Manager, Sales Administration Division, Mechanical &amp; Electrical Contracting Headquarters</p> <p>April 2018      Director; Senior Executive Officer; General Manager, Management Planning Office</p> <p>April 2020      Representative Director and President</p> <p>To present</p> <p>&lt;Responsibilities&gt; Management Planning Office and Legal Affairs Office</p>	21,900
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Hirokazu Ishida engaged in the facilities construction business for many years, and possesses abundant experience, knowledge and achievements related to the Company's business. He also has experience serving in the important post of General Manager of the Management Planning Office, and has been doing his utmost to promote strengthening of the management foundation and the long-term vision "Century 2025" since April 2020, as Representative Director and President. The Company has judged that he is essential for the Group to enhance its corporate value, 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
3	Eiji Mitsuishi (February 24, 1952)  <u>Reappointed</u>	April 1972      Joined the Company April 2011      Executive Officer; Deputy General Manager, Chubu Branch April 2013      Managing Executive Officer; General Manager, Chubu Branch April 2017      Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters June 2017      Director; Senior Executive Officer; General Manager, Mechanical & Electrical Contracting Headquarters To present  <Responsibilities> Mechanical & Electrical Contracting Headquarters, Labor Safety, Health, Quality Management & Environment Promotion Office	26,600
Reason for nomination Mr. Eiji Mitsuishi has many years of experience in operation and division management of the facilities construction business. Currently, he serves as General Manager of the Mechanical & Electrical Contracting Headquarters, and is making efforts in the promotion of workstyle reforms at construction sites and the prevention of work accidents. The Company has judged that his above experience and achievements are essential for the Group to further enhance its 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
4	Takashi Motomatsu (February 1, 1953)  <u>Reappointed</u>	April 1976      Joined the Company April 2012      Executive Officer; Deputy General Manager, Environmental Systems Administration Division October 2012    Executive Officer; General Manager, Environmental Systems Administration Division June 2014        Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters; General Manager, Environmental Systems Administration Division April 2015        Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters June 2015        Director; Managing Executive Officer; General Manager, Plants & Machinery Systems Headquarters April 2018        Director; Senior Executive Officer; General Manager, Plants & Machinery Systems Headquarters To present <Responsibilities> Plants & Machinery Systems Headquarters	16,900
Reason for nomination Mr. Takashi Motomatsu has many years of experience in operation and division management of the environmental systems business. Currently, as General Manager of the Plants & Machinery Systems Headquarters, he contributes to the development of the machinery systems business and the environmental systems business. The Company has judged that his above experience and achievements 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
5	Masayuki Kudo (June 27, 1959)  <u>Reappointed</u>	April 1985 June 2014 April 2017 April 2018 June 2018 To present  <Responsibilities> Information Systems Office, International Business Administration Division of the Mechanical & Electrical Contracting Headquarters, Facility Systems Division and Real Estate Business Office	11,100
		Reason for nomination After getting abundant operational experience, including experience overseas, as an engineer in the facilities construction business, Mr. Masayuki Kudo served as General Manager of the Facility Systems Division. Currently, he is demonstrating his outstanding skills as an officer responsible for the Information Systems Office, the International Business Office, the Facility Systems Division and the Real Estate Business Office. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.	
6	Hirotoshi Fukui (May 12, 1958)  <u>Newly appointed</u>	April 1982 April 2012 April 2013 April 2016 June 2016 To present	16,200
		Reason for nomination Since joining the Company, Mr. Hirotoshi Fukui has amassed a wide range of operational experience as an engineer in the facilities construction business. Thereafter, he served as the manager responsible for the technology development departments, and currently contributes to the enhancement of corporate governance as a Full-time Audit & Supervisory Board Member. The Company has judged that his above experience and insights are essential for the Group to enhance its 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	Yoshio Kawabe (October 31, 1960)  <u>Reappointed</u>	April 1984 April 2015 June 2015 April 2017 June 2017  <Responsibilities> Accounting Division	6,800
		<p>Joined the Company</p> <p>Executive Officer; General Manager, Administration Division</p> <p>Director; Executive Officer; General Manager, Administration Division</p> <p>Director; Executive Officer; General Manager, Accounting Division</p> <p>Executive Officer; General Manager, Accounting Division</p> <p>To present</p>	
<p>Reason for nomination</p> <p>Since joining the Company, Mr. Yoshio Kawabe has engaged mainly in accounting and finance-related operations and the promotion of internal control. After serving as a manager responsible for the administration departments including general affairs and human resources, he currently serves as General Manager of the Accounting Division and focuses on capital and finance policies. The Company has judged that his above experience and insights are essential for the Group to enhance its corporate value, and has therefore nominated him as a candidate for Director.</p>			
8	Yukiteru Yamamoto (June 3, 1953)  <u>External</u> <u>Independent Officer</u> <u>Reappointed</u>	April 1977 June 2008  April 2009 April 2012 June 2013 June 2014  April 2015 March 2017	7,000
		<p>Joined MITSUI LIFE INSURANCE MUTUAL COMPANY</p> <p>Director; Managing Executive Officer, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>Representative Director and President; Chief Operating Officer; General Manager, Operational Improvement Promotion Division</p> <p>Representative Director and President; Chief Operating Officer</p> <p>Special Advisor</p> <p>External Director, the Company</p> <p>To present</p> <p>Advisor, MITSUI LIFE INSURANCE COMPANY LIMITED</p> <p>Retired from MITSUI LIFE INSURANCE COMPANY LIMITED</p>	
<p>Reason for nomination</p> <p>Mr. Yukiteru Yamamoto has served in positions including Representative Director and President of MITSUI LIFE INSURANCE COMPANY LIMITED (currently TAIJU LIFE INSURANCE COMPANY LIMITED), and 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 again as a candidate for External Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Makoto Nukaga (December 21, 1946)  External Independent Officer Reappointed	<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>	11,300
<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 again as a candidate for External Director.</p>			
10	Kazuhiko Kashikura (April 13, 1954)  External Independent Officer Reappointed	<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</p> <p>June 2018      External Director, the Company</p> <p>To present</p> <p>Retired from the position of Representative Director and Chairman, SMBC Finance Service Co., Ltd.</p>	1,500
<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 again as a candidate for External Director.</p>			

- (Notes)
- There are no special interests between the candidates and the Company.
  - Mr. Yukiteru Yamamoto, Mr. Makoto Nukaga, and Mr. Kazuhiko Kashikura are candidates for External Director.
    - The Company has registered Mr. Yukiteru Yamamoto, Mr. Makoto Nukaga, and Mr. Kazuhiko Kashikura 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 assume office as Directors, they will contribute to be Independent Officers.
  - Number of years since candidates for External Director were appointed External Director
    - Mr. Yukiteru Yamamoto's term in office as External Director will be six years at the conclusion of this General Meeting of Shareholders.
    - Mr. Makoto Nukaga's term in office as External Director will be four years at the conclusion of this General Meeting

of Shareholders.

- (3) Mr. Kazuhiko Kashikura's term in office as External Director will be two years at the conclusion of this General Meeting of Shareholders.
4. Liability limitation agreements with candidates for Director  
The Company has entered into agreements with Mr. Yukiteru Yamamoto, Mr. Makoto Nukaga, and Mr. Kazuhiko Kashikura 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.
5. If Mr. Yukiteru Yamamoto is reappointed and assumes office as Director, he will assume the office of Chair of the Board of Directors.

**Proposal 3:** Election of 1 Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Hirotohi Fukui will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 1 Audit & Supervisory Board Member is proposed.

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

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

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Kazuo Saito (August 23, 1951)  <u>Newly appointed</u>	April 1974      Joined the Company April 2010      Executive Officer; General Manager, Hokkaido Branch Office, Mechanical & Electrical Contracting Headquarters April 2011      Executive Officer; General Manager, Hokkaido Branch Office April 2013      Executive Officer; General Manager, Technical Administration Division, Mechanical & Electrical Contracting Headquarters June 2014      Managing Executive Officer; General Manager, Technical Administration Division, Mechanical & Electrical Contracting Headquarters April 2020      Managing Executive Officer To present	19,500
Reason for nomination Mr. Kazuo Saito engages in the technical field of the facilities construction business of the Company. He has been involved in numerous construction management projects, and has abundant operational experience, such as in department management and in serving as the manager of technical administration departments in the facilities construction business. In order to utilize his abundant operational experience and insights developed through this background to audit the Company, the Company has nominated him as a candidate for Audit & Supervisory Board Member.			

- (Notes)
1. There are no special interests between the candidate and the Company.
  2. Liability limitation agreement with the candidate for Audit & Supervisory Board Member  
If Mr. Kazuo Saito is elected and 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.

**Proposal 4:** Election of 1 Substitute Audit & Supervisory Board Member

Substitute Audit & Supervisory Board Member Takaya Abe was elected at the 95th Annual General Meeting of Shareholders held on June 27, 2019, 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
<p style="text-align: center;">Takaya Abe (February 19, 1952)</p> <p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">External</span>  <span style="border: 1px solid black; padding: 2px;">Independent Officer</span>  <span style="border: 1px solid black; padding: 2px;">Reappointed</span> </p>	<p>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</p> <p>&lt;Significant concurrent position&gt;  Certified public accountant (Abe Certified Public Accountant Office)</p>	None
<p>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 &amp; Supervisory Board Member. Although he does not have experience of being directly involved in corporate management, for the reasons stated above, the Company believes that he will be able to execute the duties as an External Audit &amp; Supervisory Board Member of the Company properly.</p>		

- (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 agreement 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.

**Proposal 5:** Revision of Amount of Remuneration for External Directors

Regarding remuneration amounts for the Company's Directors, it was approved at the 94th Annual General Meeting of Shareholders held on June 27, 2018 that remuneration shall be not more than 650 million yen per annum for Directors (including 50 million yen per annum for External Directors).

As stated in Proposal 2, the election of 3 External Directors is proposed. In order to further strengthen corporate governance, after the conclusion of this year's Annual General Meeting of Shareholders, 1 External Director will become a full-time Audit & Supervisory Board Member, and the Company plans to appoint him as Chair of the Board of Directors, in order to utilize his experience and insights to an even greater extent than before.

On top of this, in line with changes in economic conditions and the business environment in recent years, the roles and duties required from External Directors can be expected to increase in the future. Accordingly, without changing the total amount of remuneration for Directors (not more than 650 million yen per year), the Company proposes to revise only the amount of remuneration for External Directors from not more than 50 million yen per year to not more than 100 million yen per year.

There are currently 12 Directors (including 3 External Directors). If Proposal 2 is approved as originally proposed, there will be 10 Directors (including 3 External Directors).

<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.
- (3) If any Director becomes unable to fulfill his/her duties as the Director of the Company for health or medical reasons or causes any damage to the corporate value of the Company due to nonfulfillment of his/her duties, an agenda regarding the dismissal of the Director shall be deliberated by the Board of Directors through examination by the Advisory Committee on Nomination and Remuneration.

(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 nominate as a candidate for Audit & Supervisory Board Member at least one person 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 6,230 million yen in fiscal 2019)

(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 3,616 million yen in fiscal 2019)

(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