

[Translation]

To Our Shareholders:

June 7, 2023

Start date of Electronic Provision Measures June 1, 2023

Notice of the 118th Ordinary General Meeting of Shareholders

The Company's 118th Ordinary General Meeting of Shareholders will be held in accordance with the details listed below.

You can exercise your voting rights through the enclosed voting form or the Internet, etc. instead of attending the meeting. Please review the accompanying Reference Materials for Ordinary General Meeting of Shareholders, etc. and follow the "Information on Exercise of Voting Rights" on page 3 and below to exercise your voting rights by 5:30 p.m., Wednesday, June 28, 2023.

STANLEY ELECTRIC CO., LTD.
Yasuaki Kaizumi
President and
Representative Director

1. Date: 10:00 a.m., Thursday, June 29, 2023

2. Place: Hotel Gajoen Tokyo

Hanatsudoi-no-Ma (2nd Floor)

8-1, Shimomeguro 1-chome, Meguro-ku, Tokyo

3. Agenda:

Items to be reported:

- 1: Report on the contents of the business report and the contents of the consolidated financial statements for the 118th business term (April 1, 2022, through March 31, 2023), and the results of audit by the Accounting Auditor and the Audit & Supervisory Board respectively, of the consolidated financial statements.
- 2: Report on the contents of the financial statements for the 118th business term (April 1, 2022, through March 31, 2023).

Items to be resolved:

No. 1: Election of 10 Directors

No. 2: Election of 3 Audit & Supervisory Board Members

4. Information on Electronic Provision Measures

Please refer to the "Information on Electronic Provision Measures" stated on the following page.

5. Information on Exercise of Voting Rights

Please refer to the "Information on Exercise of Voting Rights" stated on page 3 and below.

End

Information on Electronic Provision Measures

Information included in the Reference Materials for Ordinary General Meeting of Shareholders, etc. (excluding the voting form) for this Ordinary General Meeting of Shareholders (matters subject to electronic provision measures) are subject to electronic provision measures, so please see the relevant information by accessing the following website.

■ The Company's website

<https://www.stanley.co.jp/e/index.php>



Please see the relevant information by accessing the above website and selecting “Investor Relations,” then “Information of Shares,” and then “General Meeting of Shareholders.”

In addition to the above, the information is also published on the following website.

■ JPX Listed Company Search

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Please see the relevant information by accessing the above website and entering “Stanley Electric” in the “Issue name (company name)” field or “6923” (half-width letters) in the securities “Code” field, clicking “Search,” then “Basic information,” and then “Documents for public inspection / PR information.”

The following matters are not stated in the documents delivered to shareholders who requested delivery of paper documents, pursuant to laws and regulations as well as the provisions of Article 15 of our Articles of Incorporation. Accordingly, the documents to be delivered to shareholders who requested delivery of paper documents fall within the scope of documents audited by the Audit & Supervisory Board Members and the Accounting Auditor upon preparation of the audit report.

- (i) “Consolidated explanatory notes” in the consolidated financial statements
- (ii) “Individual explanatory notes” in the financial statements

If and when any change to the matters subject to electronic provision measures becomes necessary, it will be published on the Company's website and the JPX website above.

Other notices to shareholders will be published on the Company's website (<https://www.stanley.co.jp/> *(Japanese only)). Please check the newest information as necessary on the Company's website.

Information on Exercise of Voting Rights

■ If attending the general meeting of shareholders:

Please present the voting form to the receptionist at the venue.

(Your seal is not necessary.)

■ If sending the voting form via postal mail:

Deadline: 5:30 p.m., Wednesday, June 28, 2023 (Japan Time)

Please indicate your approval or disapproval for each item on the voting form and send the completed voting form by postal mail without a stamp.

(Please return the completed voting form so that it arrives by the above deadline.)

Please note that in the event that you fail to indicate your approval or disapproval for a proposal, it will be deemed that you indicated your approval.

■ If exercising voting rights via the Internet:

Deadline: 5:30 p.m., Wednesday, June 28, 2023 (Japan Time)

■ Website to exercise voting rights: <https://evote.tr.mufg.jp/>

Please access the above website to exercise voting rights from a personal computer or a smartphone, enter your “**Login ID**” and “**temporary password**” described on the voting form, follow the instructions on the screen, and enter your approval or disapproval for each item by the above deadline. (However, please note that you will not be able to exercise your voting rights via the Internet on the designated website between the hours of 2:00 a.m. and 5:00 a.m. (Japan Time).)

Points to keep in mind:

- (1) Website to exercise voting rights
 - (i) Please note that you may not be able to exercise your voting rights via a personal computer or a smartphone on the designated website to exercise voting rights, depending on the Internet settings configured on your device, the services to which you are subscribed, or the model of your device.
 - (ii) You will be able to exercise your voting rights via the Internet on the designated website until **5:30 p.m., Wednesday, June 28, 2023 (Japan Time)**, but we ask that you kindly exercise your voting rights at your earliest convenience.
- (2) Handling of voting rights when a voting right is exercised on multiple occasions
 - (i) Please note that in the event that a voting right is exercised both by returning a voting form by mail and via the Internet, only the voting made via the Internet will be deemed valid and shall supersede the mailed voting form.
 - (ii) In the event that a voting right is exercised via the Internet on multiple occasions, the most recent voting right shall supersede the earlier voting right and be deemed valid.
- (3) Costs incurred for access to the website to exercise voting rights

Please note that Internet connection charges and communication charges, or the like incurred for access to the website to exercise voting rights shall be borne by the shareholder.

Internet

Deadline: **5:30 p.m., Wednesday, June 28, 2023 (Japan Time)**

■ How to scan the QR code with a smartphone

You may log in to the website to exercise voting rights without entering your Login ID and temporary password described on the duplicate slip of a voting form.

- (1) Please scan the QR code described on the right side of the duplicate slip of a voting form.

Note: “QR code” is a registered trademark of DENSO WAVE Incorporated.

- (2) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

■ How to enter the Login ID and temporary password

Website to exercise voting rights: <https://evote.tr.mufg.jp/>

- (1) Please access the website to exercise voting rights.

- (2) Please enter your Login ID and temporary password described on the voting form, and click “Login.”

Enter the Login ID and temporary password

Click “Login”

- (3) Please register a new password.

Enter a new password

Click “Send”

- (4) Please follow the instructions on the screen, and enter your approval or disapproval for each item.

The Login ID and temporary password of the website to exercise voting rights are described on the lower right of the enclosed voting form.

For further assistance, regarding technical matters, etc., please contact:

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (toll free)

Inquiries are accepted from 9:00 a.m. to 9:00 p.m. (Japan Time)

■ Voting platform for institutional investors

For management and trust banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.), a joint venture incorporated by Tokyo Stock Exchange, Inc. et al., is available as another electronic voting method for the general meeting of shareholders, in addition to the method of voting via the Internet as described above, subject to prior application for use to ICJ, Inc.

End of Notice

Reference Materials for Ordinary General Meeting of Shareholders

Items to Be Resolved and Reference Matters

First item to be resolved Election of 10 Directors

The term of office of all 10 Directors of the Company will expire at the end of this Ordinary General Meeting of Shareholders. Accordingly, it is proposed that 10 Directors be elected.

Candidates for Director of the Company are as follows.

Candidate No.	Name	Current title and responsibilities at the Company
1	<input type="checkbox"/> Reelection Yasuaki Kaizumi <input type="checkbox"/> Male	President and Representative Director Chief Technology Officer
2	<input type="checkbox"/> Reelection Toru Tanabe <input type="checkbox"/> Male	Vice President and Representative Director Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer
3	<input type="checkbox"/> Reelection Keisuke Ueda <input type="checkbox"/> Male	Managing Director Chief Financial Officer Chief Accounting Officer Chief European Business Officer
4	<input type="checkbox"/> Reelection Tatsuaki Tomeoka <input type="checkbox"/> Male	Director, Chief Purchasing Officer Cost Competitiveness Officer Chief Chinese Business Officer
5	<input type="checkbox"/> Reelection Satoshi Oki <input type="checkbox"/> Male	Director Chief Manufacturing Officer Chief Compliance Officer Chief SNAP Officer Chief Domestic Subsidiary Officer
6	<input type="checkbox"/> Reelection Kazuki Takano <input type="checkbox"/> Male	Director Chief Sales Officer Chief American Business Officer
7	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside Masakatsu Mori <input type="checkbox"/> Independent <input type="checkbox"/> Male	Outside Director

8	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside	Hirokazu Kono	<input type="checkbox"/> Independent <input type="checkbox"/> Male	Outside Director
9	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside	Yozo Takeda	<input type="checkbox"/> Independent <input type="checkbox"/> Male	Outside Director
10	<input type="checkbox"/> Reelection <input type="checkbox"/> Outside	Satoko Suzuki	<input type="checkbox"/> Independent <input type="checkbox"/> Female	Outside Director

Reelection: Candidate to be reelected

Outside: Candidate for Outside Director

Independent: Candidate for Independent Officer

Candidate No.	Name (Date of Birth)	Career History, Positions and Duties, and Significant Concurrent Posts	Number of Shares of the Company Owned
1.	<p>Yasuaki Kaizumi (December 22, 1963)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>April 1987: Joined the Company</p> <p>April 2011: General Manager, Engineering Technology Center</p> <p>June 2013: Executive General Manager, Integrated Components Division</p> <p>June 2017: Director Chief Advanced Technology Officer</p> <p>June 2020: Chief American Business Officer</p> <p>January 2021: Chief Engineering (Technology) Officer (present post)</p> <p>June 2021: Managing Director, Chief Environment Officer, Chief Information System Officer</p> <p>April 2022: President and Representative Director (present post)</p>	24,200 shares
<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Yasuaki Kaizumi has rich experience from having served in positions including the General Manager of the Engineering Technology Center, the Executive General Manager of the Integrated Components Division, the Chief Advanced Technology Officer, the Chief American Business Officer, the Chief Engineering (Technology) Officer, the Chief Environment Officer, and the Chief Information System Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>			
2.	<p>Toru Tanabe (March 10, 1959)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>April 1981: Joined the Company</p> <p>June 2008: Executive General Manager, Integrated Components Division</p> <p>June 2010: Director</p> <p>June 2014: Chief Asian & Oceanian Business Officer (present post)</p> <p>June 2015: Chief Quality Assurance Officer</p> <p>June 2017: Managing Director</p> <p>June 2019: Chief Engineering Officer</p> <p>June 2020: Chief Manufacturing Officer</p> <p>January 2021: Representative Managing Director Chief Purchasing Officer Chief Logistics Officer Chief Environment Officer</p>	36,700 shares

		<p>June 2021: Representative Senior Managing Director Chief Human Resources & General Affairs Officer (present post)</p> <p>April 2022: Vice President and Representative Director (present post) Chief Quality Assurance Officer (present post)</p>	
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Toru Tanabe has rich experience from having served in positions including the Executive General Manager of the Integrated Components Division, the Chief Asian & Oceanian Business Officer, the Chief Quality Assurance Officer, the Chief Engineering Officer, the Chief Manufacturing Officer, the Chief Purchasing Officer, the Chief Logistics Officer, the Chief Environment Officer, and the Chief Human Resources & General Affairs Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
3.	<p>Keisuke Ueda (September 8, 1962)</p> <p>Reelection</p> <p>Male</p> <p>Attendance at Board of Directors meetings (during this business term) 15/15 (100%)</p>	<p>April 1981: Joined the Company</p> <p>April 2012: General Manager, Sales Department III, Automotive Division II</p> <p>July 2012: General Manager of Tianjin Stanley Electric Co., Ltd.</p> <p>August 2013: Executive General Manager, Automotive Division II</p> <p>June 2017: Director Chief Sales Officer Chief European Business Officer (present post)</p> <p>June 2021: Chief Financial Officer (present post) Chief Accounting Officer (present post)</p> <p>April 2022: Managing Director (present post)</p>	22,700 shares
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Keisuke Ueda has rich experience from having served in positions including the General Manager of Sales Department III of Automotive Division II, the General Manager of Tianjin Stanley Electric Co., Ltd., the Executive General Manager of Automotive Division II, the Chief Sales Officer, the Chief European Business Officer, the Chief Financial Officer, and the Chief Accounting Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
4.	<p>Tatsuaki Tomeoka (August 8, 1964)</p>	<p>April 1987: Joined the Company</p> <p>April 2015: General Manager, Automotive Division III Hiroshima Plant Department</p> <p>June 2018: Executive General Manager, Integrated</p>	9,554 shares

	<p>Reelection</p> <p>Male</p> <p>Attendance at Board of Directors meetings (during this business term after taking office)</p> <p>15/15 (100%)</p>	<p>Components Division</p> <p>June 2020: Executive Officer, Chief Manufacturing Officer</p> <p>June 2021: Director (present post)</p> <p>Chief Domestic Subsidiary Officer</p> <p>Chief Purchasing Officer (present post)</p> <p>April 2022: Cost Competitiveness Officer (present post)</p> <p>June 2022: Chief Chinese Business Officer (present post)</p>	
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Tatsuaki Tomeoka has rich experience from having served in positions including the General Manager, Automotive Division III Hiroshima Plant Department, the Executive General Manager, Integrated Components Division, the Executive Officer - Chief Manufacturing Officer, the Chief Purchasing Officer, the Cost Competitiveness Officer, and the Chief Chinese Business Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
5.	<p>Satoshi Oki</p> <p>(January 31, 1963)</p> <p>Reelection</p> <p>Male</p> <p>Attendance at Board of Directors meetings (during this term after taking office)</p> <p>11/11 (100%)</p>	<p>April 1986: Joined the Company</p> <p>April 2010: General Manager, Automotive Division II Hiroshima Plant Department</p> <p>April 2015: Executive General Manager, Automotive Division III</p> <p>April 2022: Executive Officer,</p> <p>Chief Manufacturing Officer (present post)</p> <p>Chief Compliance Officer (present post)</p> <p>Chief SNAP Officer (present post)</p> <p>Chief Domestic Subsidiary Officer (present post)</p> <p>June 2022: Director (present post)</p>	9,686 shares
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Satoshi Oki has rich experience from having served in positions including the General Manager, Automotive Division II Hiroshima Plant Department, the Executive General Manager, Automotive Division III, the Chief Manufacturing Officer, the Chief Compliance Officer, the Chief SNAP Officer, and the Chief Domestic Subsidiary Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
6.	<p>Kazuki Takano</p> <p>(September 28, 1965)</p>	<p>August 1991: Joined the Company</p> <p>April 2012: General Manager, Sales Department I, Automotive Division I</p> <p>June 2017: Executive General Manager, Automotive Division I</p>	5,806 shares

	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">Male</p> <p>Attendance at Board of Directors meetings (during this term after taking office)</p> <p>11/11 (100%)</p>	<p>June 2021: Executive Officer, Chief Particular Customer Officer</p> <p>April 2022: Executive Officer</p> <p style="padding-left: 20px;">Chief Sales Officer (present post)</p> <p style="padding-left: 20px;">Chief American Business Officer (present post)</p> <p>June 2022: Director (present post)</p>	
		<p>Reasons for nominating him as a candidate for Director</p> <p>Mr. Kazuki Takano has rich experience from having served in positions including the General Manager, Sales Department I, Automotive Division I, the Executive General Manager, Automotive Division I, the Executive Officer - Chief Particular Customer Officer, the Chief Sales Officer, and the Chief American Business Officer, has extensive knowledge of the Company's business, and has appropriately performed his duties and responsibilities. For these reasons, the Company has nominated him again as a candidate for Director.</p>	
7.	<p>Masakatsu Mori (January 22, 1947)</p> <p style="text-align: center;">Reelection</p> <p style="text-align: center;">Outside</p> <p style="text-align: center;">Independent</p> <p style="text-align: center;">Male</p> <p>Attendance at Board of Directors meetings (during this term)</p> <p>15/15 (100%)</p>	<p>October 1972: Obtained the license as a certified public accountant</p> <p>February 1989: Representative Director-President of Andersen Consulting (now Accenture Japan Ltd.)</p> <p style="padding-left: 20px;">Board Member of Andersen Consulting (Global) (now Accenture)</p> <p>April 2003: Representative Director-Chairman of Accenture Japan Ltd.</p> <p>October 2009: President of International University of Japan</p> <p>June 2010: Outside Director of the Company (present post)</p> <p>June 2013: Outside Director of Yamato Holdings Co., Ltd.</p> <p>November 2013: Vice Chairman of International University of Japan</p> <p>March 2015: Outside Audit & Supervisory Board Member of Kirin Holdings Company, Ltd.</p> <p>April 2018: Senior Adviser of International University of Japan (present post)</p> <p>March 2019: Outside Director of Kirin Holdings Company, Ltd. (present post)</p> <p>November 2020: Outside Audit & Supervisory Board Member of Fast Retailing Co., Ltd. (present post)</p>	9,500 shares
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Masakatsu Mori has insight and rich experience from many years as a</p>	

		<p>president and a vice chairman of a university and manager of a consulting firm. Since his assumption of the office of Outside Director of the Company in June 2010, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management.</p> <p>Since assuming office, he has continued to serve as outside director of other companies, and the Company receives valuable opinions from him on various viewpoints including not only the interests of shareholders but also global business development and BtoC business. In fact, the Company receives from him at each Board of Directors meeting not only opinions on proposals but also the views that only an independent outside director can provide, such as comparisons with and the policies of other companies, and these contributions have a significant impact on the Company's decision-making.</p> <p>The Company considers the diversity of the Board of Directors to not only include gender, nationality, and age, but also fields of expertise and the number of years served as Director, and the Company is able to receive more diverse opinions from Outside Directors whose length of service vary, which by extension contributes to the Company's corporate value.</p> <p>Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional nomination and compensation committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	
8.	<p>Hirokazu Kono (April 22, 1957)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male</p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>April 1987: Assistant at Graduate School of Business Administration, Keio University</p> <p>April 1991: Associate Professor at Graduate School of Business Administration, Keio University</p> <p>April 1998: Professor at Graduate School of Business Administration, Keio University</p> <p>October 2009: Dean of Graduate School of Business Administration, Keio University President of Keio Business School</p> <p>January 2012: President of Association of Asia-Pacific Business Schools</p> <p>May 2013: President of Japan Industrial Management Association</p> <p>June 2014: Outside Audit & Supervisory Board Member of Okasan Securities Group Inc.</p> <p>June 2015: Outside Director, Audit & Supervisory Committee Member of Okasan Securities Group Inc.</p> <p>Outside Director of the Company (present post)</p> <p>May 2017: Auditor of Japan Industrial Management Association</p> <p>March 2018: Outside Director of The Yokohama Rubber Co., Ltd.</p> <p>December 2020: Vice-President of the Japan Business School Education Development</p>	3,400 shares

		<p style="text-align: center;">Organization (present post)</p> <p>March 2023: Outside Director, Audit & Supervisory Committee Member of The Yokohama Rubber Co., Ltd. (present post)</p> <p>April 2023: Professor Emeritus, Project Professor at Keio University (present post)</p>	
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Hirokazu Kono specializes in management engineering and has insight and rich experience in business administration. Since his assumption of the office of Outside Director of the Company in June 2015, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a chairman of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	
9.	<p>Yozo Takeda (February 4, 1949)</p> <p style="text-align: center;"> Reelection Outside Independent Male </p> <p>Attendance at Board of Directors meetings (during this term) 15/15 (100%)</p>	<p>June 1983: Director of Sanoh Industrial Co., Ltd.</p> <p>June 1987: Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1991: Senior Managing Director of Sanoh Industrial Co., Ltd.</p> <p>June 1995: Representative Director and President of Sanoh Industrial Co., Ltd.</p> <p>July 2000: CEO of Sanoh Industrial Co., Ltd. (present post)</p> <p>July 2005: COO of Sanoh Industrial Co., Ltd.</p> <p>May 2012: Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd. (present post)</p> <p>June 2020: Outside Director of the Company (present post)</p>	900 shares
		<p>Reasons for nominating him as a candidate for Outside Director and an overview of his expected role</p> <p>Mr. Yozo Takeda has insight and rich experience from many years as a manager of a company. Since his assumption of the office of Outside Director of the Company in June 2020, he has contributed to ensuring the objectivity, neutrality, and legal conformity of the Company's management. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated him again as a candidate for Outside Director.</p>	

10.	<p>Satoko Suzuki (November 17, 1977)</p> <p style="text-align: center;"> <input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Female </p> <p>Attendance at Board of Directors meetings (during this term after taking office)</p> <p style="text-align: center;">10/11 (91%)</p>	<p>April 1999: Joined NIHON L'ORÉAL K.K.</p> <p>September 2006: Joined Boston Consulting Group K.K. (now Boston Consulting Group G.K.)</p> <p>September 2011: Lecturer at Graduate School of Management, Kyoto University</p> <p>April 2016: Associate Professor at Graduate School of Management, Kyoto University</p> <p>April 2017: Associate Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University (present post)</p> <p>May 2020: Outside Director of Lawson, Inc. (present post)</p> <p>June 2022: Outside Director of the Company (present post)</p>	200 shares
		<p>Reasons for nominating her as a candidate for Outside Director and an overview of her expected role</p> <p>Ms. Satoko Suzuki specializes in marketing and consumer behavior, has rich insight in respect of business administration including BtoC, and is experienced in being involved with management such as by expressing opinions and recommendations regarding management as an outside director of another company. Since her assumption of the office of Outside Director of the Company in June 2022, amid accelerating changes to the environment, she has contributed to ensuring the objectivity, neutrality, and legal conformity of management through supervision and advice for not only BtoC business but also branding, improvement of competitiveness, and further creation of value of the Group as a whole. Also, if her reelection is approved, the Company expects that she will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee. For these reasons, the Company has nominated her again as a candidate for Outside Director.</p>	

Notes:

1. There are no special interests between the Director candidates and the Company.
2. Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are candidates for Outside Director.
3. The Company has designated Masakatsu Mori, Hirokazu Kono, and Yozo Takeda as independent officers under the provisions of the Tokyo Stock Exchange, and notified the exchange to that effect.
4. Masakatsu Mori will have been in office as an Outside Director of the Company for 13 years at the close of this ordinary general meeting of shareholders.
5. Hirokazu Kono will have been in office as an Outside Director of the Company for 8 years at the close of this ordinary general meeting of shareholders.
6. Yozo Takeda will have been in office as an Outside Director of the Company for 3 years at the close of this ordinary general meeting of shareholders.
7. Satoko Suzuki will have been in office as an Outside Director of the Company for 1 year at the close of this ordinary general meeting of shareholders.
8. There was a case of inappropriate billing (involving a breach of contract regarding an employee moving service for corporate clients) by Yamato Home Convenience Co., Ltd., which was a consolidated subsidiary of Yamato Holdings Co., Ltd, where Masakatsu Mori had been serving as an Outside Director of Yamato

Holdings Co., Ltd. since June 2013 and retired in June 2022, and Yamato Holdings and Yamato Home Convenience received an administrative disposition and a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism during his term of office in January 2019. Yamato Holdings has been working on several matters, such as developing systems to prevent the same situation from occurring again at Yamato Home Convenience Co., Ltd. and strengthening corporate governance to enhance the soundness of group management. Although Masakatsu Mori was not aware of such facts until they became known, he had always actively expressed his opinions in regard to legal compliance and compliance in general as an Outside Director of Yamato Holdings, and since the time such facts became known, he had been appropriately performing his responsibilities at Board of Directors meetings of that company such as by making investigations to determine the causes, seeking thorough enforcement of legal compliance, and providing advice aimed at strengthening corporate governance. Yamato Home Convenience Co., Ltd. became a consolidated subsidiary of ART MOVING COMPANY Co., Ltd. by share transfer as of January 17, 2022.

9. Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are currently Outside Directors of the Company, and the Company has entered into a limited liability contract with each of them to limit their respective liability to 5 million yen or the minimum liability amount provided in Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved, the Company intends to maintain the foregoing limited liability contract with each of them.
10. The Company has executed with an insurance company a directors' and officers' liability insurance contract, which covers damages, court costs, and the like that are borne by the insured as a result of a claim for damages arising from the execution of duties by the insured. If the election of the Director candidates is approved, each of them will be included among the insured under that insurance contract. Also, the Company intends to renew such insurance contract during the term of office.

-End of First Item to Be Resolved-

Second item to be resolved

Election of 3 Audit & Supervisory Board Members

The term of office of the Audit & Supervisory Board Members Ryuta Yamaguchi, Hiroshi Kanno, and Koichi Uehira will expire at the end of the 118th Ordinary General Meeting of Shareholders. It is therefore proposed that 3 Audit & Supervisory Board Members including a woman be elected.

The consent of the Audit & Supervisory Board has been obtained in respect of this item.

The candidate for Audit & Supervisory Board Members are as follows.

Candidate No.	Name (Date of Birth)	Career History, Positions, and Significant Concurrent Posts	Number of Shares of the Company Owned
1.	<p>Koichi Uehira (April 14, 1956)</p> <p><input type="checkbox"/> Reelection <input type="checkbox"/> Outside <input type="checkbox"/> Independent <input type="checkbox"/> Male</p> <p>Attendance at the Board of Directors meetings (during this term) 15/15 (100%)</p> <p>Attendance at Audit & Supervisory Board meetings (during this term) 14/14 (100%)</p>	<p>April 1979: Joined Chuo Audit Corporation</p> <p>March 1982: Registered as a certified public accountant</p> <p>October 1987: Established TaxNetwork, tax accounting office</p> <p>December 2015: President of TaxNetwork K.K. (present post)</p> <p>October 2018: Outside Director of STI Food Holdings, Inc. (present post)</p> <p>June 2019: Outside Audit & Supervisory Board Member of the Company (present post)</p>	1,000 shares
		<p>Reasons for nominating him as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Koichi Uehira has rich knowledge and experience from having served as a certified public accountant. Since his assumption of the office as an Outside Audit & Supervisory Board Member of the Company from June 2019, he has contributed to ensuring the objectivity, neutrality, and legal conformity of management to be ensured through supervision and advice based on his insight and rich experience. Also, if his reelection is approved, the Company expects that he will supervise the Company's management from an independent and objective standpoint through comments at Board of Directors meetings and recommendations, etc. as a member of the Governance Committee, an optional committee.</p> <p>For these reasons, the Company has nominated him again as a candidate for Outside Audit & Supervisory Board Member.</p>	
2.	<p>Koichi Nagano (March 22, 1960)</p> <p><input type="checkbox"/> New election <input type="checkbox"/> Male</p>	<p>April 1982: Joined the Company</p> <p>July 2002: General Manager, Design Department I, Motorcycle Division</p> <p>July 2009: President of THAI STANLEY ELECTRIC PUBLIC CO., LTD</p>	2,300 shares

		<p>Reasons for nominating him as a candidate for Audit & Supervisory Board Member</p> <p>Mr. Koichi Nagano has rich experience in the frontline of the Company's business such as manufacturing, quality, and development of technologies from having served as the General Manager, Design Department I, Motorcycle Division and President of an overseas production base and has extensive knowledge of the Company's business and corporate management. The Company has nominated him as a candidate for Audit & Supervisory Board Member with the expectation that such experience, etc. will be utilized for audit and supervisory activities at the Company.</p>
3.	<p>Eri Yokota (August 25, 1960)</p> <p><u>New election</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p> <p><u>Female</u></p>	<p>April 1995: Full-time Lecturer at Faculty of Economics of Musashi University</p> <p>April 2001: Professor at Musashi University after serving as Assistant Professor</p> <p>April 2005: Professor at Faculty of Business and Commerce of Keio University (present post)</p> <p>June 2014: Outside Director of Idemitsu Kosan Co., Ltd.</p> <p>Outside Director of TOLI Corporation (present post)</p> <p>October 2021: Dean of Keio University Graduate School of Business and Commerce (present post)</p> <p>0 shares</p>
		<p>Reasons for nominating him as a candidate for Audit & Supervisory Board Member</p> <p>Ms. Eri Yokota specializes in management accounting, has rich insight in respect of business administration, and is experienced in being involved with management such as by expressing opinions and recommendations regarding management as an outside director of another company. The Company expects the objectivity, neutrality, and legal conformity of management to be ensured through supervision and advice based on her insight and rich experience and considers that she will appropriately perform her duties as an Audit & Supervisory Board Member.</p> <p>For these reasons, the Company has nominated her as a candidate for Outside Audit & Supervisory Board Member.</p>

Notes:

1. There are no special interests between each Audit & Supervisory Board Member candidate and the Company.
2. Koichi Uehira and Eri Yokota are candidates for Outside Audit & Supervisory Board Member.
3. The Company has designated Koichi Uehira as an independent officer under the provisions of the Tokyo Stock Exchange, and notified the exchange to that effect. Also, if the election of Eri Yokota is approved, the Company intends to newly designate her as an independent officer and notify the exchange to that effect.

4. Koichi Uehira will have been in office as an Outside Audit & Supervisory Board Member of the Company for 4 years at the close of this ordinary general meeting of shareholders.
5. Koichi Uehira is currently Outside Audit & Supervisory Board Member of the Company, and the Company has entered into a limited liability contract with him to limit his liability to 5 million yen or the minimum liability amount provided in Article 425, Paragraph (1) of the Companies Act, whichever is higher. If his reelection is approved, the Company intends to maintain the foregoing limited liability contract with him. Also, if the election of Eri Yokota is approved, the Company intends to execute the foregoing limited liability contract with her.
6. The Company has executed with an insurance company a directors' and officers' liability insurance contract, which covers damages, court costs, and the like that are borne by the insured as a result of a claim for damages arising from the execution of duties by the insured. If the reelection of the Audit & Supervisory Board Member candidate is approved, the candidate will be included among the insured under that insurance contract. Also, the Company intends to renew such insurance contract during the term of office.

-End of Second Item to Be Resolved-

Reference

Expertise and Experiences Required for Directors and Audit & Supervisory Board Members of the Company (Skills Matrix)

The skills and experience expected of the Directors and Audit & Supervisory Board Members of the Company if each proposal is approved will be as follows.

Name		Corporate management	Sustainability	Financial affairs	Legal affairs	Sales/marketing	Manufacturing	Quality	Development and Engineering	International Experience
Directors	Yasuaki Kaizumi	●	●				●	●	●	●
	Toru Tanabe	●	●		●		●	●	●	
	Keisuke Ueda	●		●		●	●	●		●
	Tatsuaki Tomeoka	●					●	●	●	●
	Satoshi Oki	●			●		●	●		●
	Kazuki Takano	●				●	●	●		●
	Masakatsu Mori	Outside	●		●					●
	Hirokazu Kono	Outside	●				●			●
	Yozo Takeda	Outside	●	●			●			
	Satoko Suzuki	Outside	●			●				●
Audit & Supervisory Board Members	Koji Shimoda	●	●		●		●	●	●	
	Koichi Nagano	●					●	●	●	●
	Mitsuhiro Amitani	Outside			●					●
	Koichi Uehira	Outside		●						
	Eri Yokota	Outside	●	●	●					

End

BUSINESS REPORT

(From April 1, 2022 to March 31, 2023)

1. Matters relating to current status of the corporate group

(1) Business progress and results

General overview of business

During this consolidated fiscal year, the global economy saw severe conditions in China due to the lockdown caused by the spread of COVID-19 and the impact of its zero-COVID policy, but the economy gradually picked up in Japan, the United States, Europe, and other Asian countries.

Under the business environment described above, although the business performance of the Company and its group companies (the “Company Group”) was affected by the spread of COVID-19 in China, an increase in fixed costs due to rapid changes in automobile production plans that have continued since the previous term, and soaring costs for resin materials and parts procurement, the Company Group saw an increase in both sales and profit as a result of increased automobile and motorcycle production volume and the positive impact of foreign exchange rates.

As a result, for this consolidated fiscal year, net sales were 437,790 million yen (up 14.4% from the previous year), operating income was 34,926 million yen (up 25.9% from the previous year), ordinary income was 44,872 million yen (up 22.2% from the previous year), and net income attributable to parent company shareholders was 26,496 million yen (up 23.6% from the previous year).

Overview of business segments of Company Group

Business Segment	Net sales				Year-on-year change (%)
	117th term (April 2021 to March 2022)		118th term (April 2022 to March 2023)		
	Amount (millions of yen)	Ratio (%)	Amount (millions of yen)	Ratio (%)	
Automotive Equipment Business	300,517	78.6	347,895	79.5	15.8
Electronic Components Business	46,569	12.2	47,026	10.7	1.0
Applied Electronic Products Business	98,148	25.7	110,515	25.2	12.6
Other	2,885	0.8	2,945	0.7	2.1
Adjustments	(65,559)	(17.3)	(70,591)	(16.1)	-
Total	382,561	100.0	437,790	100.0	14.4

As described in “Consolidated explanatory notes, 2. Notes to Changes in Accounting Policies,” foreign consolidated subsidiaries that have adopted U.S. GAAP adopted ASC No. 842 “Leases” in this consolidated fiscal year and changed their accounting methods for leases.

The effect of this change is immaterial.

Automotive Equipment Business

The major products in this segment include lamps for automobiles and motorcycles.

With regard to trends in related markets, automobile production increased slightly in China and rose in other regions, resulting in an overall increase worldwide. Motorcycle production slightly declined in Europe, but increased in other regions, resulting in an overall global increase.

In this market environment, although the Company Group’s Automotive Equipment Business was affected by the spread of COVID-19 in China, an increase in fixed costs due to rapid changes in automobile production plans that have continued since the previous term, and soaring costs for procurement of resin materials and components, the Company Group saw an increase in both sales and profit as a result of an increase in production of automobile and motorcycle lamps due to the increased production of automobiles and motorcycles.

As a result, net sales for the Automotive Equipment Business in this consolidated fiscal year were 347,895 million yen (up 15.8% from the previous year), operating income was 19,675 million yen (up 97.6% from the previous year).

Electronic Components Business

The major products in this segment include LEDs and LCDs.

With regard to trends in related markets, the automotive and LED lighting markets increased, while the AV home appliance market remained flat.

In this market environment, despite an increase in LCDs and an ongoing increase in non-visible light (infrared and ultraviolet) LEDs, the Company Group's Electronic Components Business was strongly affected by soaring component procurement costs, resulting in higher sales and lower profits.

As a result, net sales in the Electronic Components Business in this consolidated fiscal year were 47,026 million yen (up 1.0% from the previous year), and operating income was 5,069 million yen (down 14.9% from the previous year).

Applied Electronic Products Business

The Major products in this segment include LCD backlights, operation panels, LED lighting, and electronic substrates.

With regard to trends in related markets, the PC and tablet market saw a decrease, while the automotive interior market, OA market and LED lighting market saw an increase.

In this market environment, despite an increase in sales of operation panels, the Company Group's Applied Electronic Products Business posted higher sales and lower profits due to a decrease in sales of backlights for LCDs and the significant impact of semiconductor shortages and other factors that drove up the cost of procuring parts and materials.

As a result, net sales in the Applied Electronic Products Business for this consolidated fiscal year were 110,515 million yen (up 12.6% from the previous year) and operating income was 10,654 million yen (down 10.9% from the previous year).

(2) Capital investment

Capital investment in this consolidated fiscal year totaled 37,797 million yen, of which the following is a breakdown.

Investment category	Amount (millions of yen)
Automotive Equipment Business	25,445
Electronic Components Business	2,609
Applied Electronic Products Business	4,339
Other	1
Corporate	5,400
Total	37,797

Note: "Corporate" represents capital expenditures for basic testing and research activities and administrative departments.

(3) Assets and profit (loss) of the corporate group

Category	115th term (April 2019 to March 2020)	116th term (April 2020 to March 2021)	117th term (April 2021 to March 2022)	118th term (this term) (April 2022 to March 2023)
Net sales (Millions of yen)	391,622	359,710	382,561	437,790
Ordinary income (Millions of yen)	30,034	41,283	36,714	44,872
Net income attributable to owners of parent (Millions of yen)	18,550	22,918	21,445	26,496
Net income per share (Yen)	114.19	142.39	133.75	162.32
Total assets (Millions of yen)	494,365	541,023	585,382	629,611
Net assets (Millions of yen)	397,989	444,651	488,962	536,128
Net assets per share (Yen)	2,214.22	2,486.12	2,715.84	2,875.15

Note: Effective from the 117th business term, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others have been applied, and the figures for assets and profit (loss) for the 117th business term and beyond are those after the application of such accounting standards.

(4) Issues to be addressed

The global economy is expected to pick up going forward due to the effects of various policies under the “living with COVID” strategy. On the other hand, various risks still exist, such as the global shortage of semiconductors and soaring raw material prices.

In this environment, the Company Group launched the Eighth Three-Year-Term Management Plan in FY2023 with the guiding principle of “Contributing to Society by Archiving Safety and Security - Turning Dreams into Reality with the Power of Light.” This plan was formulated by adding a backcasting perspective that takes into account the external environment expected in 2030 to the three-year management plan set forth in the “Stanley Group Third Long-Term Management Objective” formulated in 2020. The three major themes and management targets are as follows.

1. The TADAS concept of manufacturing

TADAS is an idea born from the desire to bring safety and security to all people. Under the TADAS concept of using up all resources without wasting any of their functions, the Company Group will provide highly safe products at reasonable prices by achieving pricing that enables all people to enjoy value.

The Company Group incorporates the know-how cultivated through the “Production Innovation Activities” from the building design stage and develops as a plant that maximizes investment efficiency and production efficiency.

As one concrete implementation of this approach, the Hiroshima Factory, which mainly manufactures automotive lamps, is undergoing a transformation from a “lamp production base” to a “lamp systems production base” as well as an expansion aimed at increasing production capacity, and these improvements are scheduled to be completed at the end of 2024.

2. Developing new markets with unique optical technology

The Company Group clearly differentiates itself from its competitors by creating new products with its unique technology that pursues the value of light, such as in-vehicle lamp systems that improve driving safety in bad weather and products that use non-visible light, and will continue to develop new markets.

As one concrete implementation of this approach, the Company is planning to rebuild the Research and Development Laboratory in Kanagawa Prefecture, which is the largest R&D center in the Company Group. The new facility will focus on the two main themes of unique light technologies that pursue greater light efficiency, and research and development aimed at achieving the carbon neutrality sought by society, and will promote the creation of new technologies and products from unique perspectives and ideas based on efficient and active communication. Construction is scheduled to begin in the spring of 2024 and to be completed by the end of 2025.

3. Pursuing challenges with Speed as “One Stanley”

“One Stanley” is where the Company Group’s employees around the world work together as one on the same vector to take up challenges and produce results. As One Stanley, the Company Group will deliver value with speed on a global scale.

Management targets

	Target (FY2025)
Net sales (hundred million yen)	5,500
Operating profit ratio (%)	10

ROE (Return on Equity) (%)	8
	Target (from FY2023 onward)
Consolidated dividend payout ratio (%)	30

In order to further enhance shareholder returns, the target for consolidated dividend payout ratio is 30% or more.

As the automotive industry is undergoing a period of great change that is said to come only once in a century, including new advances in automobiles, particularly CASE vehicles, and action on environmental issues such as carbon neutrality, a wide range of issues have emerged that need to be resolved through mutual cooperation between complete vehicle manufacturers and parts manufacturers, and in September 2022 the Company concluded a comprehensive capital and business alliance agreement with Honda Motor Co., Ltd with the goal of building a strong relationship aimed at solving these issues. Through this capital and business alliance agreement, the two companies, as partners for the medium- and long-term future, will promote joint development, personnel exchange, and other initiatives to enhance their competitive advantages, including technological capabilities.

In addition, in order to win against global competition, the Company Group is united in its efforts to manage its operations with an emphasis on productivity and efficiency.

In other words, the Company Group aims to be a corporate group with a truly strong constitution which will not be buffeted around by its environment such as by rapid changes in the market or market conditions, and will expand its production innovation activities in pursuit of optimal “Manufacturing” to all business processes, including back office, in order to strive on a day-to-day basis toward more wide-ranging and advanced levels of productivity improvement.

The Company Group will continue to provide competitive products that accurately meet diversifying needs by establishing a system for production that ensures that all functions, from development to sales, can provide sufficient value, and by strengthening functional collaboration.

Going forward, the Company asks its shareholders for their continued valued support.

(5) Main operating segments of the corporate group

The names of the operating segments and main products of the Company Group are as follows.

Automotive Equipment Business:	Automotive lighting products
Electronic Components Business:	Electronic device products
Applied Electronic Products Business:	Applied electronic products
Others:	Others

(6) Main offices etc. of the corporate group

(i) Main sales offices and factories

Head office	Meguro-ku, Tokyo
Domestic branches	Osaka Branch (Osaka), Nagoya Branch (Aichi), Omiya Office (Saitama), Sayama Office (Saitama), Asaka Office (Saitama), Suzuka Office (Mie)
Domestic factories	Hatano Factory(Kanagawa), Okazaki Factory (Aichi), Hamamatsu Factory (Shizuoka), Hiroshima Factory (Hiroshima), Yamagata Factory (Yamagata) Stanley Tsuruoka Works Co., Ltd. (Yamagata)
Overseas sales and production bases, etc.	Stanley Electric Holding of America, Inc. (U.S.A.), Stanley Electric U.S. Co., Inc. (U.S.A.), I I Stanley Co., Inc. (U.S.A.), Stanley Electric do Brasil Ltda. (Brazil), Stanley Electric Manufacturing Mexico S.A. de C.V. (Mexico), Stanley Electric (China) Investment Co., Ltd. (China) Tianjin Stanley Electric Co., Ltd. (China), Tianjin Stanley Electric Technology Co., Ltd. (China), Guangzhou Stanley Electric Co., Ltd.(China)

R&D bases, etc.	Research & Development Laboratory (Kanagawa), Utsunomiya Technical Center (Tochigi), Yokohama Technical Center (Kanagawa), Opto Technical Center (Kanagawa), Minatomirai Technical Center (Kanagawa), Hatano Technical Center (Kanagawa)
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(ii) Status of employees of the Company Group

Name of operating segment	Number of employees	Change from the end of the previous term (number of people)
Automotive Equipment Business	9,971	55
Electronic Components Business	1,817	(11)
Applied Electronic Products Business	2,530	(127)
Other	365	165
Corporate	2,281	(140)
Total	16,964	(58)

Note 1 The number of employees is the number of persons currently employed.

Note 2 “Corporate” includes employees involved in basic testing and research activities and administrative departments.

(7) Status of significant parent company and subsidiaries

(i) Status of parent company

Not applicable.

(ii) Status of subsidiaries

Name	Ownership ratio (%)	Main businesses
Stanley Tsuruoka Works Co., Ltd.	100.0	Manufacture of electronic component products
Stanley Electric Holding of America, Inc. (U.S.A.)	100.0	Holding company of Stanley Electric U.S. Co, Inc., I I Stanley Co., Inc., Hexa Tech, Inc., and Stanley Electric Sales of America, Inc.
Stanley Electric do Brasil Ltda.(Brazil)	90.0	Manufacture and sale of automotive equipment products
Stanley Electric Manufacturing Mexico S.A. de C.V.(Mexico)	100.0	Manufacture and sale of automotive equipment products
Tianjin Stanley Electric Technology Co., Ltd. (China)	100.0	Design and development of automotive equipment products
Stanley Electric (China) Investment Co., Ltd.(China)	100.0	Holding company of Suzhou Stanley Electric Co., Ltd., Shenzhen Stanley Electric Co., Ltd., Tianjin Stanley Electric Co., Ltd., Wuhan Stanley Electric Co., Ltd., Guangzhou Stanley Electric Co., Ltd. Shanghai Stanley Electric Co., Ltd., and Stanley Electric Trading (Shenzhen) Co., Ltd.

(8) Principal lenders and loan amounts

Not applicable.

(9) Policy on determining dividends of surplus, etc.

The Company Group’s basic policy is to maintain stable dividend payments and appropriate return of profit to shareholders, while working to strengthen the Company Group’s financial position and business foundation. The Company will use internal reserves for investments to bolster corporate value, such as new product/ business development and more streamlined management structure from

the medium- to long-term perspective, and work to further strengthen the corporate structure and competitiveness of the Company.

The Company's basic policy on dividends is to maintain stable dividend payments and appropriate return of profits to shareholders, with consolidated payout ratio target of 20% or more and consolidated total return ratio target, including the acquisition of treasury stock, of 35% or more. The year-end dividend for this term will be 25 yen per share as announced on April 28, 2022, and together with the interim dividend of 25 yen per share, the annual dividend will be 50 yen per share.

In order to enable the execution of return of profits to shareholders and flexible capital policies, etc. in response to changes in the corporate environment, the Company implemented an acquisition of treasury stock of 9,999 million yen (3.46 million shares) in this term during the period from February 8, 2023 to May 15, 2023, based on a resolution of the Board of Directors meeting held on January 30, 2023.

As the Eighth Three-Year-Term-Management Plan begins in FY2023, the Company aims to achieve a consolidated payout ratio of 30% or more in order to further enhance shareholder returns.

(10) Other important matters concerning the current status of corporate group

Not applicable.

2. Matters related to shares

- (1) **Total number of shares authorized** 750,000,000 shares
(2) **Total number of shares issued** 173,000,000 shares
(3) **Number of shareholders as of the end of this business term** 8,635
(4) **Major shareholders**

Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,887	15.03
Honda Motor Co., Ltd.	16,735	10.10
Custody Bank of Japan, Ltd. (Trust Account)	10,157	6.13
Sumitomo Mitsui Banking Corporation	8,017	4.84
Nippon Life Insurance Company	6,886	4.16
JP MORGAN CHASE BANK 385635	6,069	3.66
JP MORGAN CHASE BANK 380072	5,870	3.54
The Nomura Trust and Banking Co., Ltd, (MUFG Bank, Ltd. Retirement benefit trust account)	5,440	3.28
SSBTC CLIENT OMNIBUS ACCOUNT	3,974	2.40
JP MORGAN CHASE BANK 385632	3,804	2.30

Note 1 As of March 31, 2023, the Company holds 7,367 thousand shares of treasury stock, but is excluded from the above major shareholders.

Note 2 Shareholding ratio is calculated minus treasury stock (7,367 thousand shares).

Note 3 At a meeting of the Board of Directors held on September 27, 2022, the Board of Directors resolved to dispose of treasury stock through a third-party allotment in which Honda Motor Co., Ltd. is the allottee, and disposed of 7,500 thousand shares of treasury stock on October 14, 2022.

(5) Status of shares delivered to the Company's officers during this business term as compensation for the execution of their duties

The shares delivered during this business term were common stock of the Company (restricted stock) subject to a certain period of transfer restrictions, events for gratis acquisition by the Company, and other stipulations, and the status of their delivery is as follows.

	Class and number of shares	Number of officers eligible for delivery
Directors (excluding Outside Directors)	12,600 shares of common stock of the Company	6
Outside Directors	- shares of common stock of the Company	-
Audit & Supervisory Board Members	- shares of common stock of the Company	-

(6) Other important matters concerning shares

Treasury stock acquired during this business term by a Board of Directors resolution as authorized by the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

- (i) Common stock 1,855,800 shares
(ii) Total acquisition cost 5,265,903 thousand yen
(iii) Reason for the acquisition To return profits to shareholders and to enable the execution of agile capital policies, etc. in response to changes in the corporate environment

3. Matters related to share subscription rights, etc.

(1) Overview of share subscription rights, etc. delivered to Company's officers as compensation for the execution of their duties as of the end of this business term.

Share subscription rights as stock options

Name	Series 8 share subscription rights	Series 9 share subscription rights
Date of resolution to issue	July 26, 2018	July 29, 2019
Number of holders	Six Directors of the Company (excluding Outside Directors)	Six Directors of the Company (excluding Outside Directors)
Number of share subscription rights	150	150
Class and number of shares to be issued upon exercise of share subscription rights	15,000 shares of common stock	15,000 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	Payment is not required
Exercise price of share subscription rights	3,926 yen per share	2,684 yen per share
Exercise period of share subscription rights	From April 1, 2021 to March 31, 2024	From April 1, 2022 to March 31, 2025
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted. 	

Name	Series 10 share subscription rights	Series 11 share subscription rights
Date of resolution to issue	August 24, 2020	July 26, 2021
Number of holders	Six Directors of the Company (excluding Outside Directors)	Six Directors of the Company (excluding Outside Directors)
Number of share subscription rights	150	205
Class and number of shares to be issued upon exercise of share subscription rights	15,000 shares of common stock	20,500 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	Payment is not required
Exercise price of share subscription rights	3,168 yen per share	2,798 yen per share
Exercise period of share subscription rights	From April 1, 2023 to March 31, 2026	From April 1, 2024 to March 31, 2027

Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> 1. Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. 2. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.
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Name	Series12 share subscription rights
Date of resolution to issue	October 31, 2022
Number of holders	Six Directors of the Company (excluding outside directors)
Number of share subscription rights	325
Class and number of shares to be issued upon exercise of share subscription rights	32,500 shares of common stock
Paid-in amount of share subscription rights amount to be paid	Payment is not required
Exercise price of share subscription rights	2,895 yen per share
Exercise period of share subscription rights	From April 1, 2025 to March 31, 2028
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> 1. Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. 2. Exercise of share subscription rights by the successors of those who have been allotted share subscription rights shall not be permitted.

(2) Overview of share subscription rights, etc. delivered to the Company's employees and officers of subsidiaries as compensation for the execution of their duties during this business term under review

Share subscription rights as stock options

Name	Series 12 of share subscription rights	
Date of resolution to issue	October 31, 2022	
Number of holders	600 employees of the Company	32 Directors of subsidiaries of the Company
Number of share subscription rights	1,734	120
Class and number of shares to be issued upon exercise of share subscription rights	173,400 shares of common stock	12,000 shares of common stock
Paid-in amount of share subscription rights	Payment is not required	
Exercise price of share subscription rights	2,895 yen per share	
Exercise period of share subscription rights	From April 1, 2025 to March 31, 2028	
Conditions for exercise of share subscription rights	<ol style="list-style-type: none"> 1. Persons who are allotted share subscription rights must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Operating Officer, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee or other similar position at the Company or its affiliates at the time of exercising the share subscription rights. 2. Exercise of share subscription rights by successors of those who have been allotted share subscription rights shall not be permitted. 	

4. Matters relating to officers

(1) Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions held
President and Representative Director	Yasuaki Kaizumi	Chief Technology Officer	
Vice President and Representative Director	Toru Tanabe	Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer	
Managing Director	Keisuke Ueda	Chief Financial Officer Chief Accounting Officer Chief European Business Officer	
Director	Tatsuaki Tomeoka	Chief Purchasing Officer Cost Competitiveness Officer Chief Chinese Business Officer	
Director	Satoshi Oki	Chief Manufacturing Officer Chief Compliance Officer Chief SNAP Officer Chief Domestic Subsidiary Officer	
Director	Kazuki Takano	Chief Sales Officer Chief American Business Officer	
Director	Masakatsu Mori		Special Adviser of International University of Japan Outside Director of Kirin Holdings Company, Ltd. Outside Audit & Supervisory Board Member of Fast Retailing Co., Ltd.
Director	Hirokazu Kono		Professor at Graduate School of Business Administration, Keio University Outside Director, Audit & Supervisory Committee Member of The Yokohama Rubber Co., Ltd. Vice-President of Japan Business School Education Development Organization
Director	Yozo Takeda		Chairman and Chief Executive Officer of Sanoh Industrial Co., Ltd.
Director	Satoko Suzuki		Associate Professor at Graduate School of Business Administration, Department of International Corporate Strategy, Hitotsubashi University

			Outside Director of Lawson, Inc.
Audit & Supervisory Board Member (Standing)	Ryuta Yamaguchi		
Audit & Supervisory Board Member (Standing)	Koji Shimoda		
Audit & Supervisory Board Member	Mitsuhiro Amitani		Partner of SAH & Co. Outside Audit & Supervisory Board Member of HUB Co., Ltd. Outside Director, Audit & Supervisory Committee Member of SIGMAXYZ Holdings Inc.
Audit & Supervisory Board Member	Hiroshi Kanno		Professor at Graduate School of Business Administration, Waseda University Outside Director of ERI Holdings Co., Ltd.
Audit & Supervisory Board Member	Koichi Uehira		President of TaxNetwork K.K. Outside Director of STI Food Holdings, Inc.

Note 1 Of the Directors, Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Satoko Suzuki are Outside Directors as defined in Article 2, Item 15 of the Companies Act.

Note 2 Of Audit & Supervisory Board Members, Mitsuhiro Amitani, Hiroshi Kanno, and Koichi Uehira, are Outside Audit & Supervisory Board Members as defined in Article 2, Item 16 of the Companies Act.

Note 3 Koichi Uehira is licensed as a certified public accountant and has considerable knowledge of finance and accounting.

Note 4 Yutaka Hiratsuka and Mitsuhiro Yoneya resigned from the position of Director at the conclusion of the 117th Ordinary General Meeting of Shareholders held on June 28, 2022 due to expiration of their terms of office.

Note 5 Satoshi Oki, Kazuki Takano and Satoko Suzuki were newly elected and appointed as Directors at the 117th Ordinary General Meeting of Shareholders held on June 28, 2022.

Note 6 The Company has designated Masakatsu Mori, Hirokazu Kono, Yozo Takeda, and Tomoko Suzuki who are Outside Directors, and Mitsuhiro Amitani, Hiroshi Kanno, and Koichi Uehira, who are Outside Audit & Supervisory Board Members as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Tokyo Stock Exchange of such designation.

Note 7 There was a change in the responsibilities of Directors during this business term as follows.
Change in Responsibilities (effective June 28, 2022)

Position	Name	Before the change	After the change
Director	Tatsuaki Tomeoka	Chief Purchasing Officer Cost Competitiveness Officer	Chief Purchasing Officer Cost Competitiveness Officer Chief Chinese Business Officer

Note 8 Masakatsu Mori resigned as Outside Director of Yamato Holdings, Co., Ltd. as of June 23, 2022.

Note 9 Hirokazu Kono retired as Professor of Graduate School of Business Administration, Keio University as of March 31, 2023, and assumed the position of Professor Emeritus, Project Professor at Keio University on April 1, 2023.

(2) Overview of the contents of directors' and officers' liability insurance contract

The Company has executed with an insurance company a directors' and officers' liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of insureds under such insurance contract is all Directors and Audit & Supervisory Board Members of the Company, and all insurance premiums are borne by the Company. The insured bears substantially no insurance premium burden.

Such insurance contract is intended to cover any damages, court costs, and the like incurred by the insured as a result of a claim for damages arising from the execution of duties by the insured. However, the Company has taken measures, such as excluding from the coverage claims for damages arising out of an act which the insured conducted knowing that such act breaches laws or regulations, or damage that does not reach a certain amount, so that the appropriateness of execution of duties by insured officers, etc. will not be impaired.

(3) Compensation, etc. of officers for this business term

(i) Total amount, etc. of compensation, etc. of officers for this business term

Category	Number of persons paid	Amount by type of compensation			Total
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (including Outside Directors)	12	213 million yen	234 million yen	40 million yen	488 million yen
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	5	75 million yen	18 million yen	- million yen	93 million yen
Total (of the above, for outside officers)	17 (7)	288 million yen (51 million yen)	252 million yen (0 million yen)	40 million yen (- million yen)	581 million yen (52 million yen)

Note 1 The above includes two Directors who retired at the conclusion of the 117th Ordinary General Meeting of Shareholders held on June 28, 2022.

Note 2 The amount of performance-linked compensation is the amount of expenses recorded during this business term for performance-based compensation, consolidated ROA standard compensation, and bonuses. The calculation method of the amount or number of performance-linked compensation, the performance indicators selected as the basis for the calculation, and the reasons for selecting such performance indicators are as described in “(ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members” and “(iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members”. Also, the actual results related to the relevant performance indicators, including this business term, are as stated in “1. (3) Assets and profit (loss) of the corporate group.”

Note 3 The amount of non-monetary compensation is the portion of performance-linked compensation corresponding to the amount of expenses recorded during this business term for restricted stock granted as shareholder value-linked compensation and share subscription rights granted as regular stock options. The details of such restricted stock and the status of their granting are as described in “2. (5) Status of shares delivered to the Company’s officers during this business term as compensation for the execution of their duties.” Also, the details of the share subscription rights and the status of their granting are as described in “3. Matters related to share subscription rights, etc.”

(ii) Matters concerning resolution of the general meeting of shareholders on compensation, etc. of Directors and Audit & Supervisory Board Members

Date of resolution	Resolution details	Number of eligible officers
June 26, 2007 102nd Ordinary General Meeting of Shareholders	The maximum amount of compensation for Directors shall not exceed 900 million yen per year.	10
	The maximum amount of compensation for Audit & Supervisory Board Members shall not exceed 140 million yen per year.	5
June 29, 2010 105th Ordinary General Meeting of Shareholders	In addition to the maximum amount of compensation for Directors of 900 million yen per year, the amount of compensation pertaining to share subscription rights as regular stock options for Directors (excluding Outside Directors) shall not exceed 40 million yen per year.	9

June 26, 2018 113th Ordinary General Meeting of Shareholders	Within the scope of maximum amount of compensation for Directors of 900 million yen per year, the annual amount of compensation to grant restricted stock for Directors (excluding Outside Directors) shall not exceed 100 million yen per year.	8
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Note The number of eligible officers is the number of officers who were subject to those provisions at the time the resolution of the general meeting of shareholders was adopted.

- (iii) Matters concerning policy, etc. for determination of the details of individual compensation, etc. of Directors and Audit & Supervisory Board Members

Basic policy

As described below, the policy for compensation, etc. of Directors and Audit & Supervisory Board Members (“officers”) are determined by the Board of Directors for Directors and by the Audit & Supervisory Board for Audit & Supervisory Board Members, respectively, with the purpose of determining officer compensation, etc. in a fair and appropriate manner.

- (a) The compensation system shall be objective when viewed by shareholders and employees.
- (b) The compensation system shall be partially linked to performance, in order to clarify responsibility for execution of their duties.
- (c) The policy is determined appropriately in light of economic trends, the Company’s business environment, performance, and trends of other companies in the same industry, etc.

Overview of the officer compensation system

Officer compensation consists of the following elements. It is calculated using a coefficient set for each element of the system.

	Monetary compensation	Non-monetary compensation
Other compensation	Fixed compensation	None
Performance-linked compensation	Performance-based compensation Consolidated ROA standard compensation Bonus	Shareholder value-linked compensation Regular stock options

- (a) Introduce a restricted stock compensation system for Directors (excluding Outside Directors) as shareholder value-linked compensation, with the purpose of increasing their motivation more than ever before to contribute to increasing stock prices, shareholder value, and corporate value.
- (b) Provide share subscription rights as regular stock options to Directors (excluding Outside Directors) and managers free of charge, in order for them to share the risks and rewards of fluctuations in stock prices with shareholders, and to increase their motivation more than ever before to contribute to increasing stock prices and corporate value.
- (c) Regarding the time of payment, fixed compensation, performance-based compensation, and consolidated ROA standard compensation will be paid monthly. Other compensation will be paid (allocated) at a certain time.

Policy for determination of compensation for each individual by type of compensation and percentage of total compensation

The Company’s fixed compensation is calculated after comprehensively considering positions, responsibilities, etc.

The Company’s performance-linked compensation (including non-monetary compensation) for officers is intended to establish fair and appropriate officer compensation, each of which is calculated as follows: (i) performance-based compensation and shareholder value-linked compensation mainly by based on the Company’s performance, (ii) consolidated ROA standard compensation by a payment coefficient based on consolidated ROA, (iii) bonus based on net income and the officer bonus calculation coefficient, and (iv) regular stock options mainly based on stock price, and based on the premise that corporate management from a medium- to long-term perspective is important, we, after

giving due consideration to the two perspectives of motivating Directors to contribute to the enhancement of corporate value and pursuing the interests of shareholders, decide on the percentage of these two factors in the total.

- (iv) Matters related to the delegation of authority to determine the content of compensation, etc. for individual Directors

The Company's Representative Directors determine the content of individual Directors' compensation based on a resolution of delegation by the Board of Directors.

The names of the persons to whom the delegation was made and their positions and responsibilities as of the date of determination of the individual Directors' compensation are as follows.

Name	Position	Responsibilities
Yasuaki Kaizumi	President and Representative Director	Chief Technology Officer
Toru Tanabe	Vice President and Representative Director	Chief Quality Assurance Officer Chief Human Resources & General Affairs Officer Chief Asian & Oceanian Business Officer

The authority delegated is the authority to determine the amount to be allocated to each Director according to a predefined calculation method, taking into consideration the ratio of fixed compensation, performance-linked compensation, and non-monetary compensation. The reason for delegating such authority is that the Representative Directors are best suited to make decisions by having a bird's eye view over the Company's overall performance and taking into consideration of evaluation of each Director's performance of duties.

In addition, as a measure to ensure that the delegated authority is appropriately exercised, the Representative Directors have consulted with the Governance Committee, a voluntary committee equivalent to a nomination committee and compensation committee, regarding the content of individual Directors' compensation, etc., and obtained their view for reference, and because the content of individual Directors' compensation, etc. is determined after such procedure, the Board of Directors is certain that the content of such compensation is in line with the Company's decision-making policy.

(4) Matters concerning outside officers

- (i) Relationship between the companies at which outside officers hold significant concurrent positions and the Company

There is no special relationship between the companies at which outside officers hold concurrent positions and the Company.

- (ii) Status of main activities of outside officers

Classification	Name	Main activities
Director	Masakatsu Mori	He attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience from many years as a manager of a consulting firm with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Hirokazu Kono	He attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience in business administration specializing in management engineering with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Yozo Takeda	He attended all 15 meetings of the Board of Directors held during this business term and made comments from a professional perspective based on his experience from many years as a manager of a company with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. He also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Director	Satoko Suzuki	She attended 10 of the 11 meetings of the Board of Directors held during this business term after taking office and made comments from a professional perspective based on her experience in business administration, including B2C with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. She also makes a wide range of recommendations that contribute to the strengthening of internal controls and the enhancement of corporate value over the medium- to long-term.
Audit & Supervisory Board Member	Mitsuhiro Amitani	He attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a lawyer with the interests of shareholders in mind, thereby contributing to

		ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.
Audit & Supervisory Board Member	Hiroshi Kanno	He attended 14 of the 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a researcher of corporate strategy planning and a management consultant with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.
Audit & Supervisory Board Member	Koichi Uehira	He attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held during this business term and made comments from a professional perspective based mainly on his experience as a certified public accountant with the interests of shareholders in mind, thereby contributing to ensuring the objectivity, neutrality, and legal conformity of management. In addition, he fully exercises his auditing functions in accordance with the auditing policies established by the Audit & Supervisory Board.

Note: In addition to this number of Board of Directors meetings, there was one written resolution that was deemed to have been approved by the Board of Directors pursuant to Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.

(iii) Overview of the contents of the limited liability contract

The Company amended its Articles of Incorporation at the 101st Ordinary General Meeting of Shareholders held on June 27, 2006 and established provisions regarding limited liability contracts for Outside Directors and Outside Audit & Supervisory Board Members.

The overview of the limited liability contracts that the Company has entered into with all of the Outside Directors and Outside Audit & Supervisory Board Members pursuant to such Articles of Incorporation is as follows.

Limited liability contract for Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and Outside Audit & Supervisory Board Members shall, after entering into this contract, with respect to the liability stipulated in Article 423, Paragraph 1 of the Companies Act, be liable for damages up to 5 million yen or the minimum liability amount provided in Article 425, Paragraph 1 of the Companies Act, whichever is higher, if they have executed their duties in good faith and without gross negligence.

(5) **Other important matters concerning the Company's officers**

Not applicable.

5. Matters related to Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of compensation, etc. for Accounting Auditor

(i) Amount of compensation, etc. for this business term	85 million yen
(ii) Total amount of cash and other economic benefits payable by the Company and its subsidiaries	102 million yen

Note 1 The audit contract between the Company and the Accounting Auditor does not distinguish between audit fees for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and it is not practically possible to distinguish between them; therefore, the above amounts are the sum of these amounts.

Note 2 Based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company has obtained necessary materials and received reports from the Directors, relevant internal departments and the Accounting Auditor, and has confirmed and reviewed the details of the audit plan of the Accounting Auditor, the audit results of the previous term and the basis for calculating the compensation estimate, and as a result the Audit & Supervisory Board has determined that the compensation, etc. of the Accounting Auditor is at a reasonable level to maintain the quality of the audit, and gives its consent as prescribed in Article 399, Paragraph 1 of the Companies Act.

Note 3 Of the Company's significant subsidiaries, Stanley Electric Holding of America, Inc., Stanley Electric do Brasil Ltda. Stanley Electric Manufacturing Mexico S.A. de C.V, Tianjin Stanley Electric Technology Co., Ltd. and Stanley Electric (China) Investment Co., Ltd. are audited by auditing firms other than the Company's Accounting Auditor.

(3) Policy on dismissal or non-reelection of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor with the unanimous consent of the Audit & Supervisory Board Members if any of the items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor and the dismissal is deemed appropriate.

In addition, if there is any obstacle to the execution of duties by the Accounting Auditor, etc., the Company will decide on a proposal for the dismissal or non-reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

Based on such decision, the Board of Directors of the Company will submit such proposal to the General Meeting of Shareholders.

6. Matters related to the development of systems, etc. to ensure the appropriateness of business operations

Overview of the contents of the resolution on the development of systems, etc. to ensure the appropriateness of business operations

(1) System to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation

In order to ensure that the Company's business execution is conducted in an appropriate and sound manner as a whole, the Board of Directors shall strive to establish an effective internal control system and a legal compliance framework for the Company as a whole from the perspective of further strengthening corporate governance.

The Audit & Supervisory Board audits the function and effectiveness of the internal control system.

(2) System for the storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors, minutes of the Board of Directors and other major meetings, internal approval documents, various contracts, and the like shall be recorded and stored in hard copy or electronically by specifying the person responsible for storage, the storage period, and the like in accordance with the "document management rule" and other internal regulations.

Directors and Audit & Supervisory Board Members shall have access to these documents or electromagnetic records at all times.

In order to prevent leakage, loss, or damage to information, and to take measures in the event thereof, an information security system shall be established, and management, operation, and audits shall be conducted in accordance with regulations, etc.

(3) Regulations and other systems for managing risk of loss

The Company shall establish risk management regulations that systematically define risk management, establish a Risk Management Committee, and develop a risk management system under the supervision of a Representative Director.

The Risk Management Committee shall strive to promptly and accurately address the hazards and risks surrounding the company, and shall also establish a system to immediately convey information to Directors and Audit & Supervisory Board Members.

(4) Systems to ensure the efficient execution of duties by Directors

The "Stanley Group Third Long-Term Management Objective" shall be established as the 10-year goals to be achieved toward the "Stanley Group Vision," which comprises the basic values shared by the Company Group, and a three-year-term management plan and Single year management plan shall be established as the medium-term goals of the Stanley Group Vision. The Company will adopt a system to ensure operational efficiency by reviewing the targets each term and feeding those results back into its operations. The Company Group will adopt "Three-dimensional group matrix management," in which the three axes of divisions, functional departments, and regions (bases) will work together as a group structure to achieve the goals.

The Directors of the Company shall be familiar with the Company Group's business and make prompt and appropriate business decisions concerning business management after careful discussion at the Board of Directors meetings in accordance with the Board of Directors regulations.

For deliberation of important matters affecting the entire company, a Management Meeting shall be formed by the principal Directors in order to make careful decisions after multifaceted deliberations prior to submitting the matters to the Board of Directors.

The Company will use these decision-making systems to engage in appropriate and efficient decision-making.

(5) Systems to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation

The Company Group has established the “Stanley Group’s Code of Conduct” as a code to be followed by officers and employees to govern their conduct.

Not limited to laws, internal rules and regulations, and the like, the Stanley Group Code of Conduct covers corporate ethics (social and moral standards required by society to be observed in corporate activities).

In order to make the Stanley Group’s Code of Conduct effective, the Company shall establish a corporate code of ethics as a framework for corporate ethics and legal compliance, appoint a Director in charge of corporate ethics, form a Corporate Ethics Committee, and appoint the heads of major internal organizations and the presidents of affiliated companies as the corporate ethics management officers.

The Corporate Ethics Committee shall be responsible for responding to cases of legal violations, formulating corporate ethics and legal compliance management policies, verifying the status of corporate ethics and legal compliance, and providing internal education and the like.

As a whistle-blowing system for employees to report violations of laws and regulations, etc., the Company shall establish a Corporate Ethics Improvement Proposal Office at an outside law firm to make suggestions for improvement in corporate ethics. The hotline will protect employees, etc., who report such violations, ascertain the legitimate points and opinions raised by such reports, and take appropriate measures.

The Corporate Ethics Committee shall receive regular and as-needed reports on its activities from the corporate ethics management officers and report to the Board of Directors and the Boards regarding corporate ethics and legal compliance.

(6) Systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

The Stanley Group’s Code of Conduct shall be a code that commonly applies throughout the entire the Company Group.

The Corporate Ethics Improvement Proposal Office shall be available to all employees of the Company and its subsidiaries.

The Company shall establish a system that allows subsidiaries to inquire about issues related to laws and regulations, etc. that arise in daily operations to the departments under the jurisdiction of the Company, and use this system to ensure compliance with corporate ethics and laws and regulations at each company.

With regard to events related to corporate ethics and legal compliance that should be taken into consideration across the entire Company Group, the departments in charge at the Company shall provide information, etc. to the subsidiaries and engage in mutual exchange of information.

In order to understand and improve the status of business operations of the Company and its subsidiaries, a Corporate Governance Promotion Department shall be established under the direct control of a Representative Director, which department shall of internal audits and report the results to the Representative Director and the Board of Audit & Supervisory Board Members.

The Risk Management Committee shall ensure the continuity and stable development of the business by foreseeing specific risks surrounding the entire Company Group, prescribing measures to prevent losses caused by such risks, and, in the event of a crisis, effectively and efficiently taking measures to ensure safety and minimize losses, including post-processing measures and measures to prevent recurrence. In addition, the Company will ensure the continuity and stable development of its business by taking effective and efficient measures to ensure safety and minimize losses in the event of a crisis.

In transactions between the Company and its subsidiaries, as with transactions with companies outside the Company Group, contract reviews, pricing procedures, and the like shall be conducted in accordance with regulations, etc. with a respect for mutual interests.

The Board of Directors and the Management Meeting shall carefully deliberate and vote on general shareholders’ meeting proposals of subsidiaries from the viewpoint of their legality, appropriateness,

and efficiency.

The Company shall select a lead Director for each subsidiary from among its Directors, who shall guide and supervise the efficiency and appropriateness of the subsidiaries' business execution, receive reports from the subsidiaries on their business execution status and other important matters, and report to the Board of Directors and other important meetings as necessary.

To strengthen cooperation among Audit & Supervisory Board Members at the Company Group, a liaison meeting for Audit & Supervisory Board Members of affiliated companies shall be held regularly.

The Company Group shall take a resolute stance against antisocial forces and groups, and shall sever all relationships with them. The General Affairs Department shall be in charge of measures in response to antisocial forces and groups, and shall strengthen cooperation with competent police stations and legal advisors to collect information.

(7) Matters concerning employees who assist the duties of Audit & Supervisory Board Members, and matters concerning the independence of such employees from Directors and the ensuring of the effectiveness of instructions to such employees

Some of the employees belonging to the Corporate Governance Promotion Department shall be selected to assist the duties of the Audit & Supervisory Board Members and the Audit & Supervisory Board.

In the event of appointment, dismissal, reassignment, or other personnel changes of such employees, or in the event of disciplinary action against such employees, the Company shall consult with the Audit & Supervisory Board Members in advance.

With respect to the duties of employees who are to assist the Audit & Supervisory Board Members and the Audit & Supervisory Board, the Audit & Supervisory Board Members may directly give commands and orders to the employees in charge of such duties.

(8) Systems for reporting to Audit & Supervisory Board Members and systems to ensure that persons making such reports will not be treated unfavorably because of their having made such reports

Directors shall report to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay on (i) matters resolved by the Management Meeting, (ii) matters that may cause significant damage to the Company Group, (iii) matters concerning monthly management conditions, business execution, and financial conditions, (iv) matters concerning internal audit and risk management, (v) matters concerning serious violations of laws and regulations and the Articles of Incorporation, and (vi) other important matters concerning corporate ethics and legal compliance. With respect to matters (ii), (v) and (vi), employees shall report such matters to Audit & Supervisory Board Members or the Audit & Supervisory Board without delay.

Directors, Audit & Supervisory Board Members, employees, etc. of subsidiaries shall report without delay to the Company's Audit & Supervisory Board Members or the Audit & Supervisory Board directly or through the relevant departments of the Company any matters that may cause significant damage to the Company Group, any matters concerning serious violations of laws, regulations, or the Articles of Incorporation, and any other important matters concerning corporate ethics and legal compliance.

The Company shall prohibit any disadvantageous treatment of any person who makes a report to the Audit & Supervisory Board Members or the Audit & Supervisory Board by reason of such report, and shall make such prohibition known to all officers and employees of the Company and its subsidiaries.

(9) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties

When an Audit & Supervisory Board Member makes a request for prepayment of expenses, etc. to the Company in connection with the execution of his or her duties, the Company shall promptly process such expenses or liabilities, unless the expenses or liabilities in connection with such request

are deemed not necessary for the execution of the Audit & Supervisory Board Member's duties.

(10) Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

The Audit & Supervisory Board shall establish audit policies, audit plans, audit methods, and other matters deemed necessary for the execution of their duties.

In order to audit the implementation of internal controls, the Audit & Supervisory Board may at any time receive reports from the Directors and employees in charge of the Corporate Governance Promotion Department, General Affairs Department, Accounting & Finance Control Division, and other necessary departments.

Auditors shall be able to attend important meetings such as business committee meetings.

The Audit & Supervisory Board shall meet regularly with Representative Directors to exchange opinions on issues to be addressed by the Company, the status of the environment for Audit & Supervisory Board Members' audits, and important auditing issues, and shall make requests as deemed necessary in an effort to deepen mutual understanding with Representative Directors.

The Audit & Supervisory Board shall explain to the Representative Directors and the Board of Directors, as appropriate, the audit policy and plan, as well as the status and results of the audit.

The Audit & Supervisory Board shall meet regularly with the Accounting Auditor and request reports on the status of accounting audits and other matters.

Overview of operation of systems, etc. to ensure proper business operations

The Company is striving to develop and appropriately operate the above systems etc. and others to ensure the appropriateness of business operations.

Regarding compliance, in accordance with the Stanley Group's Code of Conduct, the departments in charge conduct compliance-related education as well as training by outside attorneys to ensure penetration of compliance awareness. In addition, as a whistle-blowing system for employees and others to report violations of laws and regulations, the Company has established a Corporate Ethics Improvement Proposal Office at an outside law firm, and appropriate measures are taken while protecting the employees and others who report such violations.

Regarding the storage and management of information, contracts and other documents are properly stored and managed in accordance with the document management rule and other internal regulations, and the minutes of the Board of Directors meetings are properly recorded, prepared, stored and managed.

For risk management, the Company has established a system in which each department of the Company and each company of the Company Group reports risks, and the Company identifies and analyzes risks related to the Company and the Company Group, and takes appropriate action.

The Board of Directors makes decisions on matters stipulated by law and the Articles of Incorporation, as well as important matters concerning management policies and strategies, and monitors and supervises the Directors' execution of their duties. During this business term, the Board of Directors met 15 times. In addition to this number of Board of Directors meetings, there was one written resolution that was deemed to have been approved by the Board of Directors pursuant to Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.

With respect to the management of subsidiaries, the Director in charge of each subsidiary grasps the business activities of the subsidiary, provides appropriate guidance and supervision, receives reports on the status of business execution by the subsidiary and other important matters, and consults with the Company's Board of Directors and other important meetings as necessary.

In accordance with the auditing standards and audit plan established by the Audit & Supervisory Board, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, meet regularly with Representative Directors, receive reports from Directors and others on the execution of their duties, request explanations as necessary, inspect important approval documents, etc., and investigate the status of operations and assets at the head office and principal offices. With respect to subsidiaries, the Company requests reports from Directors, etc. of subsidiaries on the status of execution of their duties and examines the status of their operations and assets. The Company also meets regularly with the Accounting Auditor and receives reports on accounting audits and other matters. The Audit &

Supervisory Board met 14 times during this business term. As for internal audits, the Corporate Governance Promotion Department, an independent and dedicated department, audits the overall operations of the Company Group from the perspective of effectiveness of internal controls, compliance, and other issues.

End