

(Securities code: 5232)

June 17, 2020

## **Supplementary explanation about the Item 3 of the 157th Annual General Meeting of Shareholders**

Dear Shareholder,

About the Item 3 of the 157th Annual General Meeting of Shareholders of Sumitomo Osaka Cement Co., Ltd. (the “Company”) scheduled to be held on June 26, 2020, “Election of 3 Company Auditors”, No. 2 candidate for a Company Auditor Kazuo Suzuki (“Mr. Suzuki”). The following is a supplementary explanation of the reasons for selecting the candidate. We would like to ask all our shareholders and investors to use this as a reference when deciding whether to exercise their voting rights.

### **1. Regarding the independence of Mr. Suzuki**

Mr. Suzuki had previously belonged to ShinNihon LLC (currently Ernst & Young ShinNihon LLC), an accounting auditor of the Company, but during his tenure, he was not completely involved in the Company's audit work. In addition, Mr. Suzuki left the audit corporation in June 2009, and 11 years have passed since his departure at the time of this General Meeting of Shareholders.

Furthermore, in fiscal 2019, the total amount ratio of audit fees paid by the Company Group to the consolidated net sales of the Company and the total revenue of the audit corporation was less than 0.1%.

Based on the above, the Company has determined that Mr. Suzuki has sufficient independence and has notified the Tokyo Stock Exchange that he is an independent officer.

### **2. Regarding the quality and ability of Mr. Suzuki**

During his tenure as a Company Auditor of the Company, Mr. Suzuki utilized his extensive experience as a certified public accountant for many years and a high level of insight into corporate management at the Board of Directors and the Company Auditors, and from an objective standpoint as an

outside Company Auditor. He has been properly performing his duties and has a track record of effectively functioning as a monitoring function for corporate management.

Mr. Suzuki's nomination as a candidate for Company Auditor shall be made after the deliberation by the Nomination and Compensation Committee, which is chaired by an independent director and the majority of the members are independent directors and outside experts, and the consent of the Company Auditors Board, decided by the Board of Directors.

Sincerely,

Fukuichi Sekine  
President and Representative Director  
**Sumitomo Osaka Cement Co.,Ltd.**

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