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(Securities Code: 1518)

May 27, 2021

Taishi Yoshioka, Representative Director and President  
**Mitsui Matsushima Holdings Co., Ltd.**  
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

Dear Shareholders,

### **Convocation Notice of the 165<sup>th</sup> Annual General Meeting of Shareholders**

We are pleased to inform you that the 165<sup>th</sup> Annual General Meeting of Shareholders will be held as described on the following page.

You are respectfully asked to consider your attendance, and whether or not to withhold your physical presence at the meeting in the light of the ongoing coronavirus pandemic.

Voting rights at General Meetings of Shareholders are important to shareholders. **You may exercise your voting rights in writing or via the Internet instead of attending the meeting. Please examine the Reference Material for the General Meeting of Shareholders enclosed herewith, and exercise your voting rights no later than 5:30 p.m. on Thursday, June 17, 2021.**

Yours faithfully,

Taishi Yoshioka

Representative Director and President

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## PARTICULARS

1. **Date and time:** Friday, June 18, 2021 at 10:00 a.m.
2. **Place:** Otemon Pine Building  
2<sup>nd</sup> Floor Conference Room  
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

### 3. **Agenda:**

#### **Matters to be reported:**

1. Business report, consolidated financial statements for the 165<sup>th</sup> fiscal year (April 1, 2020 to March 31, 2021), and results of audit thereof by accounting auditors and the Audit & Supervisory Committee
2. Non-consolidated financial statements for the 165<sup>th</sup> fiscal year (April 1, 2020 to March 31, 2021)

#### **Matters to be resolved:**

- First Proposal:** Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)
- Second Proposal:** Reestablishment of Limit Amount of Stock Compensation for Directors (excluding those who are Audit & Supervisory Committee Members) in Accordance with Amendments to the Companies Act
- Third Proposal:** Reestablishment of Limit Amount of Stock Compensation for Directors who are Audit & Supervisory Committee Members in Accordance with Amendments to the Companies Act

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. In addition, please bring this Notice with you, in order to save resources.
2. Of the documents to be provided with this Notice, “Trends in Assets and Income,” “Principal Business,” “Principal Offices,” “Employees,” “Principal Lenders,” “Matters Concerning Shares of the Company,” “Matters Concerning Stock Acquisition Rights Issued by the Company,” “Accounting Auditors,” “Systems to Ensure Directors Perform Their Duties in Compliance with Laws, Regulations and the Articles of Incorporation, and Other Systems to Ensure the Appropriateness of Business Activities,” and “Outline of the Status of Operation of the System to Ensure the Appropriateness of Business Activities” in the business report, “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements” in the consolidated financial statements, and “Non-consolidated Statements of Changes in Equity,” “Notes to Non-consolidated Financial Statements” in the non-consolidated financial statements are posted on the Company’s website (<https://www.mitsui-matsushima.co.jp/>) in accordance with provisions of laws and regulations as well as Article 14 of the Company’s Articles of Incorporation and therefore are not provided in the Appendix of this Notice. Accordingly, the Appendix of this Notice comprises part of the business report, consolidated financial statements, and non-consolidated financial statements audited by the accounting auditors and the Audit & Supervisory Committee in preparing the accounting audit report and audit report.
- 3 Any revisions to the Reference Material for the General Meeting of Shareholders, business report, consolidated financial statements, or non-consolidated financial statements will be posted on the Company’s website (<https://www.mitsui-matsushima.co.jp/>).

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## Matters to be resolved and Reference Information

### First Proposal: Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding those who are Audit & Supervisory Committee Members) will expire at the close of this general meeting of shareholders. Therefore, the shareholders are asked to elect four (4) Directors (excluding those who are Audit & Supervisory Committee Members).

The candidates are presented below:

No.	Name	Gender	Attendance at meetings of the Board of Directors	Titles and responsibilities at the Company and significant concurrent positions
1	Shinichiro Kushima Re-nominated	Male	100% (14 out of 14)	Representative Director and Chairman Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd. Director, KMT Corporation., Ltd.
2	Taishi Yoshioka Re-nominated	Male	100% (11 out of 11)	Representative Director and President Director, Mitsui Matsushima International Pty. Ltd. Director, Sansei Denshi Co., Ltd. Director, SYSTECH KYOWA CO., LTD.
3	Hironori Higaki Re-nominated External Independent	Male	100% (11 out of 11)	External Director Full-time Advisor, Kyudenko Corporation
4	Yuri Sugano Newly-nominated External Independent	Female	—	Partner, Nishimura & Asahi Councilor, Public Interest Incorporated Foundation Aoki Zaidan

“Attendance at meetings of the Board of Directors” above for Mr. Taishi Yoshioka and Mr. Hironori Higaki refers to the meetings they attended after they assumed office on June 19, 2020.

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	Shinichiro Kushima (June 4, 1951) Male	April 1975	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the “ <b>Bank</b> ”)	19,000 shares
		Feb. 1995	In charge of International Planning Department of the Bank, and Vice President of Bank Sakura Swadharna	
		Oct. 1999	General Manager of Kagoshima Branch of the Bank	
		April 2004	Director and General Manager of Administration Division of Verde Kyushu Co., Ltd.	
		June 2005	Joined the Company as Director and Managing Executive Officer	
		June 2007	Director and Senior Managing Executive Officer	
		April 2008	Director, Executive Vice President and Executive Officer	
		Oct. 2008	Representative Director, President and Executive Officer	
		June 2014	Representative Director and Chairman (to present)	
		(Important positions at other organizations concurrently assumed) Director, Mitsui Matsushima International Pty. Ltd. Director, Meiko Shokai Co., Ltd. Director, KMT Corporation., Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Shinichiro Kushima was the Representative Director and President of the Company and is now its Representative Director and Chairman. As the manager of an enterprise, he has contributed to stabilizing and diversifying revenues by promoting an improved and strengthened financial base and aggressively promoting the formulation of a business portfolio that does not rely on the coal business, thereby driving the growth of the Group to date. In addition, he plays a leading role in ensuring appropriate decision-making by enriching agenda deliberations as a chairman managing and leading the Board of Directors of the Company.</p> <p>The Company will ask the shareholders to reelect him as Director because, as described above, it believes that he has the experience and capabilities to enable precise and fair supervision of the overall management of the Group, and he can be expected to contribute to the further growth of the Group through his broad perspective and flexible thinking and judgment.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
2	Taishi Yoshioka (June 13, 1969) Male	Nov. 1992	Joined J. P. Morgan Securities, Tokyo Branch (presently JPMorgan Securities Japan Co., Ltd.)	2,200 shares
		June 1995	Joined Prudential Life Insurance Co., Ltd.	
		Oct. 2001	Joined Deloitte Tohmatsu FAS Co., Ltd.	
		Jan. 2007	Joined GCA Co., Ltd.	
		July 2013	Joined the Company, concurrently serving as General Manager of the Overseas Business Department and General Manager of the Business Planning Department	
		July 2014	General Manager of the Business Planning Department	
		April 2017	Executive Officer, and General Manager of the Business Planning Department	
		April 2018	Managing Executive Officer, and General Manager of the Business Planning Department	
		April 2019	Managing Executive Officer in charge of the Business Planning Department	
		June 2020	Representative Director and President (to present)	
<p>(Reasons for nominating the candidate for Director)</p> <p>Since joining the Company in July 2013, Mr. Taishi Yoshioka, who has vast experience in and knowledge of the M&amp;A advisory business, has led M&amp;As mainly for the Business Planning Department and driven the steady implementation of the Company's mid-term business plan as Representative Director and President since 2020, thereby contributing to the stabilization and diversification of revenues from the Company's businesses.</p> <p>The Company will ask shareholders to reelect him as Director because it believes that the broad and deep knowledge and insight that he has cultivated, as well as his powerful capabilities to implement reforms, are indispensable in promoting the growth of the Group. He can be expected to make great contributions toward enhancing the corporate value of the Group by directing it as a whole as Representative Director and President of the Company.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
3	Hironori Higaki (July 7, 1951) Male	April 1974	Joined Nippon Steel Corporation ( <i>Shin Nippon Seitetsu Kabushiki Kaisha</i> ) (presently Nippon Steel Corporation ( <i>Nippon Seitetsu Kabushiki Kaisha</i> ))	900 shares
		July 1993	Head of General Administration Office of Nippon Steel Corporation	
		July 1995	Head of Corporate Secretariat of Nippon Steel Corporation	
		April 1999	General Manager, Raw Materials Division of Nippon Steel Corporation	
		July 2008	Joined Kyudenko Corporation	
		April 2009	Executive Officer of Kyudenko Corporation	
		Sept. 2010	Representative Director and President of Bayside Place Hakata Co., Ltd. (to present)	
		May 2012	Senior Executive Officer of Kyudenko Corporation	
		April 2013	Managing Executive Officer of Kyudenko Corporation	
		June 2013	Director and Managing Executive Officer of Kyudenko Corporation	
		April 2015	Director and Senior Managing Executive Officer of Kyudenko Corporation	
		June 2017	Representative Director, Vice President and Executive Officer of Kyudenko Corporation	
June 2020	External Director of the Company (to present)			
	(Important positions at other organizations concurrently assumed) Full-time Advisor, Kyudenko Corporation			
<p>(Reasons for nominating the candidate for External Director and expected role)</p> <p>Mr. Hironori Higaki has previous organizational management experience at a representative company of Japan, as well as experience cultivated as the manager of an enterprise in charge of overall management. Since 2020, he has attended meetings of the Board of Directors, etc. as External Director of the Company, and has provided advice on the management of the Company and appropriately supervised business execution from a practical and diversified perspective grounded in his experience.</p> <p>The Company will ask the shareholders to reelect him as External Director because it believes that he can be expected to provide appropriate advice and supervision of the Company's business execution based on his excellent experience in corporate management and broad knowledge from a manager's perspective developed through this experience, and he will thus be able to appropriately execute his duties as External Director.</p> <p>(Matters concerning independence)</p> <p>The Company has designated Mr. Hironori Higaki as an Independent Officer as provided for by the TSE and FSE, and registered him with both exchanges. The Company will continually register him as an Independent Officer with the TSE and FSE upon his reelection.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
4	Yuri Sugano (Name on family register) Yuri Yanagawa (June 1, 1976) Female	Oct. 2003	Registered as Attorney-at-Law Joined OH-EBASHI LPC & PARTNERS	None
		Sept. 2007	Joined Nishimura & Asahi	
		Sept. 2012	Seconded to GCA Corporation (until November 2013)	
		Jan. 2016	Partner of Nishimura & Asahi (to present)	
		(Important positions at other organizations concurrently assumed) Partner, Nishimura & Asahi LPC Councilor, Public Interest Incorporated Foundation Aoki Zaidan		
(Reasons for nominating the candidate for External Director and expected role) Ms. Yuri Sugano has engaged in numerous international cases, in addition to domestic cases, and has rich and broad experience as a specialist in M&A, business rehabilitation and insolvency cases, as well as labor laws, at one of the largest legal firms in Japan. The Company will ask the shareholders to elect her as External Director because it believes that she can be expected to provide accurate and appropriate advice and supervision of the business execution and corporate governance of the Company based on her deep legal knowledge as an Attorney-at-Law and advanced insights grounded in her rich experience, and she will thus be able to appropriately execute her duties as External Director. (Matters concerning independence) As Ms. Yuri Sugano meets the requirements of an Independent Officer as stipulated in the regulations of the TSE and FSE, the Company will register her as an Independent Officer with both exchanges upon her election.				

(Notes)

1. There are no special interests between the Company and any of the Director candidates.
2. At the close of this general meeting of shareholders, Mr. Hironori Higaki will have been in office as External Director for one (1) year.
3. The election and compensation of candidates for Directors (excluding Audit & Supervisory Committee Members) were determined to be appropriate as a result of deliberations of the Audit & Supervisory Committee.
4. The Company has set forth a provision in its Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. The Company has entered into an Agreement for Limitation of Liability with Mr. Hironori Higaki. If the nomination of Mr. Hironori Higaki is approved, the Company is scheduled to continue the Agreement for Limitation of Liability with him. In addition, if the nomination of Ms. Yuri Sugano is approved, the Company is scheduled to enter into an Agreement for Limitation of Liability with her.
5. The Company has concluded a directors and officers liability insurance contract that insures Directors and Executive Officers of the Company and the Group. The contract will cover damages incurred by insured Directors and Executive Officers in the event of a claim for damages in relation to acts performed by the insured in the course of their duties. If the candidates are appointed as Director, each of them will be included in the persons insured under the insurance contract, which is also to be renewed during the terms of office of each candidate.
6. Employees of Kyudenko Corporation, at which Mr. Hironori Higaki served as Director until June 2020, were indicted in March and April 2019 in connection with the construction of a human waste treatment

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plant ordered by Chikujo-cho, Fukuoka in 2016, and adjudged guilty. Mr. Higaki was not aware of the matter, but upon its discovery, he investigated the facts; disciplined related personnel; organized, promoted and further reinforced the compliance system; formulated recurrence prevention measures; and took other actions as head of the investigation committee, thus appropriately performing his duties as Director.

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**Second Proposal: Reestablishment of Limit Amount of Stock Compensation for Directors (excluding those who are Audit & Supervisory Committee Members) in Accordance with Amendments to the Companies Act**

1. Reasons for the proposal and grounds it is deemed appropriate

At the 162nd Annual General Meeting of Shareholders held on June 22, 2018, the Company received shareholders' approval for the introduction of a stock compensation plan called the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan") for Directors and Executive Officers, excluding Directors who are Audit & Supervisory Committee Members of the Company (hereinafter collectively referred to as the "Directors, etc.") (the aforementioned resolution at the General Meeting of Shareholders is hereinafter referred to as the "Original Resolution"), and the Plan remains effective to date. In accordance with amendments made to the Companies Act on March 1, 2021, however, a resolution at the General Meeting of Shareholders is now required in relation to factors including the limit to the number of points (number of shares) that may be granted per fiscal year under the stock compensation plan for Directors, in addition to the limit amount of cash to be contributed. Accordingly, the Company asks shareholders to approve the reestablishment of a limit amount of stock compensation for the Directors, etc. in place of the current limit amount of compensation for the Directors, etc. under the Plan. This proposal is purely procedural in accordance with revisions to laws and regulations, and does not represent any increase in the actual amount of compensation compared with the Original Resolution. As with the Original Resolution, the Company intends to improve mid- and long-term performance and enhance an awareness of contributing to increasing corporate value among the Directors, etc., by further clarifying the link between the compensation of Directors, etc. and the value of the Company's shares, and ensuring that Directors, etc. not only share with shareholders the benefits of increases in stock prices but also risks of declines in stock prices. To this end, and based on the fact that the Plan conforms with the Company's "Policy for Determining the Details of Individual Compensation, etc. for Directors (Excluding Audit & Supervisory Committee Members)" (please refer to the Business Report [page 31 of this Notice in Japanese]), the Company believes the particulars of this proposal are appropriate.

The Company plans to provide the compensation under the Plan to the Directors, etc. of the Company separately from compensation for the Directors (excluding those who are Audit & Supervisory Committee Members) approved at the 160th Annual General Meeting of Shareholders on June 24, 2016 (within 17 million yen a month, excluding the employee-portion of compensation paid as employees to Directors who concurrently serve as employees); therefore, it asks the shareholders to approve the amounts of compensation and the particulars under the Plan. The Company also requests approval to delegate the decision on details of the Plan within the framework provided in Paragraph 2 below to the Board of Directors.

Currently, four (4) Directors including one (1) External Director who are not Audit & Supervisory Committee Members are eligible under the Plan and, if the First Proposal is approved as proposed, there will be no change to the four (4) Directors including two (2) External Directors who are not Audit & Supervisory Committee Members and who will be eligible under the Plan.

The Audit & Supervisory Committee of the Company has expressed its opinion that introducing the Plan is reasonable in terms of purposes, details, etc.

The Plan collectively prescribes not only compensation for Directors who are not Audit & Supervisory Committee Members, but also compensation for Executive Officers, thus the descriptions in "2. Amounts of compensation under the Plan and particulars" and below refer to both.

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## 2. Amounts of compensation under the Plan and particulars

### (1) Outline of the Plan

The Plan is a share-based compensation plan, whereby cash contributed by the Company as funds is used to acquire shares of the Company through a trust (the trust established pursuant to the Plan is referred to as the “Trust”) and the Directors, etc. receive benefits through the Trust in the form of shares of the Company and cash equivalents of such shares at market value (hereinafter referred to as the “Company Shares, etc.”). In principle, the Directors, etc. receive delivery of Company Shares, etc. upon their resignation.

### (2) Eligible persons

The Directors, etc.

### (3) Trust period

From August 24, 2018 until the Trust is terminated (the Trust shall continue without establishing a specific expiry date as long as the Plan exists. The Plan shall be terminated, for example, when the Company’s shares are delisted or when the Officer Stock Benefit Regulations are abolished).

### (4) Trust amount (amount of compensation, etc.)

The Company introduced the Plan for the three fiscal years from the fiscal year ended March 31, 2019 until the fiscal year ended March 31, 2021 (hereinafter referred to as the “Initial Target Period”; each three-fiscal-year period after the Initial Target Period has elapsed is referred to as the “Subsequent Target Period”) and for each Subsequent Target Period (hereinafter the “Initial Target Period” and the “Subsequent Target Period” are collectively referred to as the “Target Period”). For the Initial Target Period, the Company contributed 102 million yen as funds for acquiring shares to be delivered to the Company’s Directors, etc. based on the Plan, and established a trust (hereinafter referred to as the “Trust”) with the Directors, etc. who meet the beneficiary requirements as beneficiaries. The Trust acquired 54,400 shares in the Company for the Initial Target Period, using the cash entrusted by the Company as funds.

Furthermore, after the Initial Target Period has elapsed, and until the Plan is terminated, the Company shall make additional contributions of up to 102 million yen (of which, 63 million yen is for Directors who are not Audit & Supervisory Committee Members or External Directors, 6 million yen is for External Directors, and 33 million yen is for Executive Officers) for each Target Period.

At the time the Company makes additional contributions for the Subsequent Target Period, if the Company’s shares (excluding the Company’s shares that correspond to points granted to the Directors, etc., for each Target Period up to the immediately preceding Target Period and that have not yet been delivered to the Directors, etc.) and money (hereinafter collectively referred to as the “Residual Shares, etc.”) in the trust assets remain, the upper limit of the monetary amount of additional contributions that the Company can make to the Trust for the above Subsequent Target Period shall be the amount of the said upper limit less the amount of the Residual Shares, etc. (for the Company’s shares, the monetary amount of the book value at the final day of the immediately preceding Target Period).

When the Company resolves to make additional contributions, it will disclose the resolution in a timely and appropriate manner.

### (5) Method of acquiring the Company’s shares and number of shares to be acquired

The Trust shall acquire the Company’s shares through the stock market or by underwriting the disposal of treasury stock of the Company, using funds contributed as described in Item (4) above. Details of acquisitions of the Company’s shares made through the Trust will be disclosed in a timely and appropriate manner.

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(6) Upper limit of the number of Company Shares, etc. to be delivered to the Directors, etc.

In each fiscal year, the Directors, etc. who are not External Directors are granted points defined by their position and the relative growth rate of the Company's share price during a certain period compared to the growth rate of TOPIX during the same period in accordance with the Officer Stock Benefit Regulations, and External Directors are granted points defined by their position in accordance with the Officer Stock Benefit Regulations for each fiscal year. The upper limit for the total number of points granted to the Directors, etc. for one fiscal year is 31,000 points for Directors who are not Audit & Supervisory Committee Members or External Directors, 3,000 points for External Directors, and 16,500 points for Executive Officers. These amounts were determined after comprehensively taking into consideration such factors as the existing levels of compensation payment to officers and trends and future expectations for the number of the Directors, etc., and as such the Company has judged that they are appropriate.

Each point granted to the Directors, etc., is equivalent to one share of the Company's common shares in delivering the Company Shares, etc., as described in Item (7) below. (However, if, in regard to the Company's shares, a stock split, a gratis allotment of shares, or consolidation of shares is carried out after this proposal is approved, the Company will reasonably adjust the upper limit of the number of points, the number of points already granted or their conversion ratio, in accordance with matters such as the relevant ratios.)

Furthermore, the proportion of the number of shares equivalent to the limit to the number of points that may be granted to the Directors, etc. in a single fiscal year (50,500 shares) to the total number of shares outstanding (as of March 31, 2021; excluding treasury stock) is approximately 0.39%.

The number of points that forms the basis for delivering the Company Shares, etc., to the Directors, etc., in Item (7) below is, in principle, the number of points granted to such Directors, etc., up to their resignation (hereinafter, the points computed in this manner are referred to as "Defined Number of Points").

(7) Delivery of the Company Shares, etc.

The Directors, etc., who resign and meet the beneficiary requirements provided in the Officer Stock Benefit Regulations will receive from the Trust the Company's shares that correspond to the number of their "Defined Number of Points" in accordance with the description in Item (6) above, in principle, after their resignation by carrying out specified beneficiary confirmation procedures. However, if the Directors, etc. resign from their position for reasons other than personal circumstances, they will, instead of the Company's shares, receive an amount of money that is equivalent to the market value of such shares in respect of a certain portion of the points in accordance with the provisions of the Officer Stock Benefit Regulations. The Trust may sell the Company's shares to make such delivery of money.

Notwithstanding the above, if a resolution to dismiss a Director, etc. is passed by the General Meeting of Shareholders, etc., if a Director, etc. resigns as a result of certain misconduct while in office, or a Director, etc. engages in an inappropriate conduct, etc. while in office which will cause damage to the Company, the Director, etc. may not be eligible for the benefits.

The amount of compensation, etc. to be received by a Director, etc. is based on the total number of points granted to the Director, etc. multiplied by the carrying amount of one share in the Company held in the Trust at the time the points are granted (however, if, in regard to the Company's shares, a stock split, a gratis allotment of shares, or consolidation of shares is carried out, the Company will reasonably make adjustments, in accordance with matters such as the relevant ratios). In addition, if the Director, etc. is to receive money under exceptional circumstances in accordance with the Officer Stock Benefit Regulations, the amount of money shall also be added to the amount of compensation, etc. when deemed appropriate.

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(8) Exercise of voting rights

In accordance with instructions from the trust administrator, voting rights in connection with the Company's shares in the Trust's account will not be exercised without exception. This approach intends to ensure neutrality in exercising voting rights for the Company's shares in the Trust's account to the management of the Company.

(9) Dividends

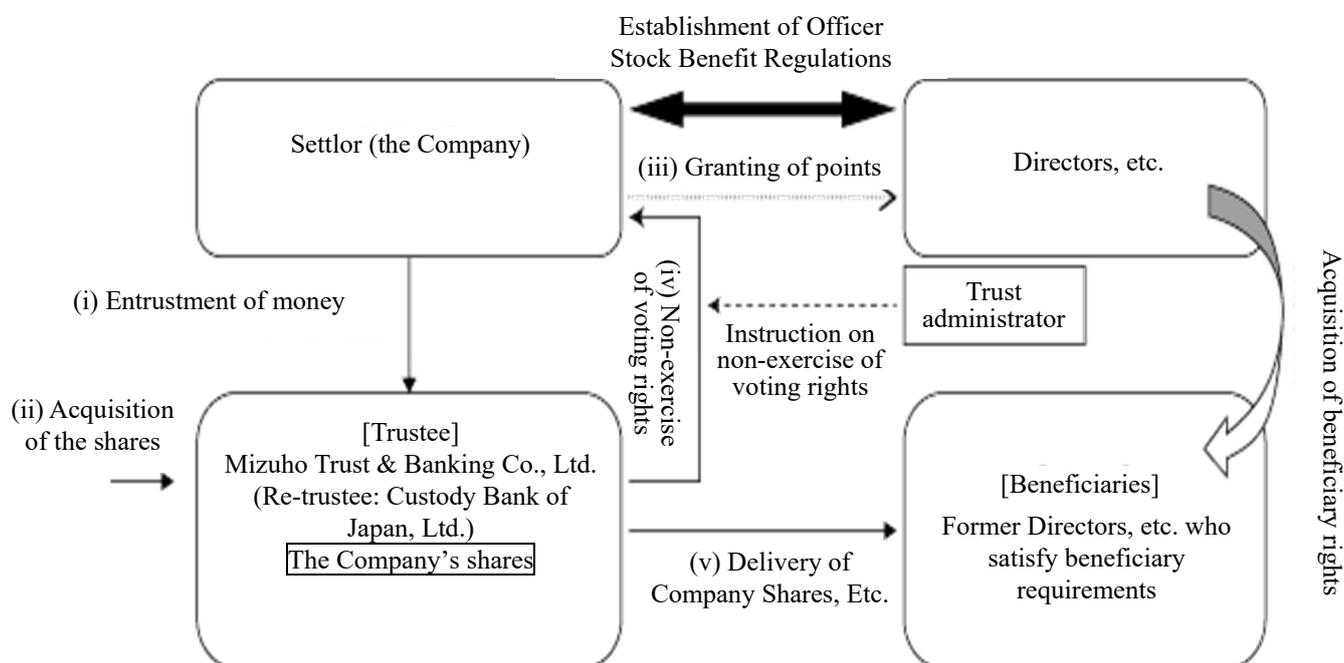
The Trust will receive dividends from the Company's shares held in the Trust's account and allocate them to pay the costs of acquiring the Company's shares or to trust fees for the trustee of the Trust, etc. If the Trust is terminated, residual funds in the Trust, including dividends, will be delivered to incumbent Directors, etc., at that time in proportion to the number of points each of them holds.

(10) Termination of trust

The Trust will terminate upon the occurrence of events such as the delisting of the Company's shares or abolition of the Officer Stock Benefit Regulations.

The Company's shares among the Trust's residual assets at the termination of the Trust will be acquired by the Company in whole without consideration and be cancelled by a resolution of the Board of Directors. Of the residual assets of the Trust at the termination of the Trust, money will be delivered to the Company, excluding the amount to be delivered to the Directors, etc., in accordance with Item (9) above.

<For reference: Structure of the Plan>



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- (i) The Company will entrust money within the limit approved in this proposal.
- (ii) The Trust will acquire the Company's shares using the funds entrusted in accordance with (i) through the stock market or by underwriting the disposal of the Company's treasury stock.
- (iii) The Company will grant points to the Directors, etc., under the "Officer Stock Benefit Regulations".
- (iv) In accordance with instructions from a trust administrator, who is independent from the Company, the Trust will not exercise voting rights in connection with the Company's shares in the Trust's account.
- (v) The Trust will provide the Company's shares to former Directors, etc., who meet the beneficiary requirements provided in the "Officer Stock Benefit Regulations" (hereinafter referred to as the "Beneficiaries") corresponding to the number of points granted to the said Beneficiaries. However, the Directors, etc., who meet the requirements provided in the Officer Stock Benefit Regulations will receive an amount of money equivalent to the market value of the Company's shares in respect of a certain portion of the points.

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### **Third Proposal: Reestablishment of Limit Amount of Stock Compensation for Directors who are Audit & Supervisory Committee Members in Accordance with Amendments to the Companies Act**

#### 1. Reasons for the proposal and grounds it is deemed appropriate

At the 162nd Annual General Meeting of Shareholders held on June 22, 2018, the Company received shareholders' approval for the introduction of a stock compensation plan called the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan") for Directors who are Audit & Supervisory Committee Members of the Company (hereinafter referred to as the "Audit & Supervisory Committee Members") (the aforementioned resolution at the General Meeting of Shareholders is hereinafter referred to as the "Original Resolution"), and the Plan remains effective to date. In accordance with amendments made to the Companies Act on March 1, 2021, however, a resolution at the General Meeting of Shareholders is now required in relation to factors including the limit to the number of points (number of shares) that may be granted per fiscal year under the stock compensation plan for Directors, in addition to the limit amount of cash to be contributed. Accordingly, the Company asks shareholders to approve the reestablishment of a limit amount of stock compensation for the Audit & Supervisory Committee Members in place of the current limit amount of compensation for them under the Plan.

This proposal is purely procedural in accordance with revisions to laws and regulations, and does not represent any increase in the actual amount of compensation compared with the Original Resolution. As with the Original Resolution, the Company intends to motivate Audit & Supervisory Committee Members to improve the evaluation of the Company by society by ensuring the sound management of the Company and society's trust in it. The Company believes the particulars of this proposal are appropriate to this end.

The Company plans to provide the compensation under the Plan to the Audit & Supervisory Committee Members of the Company separately from compensation for Audit & Supervisory Committee Members approved at the 160th Annual General Meeting of Shareholders on June 24, 2016 (within 5 million yen a month); therefore, it asks the shareholders to approve the amounts of compensation and the particulars under the Plan. The Company also requests approval to delegate the decision on details of the Plan within the framework provided in Paragraph 2 below to a consultation of the Audit & Supervisory Committee Members.

Currently, three (3) Audit & Supervisory Committee Members are eligible under the Plan.

Regarding introduction of the Plan, each of the Directors who are Audit & Supervisory Committee Members has been examined and the Company has reached the conclusion, considering the purposes, details, etc. of the Plan, that there are no particular matters to be disclosed at the Annual General Meeting of Shareholders in accordance with the provisions of the Companies Act.

#### 2. Amounts of compensation under the Plan and particulars

##### (1) Outline of the Plan

The Plan is a share-based compensation plan, whereby cash contributed by the Company as funds is used to acquire shares of the Company through a trust (the trust established pursuant to the Plan is referred to as the "Trust") and the Audit & Supervisory Committee Members receive benefits through the Trust in the form of shares of the Company and cash equivalents of such shares at market value (hereinafter referred to as the "Company Shares, etc."). In principle, the Audit & Supervisory Committee Members receive delivery of Company Shares, etc. upon their resignation.

##### (2) Eligible persons

The Audit & Supervisory Committee Members

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(3) Trust period

From August 24, 2018 until the Trust is terminated (the Trust shall continue without establishing a specific expiry date as long as the Plan exists. The Plan shall be terminated, for example, when the Company's shares are delisted or when the Officer Stock Benefit Regulations are abolished).

(4) Trust amount (amount of compensation, etc.)

The Company introduced the Plan for the three fiscal years from the fiscal year ended March 31, 2019 until the fiscal year ended March 31, 2021 (hereinafter referred to as the "Initial Target Period;" each three-fiscal-year period after the Initial Target Period has elapsed is referred to as the "Subsequent Target Period") and for each Subsequent Target Period (hereinafter the "Initial Target Period" and the "Subsequent Target Period" are collectively referred to as the "Target Period"). For the Initial Target Period, the Company contributed 9 million yen as funds for acquiring shares to be delivered to the Company's Audit & Supervisory Committee Members based on the Plan, and established a trust (hereinafter referred to as the "Trust") with the Audit & Supervisory Committee Members who meet the beneficiary requirements as beneficiaries. The Trust acquired 4,800 shares in the Company for the Initial Target Period, using the cash entrusted by the Company as funds.

Furthermore, after the Initial Target Period has elapsed, and until the Plan is terminated, the Company shall make additional contributions of up to 9 million yen for each Target Period.

At the time the Company makes additional contributions for the Subsequent Target Period, if the Company's shares (excluding the Company's shares that correspond to points granted to the Audit & Supervisory Committee Members for each Target Period up to the immediately preceding Target Period and that have not yet been delivered to the Audit & Supervisory Committee Members) and money (hereinafter collectively referred to as the "Residual Shares, etc.") in the trust assets remain, the upper limit of the monetary amount of additional contributions that the Company can make to the Trust for the above Subsequent Target Period shall be the amount of the said upper limit less the amount of the Residual Shares, etc. (for the Company's shares, the monetary amount of the book value at the final day of the immediately preceding Target Period).

When the Company resolves to make additional contributions, it will disclose the resolution in a timely and appropriate manner.

(5) Method of acquiring the Company's shares and number of shares to be acquired

The Trust shall acquire the Company's shares through the stock market or by underwriting the disposal of treasury stock of the Company, using funds contributed as described in Item (4) above.

Details of acquisitions of the Company's shares made through the Trust will be disclosed in a timely and appropriate manner.

(6) Upper limit of the number of Company Shares, etc. to be delivered to the Audit & Supervisory Committee Members

In each fiscal year, the Audit & Supervisory Committee Members are granted points defined by their position in accordance with the Officer Stock Benefit Regulations. The upper limit for the total number of points granted to the Audit & Supervisory Committee Members for one fiscal year is 4,500 points. This amount was determined after comprehensively taking into consideration such factors as the existing levels of compensation payment to officers and trends and future expectations for the number of Audit & Supervisory Committee Members, and as such the Company has judged that it is appropriate.

Each point granted to the Audit & Supervisory Committee Members is equivalent to one share of the Company's common shares in delivering the Company Shares, etc., as described in Item (7) below. (However, if, in regard to the Company's shares, a stock split, a gratis allotment of shares, or

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consolidation of shares is carried out after this proposal is approved, the Company will reasonably adjust the upper limit of the number of points, the number of points already granted or their conversion ratio, in accordance with matters such as the relevant ratios.)

Furthermore, the proportion of the number of shares equivalent to the limit to the number of points that may be granted to the Audit & Supervisory Committee Members in a single fiscal year (4,500 shares) to the total number of shares outstanding (as of March 31, 2021; excluding treasury stock) is approximately 0.03%.

The number of points that forms the basis for delivering the Company Shares, etc., to the Audit & Supervisory Committee Members in Item (7) below is, in principle, the number of points granted to such Audit & Supervisory Committee Members up to their resignation (hereinafter, the points computed in this manner are referred to as “Defined Number of Points”).

#### (7) Delivery of the Company Shares, etc.

The Audit & Supervisory Committee Members who resign and meet the beneficiary requirements provided in the Officer Stock Benefit Regulations will receive from the Trust the Company’s shares that correspond to the number of their “Defined Number of Points” in accordance with the description in Item (6) above, in principle, after their resignation by carrying out specified beneficiary confirmation procedures. However, if Audit & Supervisory Committee Members resign from their position for reasons other than personal circumstances, they will, instead of the Company’s shares, receive an amount of money that is equivalent to the market value of such shares in respect of a certain portion of the points in accordance with the provisions of the Officer Stock Benefit Regulations. The Trust may sell the Company’s shares to make such delivery of money.

Notwithstanding the above, if a resolution to dismiss an Audit & Supervisory Committee Member is passed by the General Meeting of Shareholders, etc., if an Audit & Supervisory Committee Member resigns as a result of certain misconduct while in office, or an Audit & Supervisory Committee Member engages in an inappropriate conduct, etc. while in office which will cause damage to the Company, the Audit & Supervisory Committee Member may not be eligible for the benefits.

The amount of compensation, etc. to be received by an Audit & Supervisory Committee Member is based on the total number of points granted to the Directors, etc. multiplied by the carrying amount of one share in the Company held in the Trust at the time the points are granted (however, if, in regard to the Company’s shares, a stock split, a gratis allotment of shares, or consolidation of shares is carried out, the Company will reasonably make adjustments, in accordance with matters such as the relevant ratios). In addition, if the Audit & Supervisory Committee Member is to receive money under exceptional circumstances in accordance with the Officer Stock Benefit Regulations, the amount of money shall also be added to the amount of compensation, etc. when deemed appropriate.

#### (8) Exercise of voting rights

In accordance with instructions from the trust administrator, voting rights in connection with the Company’s shares in the Trust’s account will not be exercised without exception. This approach intends to ensure neutrality in exercising voting rights for the Company’s shares in the Trust’s account to the management of the Company.

#### (9) Dividends

The Trust will receive dividends from the Company’s shares held in the Trust’s account and allocate them to pay the costs of acquiring the Company’s shares or to trust fees for the trustee of the Trust, etc. If the Trust is terminated, residual funds in the Trust, including dividends, will be delivered to incumbent Audit & Supervisory Committee Members at that time in proportion to the number of

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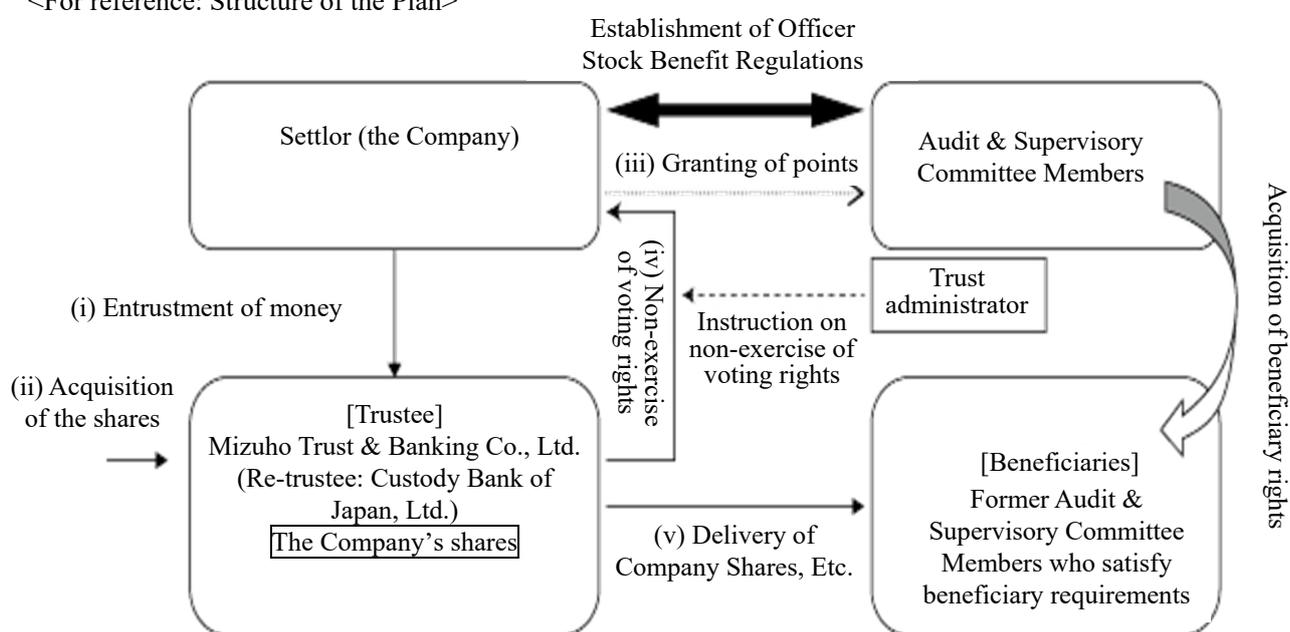
points each of them holds.

(10) Termination of trust

The Trust will terminate upon the occurrence of events such as the delisting of the Company’s shares or abolition of the Officer Stock Benefit Regulations.

The Company’s shares among the Trust’s residual assets at the termination of the Trust will be acquired by the Company in whole without consideration and be cancelled by a resolution of the Board of Directors. Of the residual assets of the Trust at the termination of the Trust, money will be delivered to the Company, excluding the amount to be delivered to the Audit & Supervisory Committee Members in accordance with Item (9) above.

<For reference: Structure of the Plan>



- (i) The Company will entrust money within the limit approved in this proposal.
- (ii) The Trust will acquire the Company’s shares using the funds entrusted in accordance with (i) through the stock market or by underwriting the disposal of the Company’s treasury stock.
- (iii) The Company will grant points to the Audit & Supervisory Committee Members under the “Officer Stock Benefit Regulations”.
- (iv) In accordance with instructions from a trust administrator, who is independent from the Company, the Trust will not exercise voting rights in connection with the Company’s shares in the Trust’s account.
- (v) The Trust will provide the Company’s shares to former Audit & Supervisory Committee Members who meet the beneficiary requirements provided in the “Officer Stock Benefit Regulations” (hereinafter referred to as the “Beneficiaries”) corresponding to the number of points granted to the said Beneficiaries. However, Audit & Supervisory Committee Members who meet the requirements provided in the Officer Stock Benefit Regulations will receive an amount of money equivalent to the market value of the Company’s shares in respect of a certain portion of the points.

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## Reference Material

### 1. Company Management Systems and Policies

#### **(1) Systems to ensure directors perform their duties in compliance with laws, regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of business activities:**

Pursuant to the provisions of the Companies Act and the Companies Act Enforcement Regulations, the Board of Directors of the Company has approved the following basic policy concerning the establishment of internal control systems.

Based on the basic policy, the Company ensures the appropriateness of business activities, and constantly reviews and improves the current systems for the purpose of establishing better internal control systems.

1. System to ensure directors of the group of companies consisting of the Company and its subsidiaries (the “**Corporate Group**”) perform their duties in compliance with laws, regulations and the Articles of Incorporation:

The Corporate Group has established and enforces the “Corporate Philosophy”, “Management Vision: Our Goals for the Next Century” and “Compliance Manual” as the code of conduct for all members of the Company including directors and employees. The Regulations for the Board of Directors have been established to ensure its proper activities. The Board of Directors’ Meetings are in principle held once a month and at any time necessary. Directors exchange opinions, mutually supervise business execution, seek the opinion of legal counsel and other professionals as required, and take actions aimed at preventing any violation of laws, regulations or the Articles of Incorporation.

The Company has an Audit & Supervisory Committee which audits the performance of directors in accordance with auditing methods and divisions of responsibilities prescribed by the committee. If any director discovers any violation of laws, regulations or the Articles of Incorporation by another director, he or she shall immediately report it to the Audit & Supervisory Committee and the Board of Directors so that corrective measures can be taken.

2. System for the storage and management of information concerning directors’ performance of their duties:

Information and documents concerning the directors’ performance of their duties shall be properly stored and managed (including the disposal thereof) in accordance with the Company’s internal rules, with the actual conditions of storage and management to be examined and the rules to be reviewed and amended, as necessary.

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3. The Corporate Group's regulations and other systems concerning risk management of loss:
  - i. Based on the Risk Management Regulations that set forth the basic framework for risk management for the Corporate Group, mainly the Risk Management Committee shall collect and assess risk information in an integrated and comprehensive manner, identify critical risks and address such risks according to their materiality.
  - ii. Risks inherent in significant decision-making for business execution shall be considered by each company and department in advance before further assessment by the Management Meeting and the Board of Directors to prevent losses from occurring.
  - iii. Risks in business activities in each company and department, such as risks in purchase and sale transactions, foreign exchange and interest rate fluctuations, and credit risks, shall be assessed, settled or approved based on the Regulations for Delegating Job Responsibilities to avoid or prevent the risk of loss.
  - iv. The Internal Audit Department shall perform audits of the risk management system. Each audited company and department shall promptly take corrective or improvement measures as needed.
  
4. Systems to ensure the efficient execution of directors' duties:
  - i. The Executive Officer system shall be introduced with the aim of prompt and efficient decision-making through the separation of management functions and business execution.
  - ii. As a decision-making body other than the Board of Directors, the Company has established the Management Meeting, which is attended by Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers, and delegates partial authority to it, leaving only the most important matters for resolution by the Board of Directors, to ensure the efficient execution of directors' duties. The Company shall establish a system to ensure that all board members receive sufficient advance materials on the agenda items presented to the Board of Directors in accordance with the principle of management decisions.
  - iii. In order to conduct daily business activities, authority shall be delegated to relevant departments based on the Regulations for Delegating Job Responsibilities and Regulations for the Assignment of Business Activities. In addition, the persons at each level of responsibility shall perform their jobs in accordance with the decision-making rules.
  
5. Systems to ensure the Corporate Group's employees perform their duties in compliance with laws, regulations and the Articles of Incorporation:
  - i. In order to ensure that all employees of the Corporate Group thoroughly comply with laws, regulations and the Articles of Incorporation, the Company has established the Compliance

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- Committee chaired by the Representative Director and President, and a system for all employees to internally report any violation of laws, regulations or the Articles of Incorporation under the Compliance Rules and Compliance Manual.
- ii. The Company has established a reporting system whereby the details of any compliance-related situation or event, and proposals for appropriate countermeasures, are reported to the Board of Directors and the Audit & Supervisory Committee via the Compliance Committee, if any such situation or event occurs.
  - iii. The Compliance Committee shall appoint a person-in-charge and a promoter in each department in accordance with the provisions of the Compliance Rules, and control and supervise adherence to the Compliance Manual.
  - iv. The Internal Audit Department shall perform audits of the status of compliance with laws, regulations, the Articles of Incorporation and other internal regulations. Each audited department shall promptly take corrective or improvement measures as needed.
6. Other systems to ensure the appropriateness of business operations of the Corporate Group:
- i. The Company has established the Group Company Management Rules, which specify the policy for the appropriate management of its subsidiaries, and the Business Planning Department administer the matters to be reported by subsidiaries to the Company and those to be approved by the Company.
  - ii. Decision-making processes related to business execution of the subsidiaries shall be implemented according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries. The Company shall ensure the appropriateness of business operations of the subsidiaries by maintaining certain involvement by the Company in the decision-making of the subsidiaries.
  - iii. The Internal Audit Department of the Company shall enter into an internal auditing agreement with its subsidiaries and shall conduct internal audits for the Group as a whole. The audit results shall be reported to relevant departments and the Board of Directors of the Company, and corrective and improvement measures shall be taken as needed.
  - iv. As members of society, the Corporate Group shall not have any relationship with antisocial forces or organizations that threaten the order and safety of civil society, and shall take a firm stance against such forces or organizations.
7. Matters concerning the appointment of employees to assist the Audit & Supervisory Committee in performing its duties:
- The Company may assign employees to assist the Audit & Supervisory Committee in performing its duties for required periods of time, if requested by the committee.

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8. Matters concerning the independence of employees assisting the Audit & Supervisory Committee in performing its duties from directors, and matters for ensuring the effectiveness of instructions given to those employees:
  - i. Consent of the Audit & Supervisory Committee is required to appoint or remove any employees who assist the committee in performing its duties.
  - ii. All employees who assist the Audit & Supervisory Committee in performing its duties shall be subject to its direction and orders during the period of their service in assisting the committee.
  
9. System for directors and employees of the Corporate Group to report to the Audit & Supervisory Committee, other systems for reporting to the committee, and system to ensure that those reporters are not treated adversely for making such reports:
  - i. Directors and employees shall report or provide information as necessary upon any Audit & Supervisory Committee Member's request, in accordance with the decision of the Audit & Supervisory Committee.
  - ii. Matters to be reported or informed under the preceding paragraph shall mainly include the following:
    - Situation of activities of departments involved in establishing the Corporate Group's internal control systems
    - Situation of activities of the Audit & Supervisory Board Members and the Internal Audit Department or any equivalent departments of any of the Company's subsidiaries, etc.
    - The Corporate Group's significant accounting policy, accounting standards and changes thereof
    - Details of the announcement of operating results of the Corporate Group or forecasts thereof and other important disclosure documents of the group
    - Operation of the internal reporting system of the Corporate Group and details of the reported information
    - Obligatory circulation of decision approval forms and minutes of meetings of the Corporate Group requested by Audit & Supervisory Committee Members
  - iii. The Company shall not adversely treat any person belonging to the Corporate Group who reports or provides information to the Audit & Supervisory Committee as described in this paragraph on the grounds that he or she made such report or provided such information.
  
10. Matters concerning the procedures for advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Committee Members, and any other policies for settlement of costs or debts incurred for the execution of their duties:
  - i. The Company shall include in its budget for each fiscal year a certain amount to reimburse

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expenses to be incurred for the execution of duties by Audit & Supervisory Committee Members.

- ii. If any Audit & Supervisory Committee Members request advance payment of expenses to be incurred to execute their duties or make any other similar requests to the Company, then the Company shall settle such expenses or debts in a timely manner upon consideration by the relevant department unless it determines that those expenses or debts are not necessary for the execution of their duties.

11. Other systems to ensure the effectiveness of audits by the Audit & Supervisory Committee:

The Audit & Supervisory Committee shall meet at least twice a year to hear from the Executive Directors in charge of each business operation and important employees individually (or at any time deemed necessary by the committee). In addition, periodic meetings shall be held for the Representative Directors and accounting auditors to exchange opinions.

12. System to ensure the reliability of financial reports:

In order to ensure the reliability of financial reports, and to effectively and appropriately submit the internal control reports specified in Article 24-4-4 of the Financial Instruments and Exchange Act as promulgated by the Financial Services Agency in June 2006, the Company, under the direction of the Representative Director and President, has established an internal control system to ensure compliance with the Financial Instruments and Exchange Act and other related laws and regulations, along with continuously evaluating and making the necessary adjustments to ensure the appropriate functioning of the system's mechanisms.

**(2) Outline of the status of operation of the system to ensure appropriateness of business activities**

The following is an outline of the status of operation of the system to ensure the appropriateness of the business activities of the Corporate Group:

1. Directors' performance of their duties:

The Board of Directors of the Company consists of seven (7) Directors (including three (3) Directors who are Audit & Supervisory Committee Members), and held Board of Directors' Meetings fourteen (14) times during the period under review. The Board of Directors deliberates on important business execution and other important matters stipulated in the Regulations for the Board of Directors, and oversees the status of business execution.

The Company held the Management Meeting attended by Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members), and Executive Officers, and External Directors and Audit & Supervisory Committee Members as observers twelve (12) times during the period under review. Matters to be discussed at Board of Directors' Meetings and other

important matters related to business execution delegated by the Board of Directors are deliberated at the Management Meeting.

2. Risk management:

The Company held the Risk Management Committee Meeting chaired by the President and consisting of Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members), Executive Officers, the Manager of the Internal Audit Department as committee members, and External Directors and Audit & Supervisory Committee Members as observers three (3) times during the period under review. The Risk Management Committee evaluates all risks reported by all departments of the Company, identifies critical risks, and then decides policies for enacting measures against such risks, and confirms the progress of those measures. In addition, the Risk Management Committee confirms the progress of measures against all critical risks reported by all subsidiaries. The Internal Audit Department also performs audits of the risk management system and reports the results to the Risk Management Committee.

3. Compliance:

The Corporate Group has distributed the Compliance Manual to all employees and holds compliance promotion meetings regularly at all departments and subsidiaries of the Company to raise compliance awareness and confirm adherence to the manual.

Further, the Company held the Compliance Committee Meeting chaired by the President and consisting of Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members), Executive Officers, the Manager of the Internal Audit Department as committee members, and External Directors and Audit & Supervisory Committee Members as observers two (2) times during the period under review. The Compliance Committee deliberates matters related to compliance or reports on internally reported matters, and confirms the progress of those measures.

The Internal Audit Department performs audits of the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations, and provides guidance on correction and improvement as needed.

4. Subsidiary management system:

In accordance with the Group Company Management Rules, the Business Planning Department in charge of managing subsidiaries receives reports on the business conditions of subsidiaries, and manages matters to be reported to the Company or to be approved according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries.

In order to ensure the appropriateness of the business operations of the subsidiaries, matters related to the management of the subsidiaries that are particularly important are deliberated and decided

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upon at the Board of Directors' Meetings or the Management Meeting of the Company. In addition, minutes of the Board of Directors' Meetings of subsidiaries are reported at the Board of Directors' Meetings of the Company every month and Directors of subsidiaries are asked to explain details of the proposals as necessary to ensure a system so that the Board of Directors of the Company can supervise the Board of Directors of subsidiaries. Furthermore, the Internal Audit Department has entered into an internal auditing agreement with and conducted internal audits for the subsidiaries.

5. Audit system of the Audit & Supervisory Committee:

The Audit & Supervisory Committee consists of three (3) Directors who are Audit & Supervisory Committee Members (including two (2) External Directors) and appoints two (2) Full-time Audit & Supervisory Committee Members through mutual voting by the committee members. In addition, the Company assigned one (1) employee to assist the Audit & Supervisory Committee in performing its duties based on a request from the committee itself.

The Company held the Audit & Supervisory Committee Meeting fourteen (14) times during the period under review, and held discussions and made decisions based on audit results reported by each Audit & Supervisory Committee Member.

In accordance with the audit policies and division of duties established and specified by the Audit & Supervisory Committee, each Audit & Supervisory Committee Member investigates the status of operations, assets and properties of the Company and subsidiaries, and audits the execution of duties of Directors. Specifically, Audit & Supervisory Committee Members attend important internal meetings including the Board of Directors' Meetings and exchange opinions with Representative Directors to ensure the effectiveness of audits. In addition, Audit & Supervisory Committee Members endeavor to work with accounting auditors, the Internal Audit Department, and Audit & Supervisory Board Members of subsidiaries, as well as to conduct interviews to hear from Executive Directors in charge of each business operation, important employees, and all subsidiaries individually.

**2. Policy concerning the determination of dividends, etc. distributed from retained earnings**

The Company considers the return of profits to its shareholders as an important management priority, and has a basic policy of continuing to return profits to them in proportion to the operating results, thereby retaining the necessary internal reserves for the stable growth of the Company and the financial flexibility necessary for responding to the changing business environment.

About dividends from surplus, the Company sets a target dividend payout ratio of 30% under its mid-term business plan as a rough indicator, and the Board of Directors makes the ultimate decision based on a comprehensive perspective.