

Company Name: **Shinwa Co., Ltd.**
Representative: Hiroshi Yamada
President and Representative Director
Stock exchange listing: First Section of Tokyo Stock Exchange and
Nagoya Stock Exchange (Code number: 3447)
Contact: Mitsuyoshi Hirasawa
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of Administration Headquarters
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Our Views on the ISS Report Concerning Proposal No. 2 of the 7th Annual General Meeting of Shareholders

Shinwa Co., Ltd. (the “Company”) has recognized the fact that the proxy advisory firm, Institutional Shareholder Services, Inc. (the “ISS”), issued an English report recommending voting against the election of Ms. Tomoko Achiwa the Company proposes to elect as a candidate for Director serving as an Audit and Supervisory Committee member in Proposal No. 2 at the Company’s 7th Annual General Meeting of Shareholders scheduled for June 25, 2021 (the “Annual General Meeting of Shareholders”).

Our views on Proposal No. 2 are as described in the Reference Documents for the General Meeting of Shareholders and other materials included in the convocation notice of the Annual General Meeting of Shareholders. In addition to this, we offer supplementary information to help our shareholders to make the right decision. We ask again for your understanding of the said proposal.

[The proposal in question]

Proposal No. 2: Election of three (3) Directors serving as Audit and Supervisory Committee members
Candidate No. 3: Ms. Tomoko Achiwa (reappointment, outside director, independent officer)

[Details of the ISS recommendation to vote against the proposal]

Due to the fact that Ms. Tomoko Achiwa used to work at KPMG AZSA LLC, the Company’s accounting auditor, ISS has determined that she lacks independence.

Reference: In the ISS independence criteria for Japan, contained in its own criteria, the 2021 Japan Proxy Voting Guidelines Benchmark Policy Recommendations, ISS states that “individuals who worked at the company’s audit firm” are regarded as non-independent.

[Our views]

The Company has established the Nomination and Remuneration Committee comprised of four (4) independent outside directors and one (1) representative director. The nomination of Ms. Tomoko Achiwa as a Director serving as an Audit and Supervisory Committee member candidate was deliberated by the Nomination and Remuneration Committee in accordance with the Company's Criteria regarding the Election of Outside Directors and the Criteria regarding the Independence of Outside Directors before consent was obtained from the Audit and Supervisory Committee and the relevant resolution was passed by the Board of Directors.

In the past, Ms. Tomoko Achiwa belonged to KPMG AZSA LLC, the accounting auditor of the Company. However, we have determined that her career satisfies the independence criteria set forth by the Company for the following reasons:

- It has been six years since she left the audit firm in May 2015, and she has never since been involved in the administration of the audit firm.
- During her tenure at the audit firm, she was never engaged in any accounting audit services for the Company, nor did she provide any other direct services for the Company.

Furthermore, the Company has registered her with Tokyo Stock Exchange, Inc. as an independent officer as stipulated by the said Exchange.

[Reference]

[Career summary of Ms. Tomoko Achiwa]

December	2007	Joined KPMG AZSA LLC
June	2015	Joined Achiwa Accounting Firm
November	2015	Representative, Achiwa Labor and Social Security Attorney's Office (to present)
March	2017	Representative, Achiwa Administrative Scrivener's Office (to present)
June	2019	Outside Director (Audit and Supervisory Committee member) of the Company (to present)

[Reasons for the nomination of Ms. Tomoko Achiwa as an Outside Director candidate and overview of her expected roles]

Ms. Tomoko Achiwa has considerable knowledge concerning finance, accounting, etc. and deep insight concerning corporate management as a certified public accountant, certified tax accountant, labor and social security attorney, administrative scrivener, etc., as stated in her career summary. She has appropriately fulfilled her duties, including the supervision of business execution, in an effort to further enhance the Group's management foundation and corporate value. In addition, she is expected to supervise the overall management of the Company and help enhance the functions of the Board of Directors of the Company from the perspective of diversity promotion, based on her knowledge in finance and accounting field as well as human resources field. Therefore, she is nominated as a candidate for Director serving as an Audit and Supervisory Committee member. The Company will continue to appoint her as a member of the Nomination and Remuneration Committee after her election.

Furthermore, the Company has determined that she will bear the management supervisory function as an Outside

Director from a fair, objective and independent perspective since she satisfies the Company's Criteria regarding the Independence of Outside Directors.