

(Securities Code: 2130)

June 1, 2022

To Shareholders:

1-8-10 Harumi, Chuo-ku, Tokyo  
Members Co., Ltd.  
Tadashi Kenmochi, Representative Director and President

## **NOTICE OF THE 27<sup>TH</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially notified that the 27<sup>th</sup> Annual General Meeting of Shareholders of Members Co., Ltd. (the Company) will be held as described below.

This General Meeting of Shareholders will be held while taking measures against COVID-19, but to secure the safety of shareholders and prevent the spread of infection, the Company would like to request you to exercise your voting rights in advance in writing, via the Internet.

**You can exercise your voting rights in advance with any of the following methods. Please review the Reference Documents for the General Meeting of Shareholders below and exercise your voting rights.**

### **[Exercising Voting Rights in Writing]**

Please indicate your vote for or against the proposals on enclosed Voting Rights Exercise Form and return it so that it arrives by the end of business hours (6:00 pm) on Thursday, June 16, 2022, Japan time.

### **[Exercising Voting Rights via the Internet]**

Please access the website designed by the Company for exercising voting rights (<https://evote.tr.mufg.jp/>), follow the instructions on the screen to indicate your approval or disapproval of the proposals by the end of business hours (6:00 pm) on Thursday, June 16, 2022, Japan time.

**This General Meeting of Shareholders will be streamed live via the Company's website, as described later, and the Company will receive questions, etc. from shareholders through this website, and the Company will give explanations about the items that attract great attention from shareholders at the meeting in Japanese only.**

1. Date and Time Friday, June 17, 2022 at 10:00 a.m. Japan time
2. Place Conference Room 2, 5<sup>th</sup> floor of Office Tower X of Harumi Island Triton Square, 1-8-10 Harumi, Chuo-ku, Tokyo  
 \*This year, seats are placed so as to keep the social distance to prevent the spread of COVID-19, so the number of available seats will be much smaller than usual. The Company would appreciate your understanding.
3. Meeting Agenda  
 Matters to be reported:
  1. The Business Report, Consolidated Financial Statements for the Company's 27<sup>th</sup> Fiscal Year (April 1, 2021 to March 31, 2022) and results of audits by the Accounting Auditor and the Audit Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company's 27<sup>th</sup> Fiscal Year (April 1, 2021 to March 31, 2022)
 Proposals to be resolved:
 

Proposal 1	Appropriation of Surplus
Proposal 2	Partial Amendments to the Articles of Incorporation
Proposal 3	Election of 2 Directors (excluding directors who are members of the audit committee)
Proposal 4	Determination of Remuneration for Granting Restricted Stocks to Directors (excluding directors who are Audit Committee Members and Outside Directors)
4. Matters Decided in Connection with this Convocation (Guide for exercising voting rights)
  - (1) When attending the meeting, please submit the form for exercising voting rights, which is enclosed herewith, to the reception desk of the venue.
  - (2) If you exercise your voting rights multiple times via the Internet or the like, your last votes will be effective.
  - (3) If you exercise your voting rights both in writing and via the Internet or the like, your votes via the Internet or the like will be effective, regardless of the arrival date of your form for exercising voting rights.
  - (4) The expenses for accessing the website for exercising voting rights, such as the Internet connection cost, will be borne by shareholders.
  - (5) Institutional investors can exercise voting rights with an electromagnetic method using the platform for electronically exercising voting rights operated by ICJ, Inc. at this General Meeting of Shareholders.
  - (6) Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements require revisions, the revised versions will be posted on the Company's website (<https://www.members.co.jp/>).

5. Disclosure via the Internet

Among the documents that should be provided and attached for convening this meeting, “Notes to consolidated financial statements” and “Notes to non-consolidated financial statements” are available in the Company’s website at <https://www.members.co.jp/>, in accordance with laws, regulations, and Article 15 of the Company’s articles of incorporation, so they are not included in the documents attached to the convocation notice for this annual meeting of shareholders.

Accordingly, the consolidated and non-consolidated financial statements mentioned in the documents attached to the convocation notice for this annual meeting of shareholders are part of the consolidated and non-consolidated financial statements audited when the comptroller produced the audit report.

The contents of this convocation notice have been disclosed in the Company’s website before dispatching it, from the viewpoint of providing information early.

<Requests toward shareholders visiting the place on that day>

- The Company may change the above-mentioned measures, according to the situation of the spread of COVID-19, the announcements of the government, etc. before the date of this General Meeting of Shareholders. Please check the information in the Company's website at <https://www.members.co.jp/>.
- The Company will refrain from giving any gifts to shareholders attending this General Meeting of Shareholders for preventing infection. The Company would appreciate your understanding.**
- The staff for operating the General Meeting of Shareholders will have their body temperature and health condition checked beforehand, and will work wearing a face mask. The Company will request visitors to wear a face mask and take other measures for preventing infection around the reception desk. The Company would appreciate your cooperation.
- Before attending this General Meeting of Shareholders, the Company would like you to check your health condition and decide whether or not to attend it.

After the end of this General Meeting of Shareholders, the Company will hold a session for briefing financial results (in Japanese only).

General Meeting of Shareholders	Friday, June 17, 2022	To be started at 10:00 am
Session for briefing financial results	Friday, June 17, 2022	To be started at around 10:30 to 11:00 am

\*The session for briefing financial results will be started as soon as preparations are completed after the end of the General Meeting of Shareholders. Accordingly, the actual starting time may be different from the above mentioned.

For shareholders who cannot visit the place, the Company will stream the videos of the General Meeting of Shareholders and the session for briefing financial results live, both in Japanese only. You can access the live streaming page from the following website.

URL:  
<https://www.members.co.jp/company/news/2022/live.html>

**\*Shareholders watching the live stream cannot exercise their voting rights at the place.**  
\*The Company will not deal with questions about how to access the Internet or how to watch the live stream.

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

As the basic policy of the Company's corporate group, the Company maintains internal reserves for new business investments and business expansions for long-term growth of profitability, from the Company's standpoint to adequately return profits to the shareholders and to strive to further improve the corporate value, and the Company properly distributes profits commensurate with the growth of operating results and continuously increase the dividend amount. The mid-term goal is to achieve a ratio of Consolidated Dividend to Equity Attributable to Owners of the Parent (DOE) of around 5%.

Regarding the year-end dividend for the 27<sup>th</sup> term, the Company proposes to pay as described below, taking the above basic policy into consideration.

- (1) Type of dividend property  
Cash
  
- (2) Allotment of dividend property to shareholders and the total amount  
25 yen per common share of Company stock  
Total amount: 328,194,400 yen
  
- (3) Effective date of dividends of surplus  
June 20, 2022

## **Proposal 2: Partial Amendments to the Articles of Incorporation**

### **1. Reasons for the proposal**

#### **(1) Adoption of a General Meeting of Shareholders Without a Designated Location (Article 13 of the Articles of Incorporation)**

Following the enforcement of the Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Laws and Regulations (Act No. 70 in 2021), listed companies may now hold a General Meeting of Shareholders without a designated location (the so-called Virtual-only General Meeting of Shareholders), by stipulating it in their Articles of Incorporation under certain conditions.

The Company strives to vitalize, streamline, and facilitate its General Meeting of Shareholders by making it easier for many shareholders to attend meetings regardless of their domiciles. Furthermore, to mitigate risks of infectious diseases and risks upon an occurrence of large-scale natural disasters, the Company is adding Article 13, Paragraph 2 to the Articles of Incorporation so that the Company can hold a General Meeting of Shareholders without a designated location.

The changes set forth in Article 13, Paragraph 2 of the Articles of Incorporation will become effective, when the Minister of Economy, Trade and Industry and the Minister of Justice confirm that the General Meeting of Shareholders with no physical place satisfies the requirements specified in the Ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice so as to contribute to the enhancement of industrial competitiveness while considering the securing of shareholders' interests in accordance with said ordinances. However, if said changes have already been confirmed by the Minister of Economy, Trade and Industry and the Minister of Justice on the day when said changes are approved at this General Meeting of Shareholders, it will become effective on the day when said changes are approved at this General Meeting of Shareholders.

#### **(2) Adoption of Measures for Electronic Provision of Reference Documents for General Meetings of Shareholders (Article 15 of the Articles of Incorporation)**

Since the revised provisions mentioned in the proviso of Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 in 2019) are to be enforced on September 1, 2022, a system for providing reference documents for General Meetings of Shareholders in electronic format is to be introduced, and therefore, the Company proposes to make the following amendments to the Articles of Incorporation.

- 1) As it is required for the Company to stipulate in its Articles of Incorporation that the Company shall take electronic measures for providing information contained in reference documents for a General Meeting of Shareholders, the Company proposes to newly establish Article 15 [Measures for Electronic Provision, etc.] Paragraph 1 as in the proposed amendment.
- 2) The Company proposes to newly establish Article 15 [Measures for Electronic Provision, etc.] Paragraph 2, to allow us to limit the extent of matters to be included in paper-based documents to be delivered to shareholders who request the delivery of paper-based documents among the information that constitute the content of reference documents for a General Meeting of Shareholders to be provided in electronic format, to the extent stipulated by the Ordinance of the Ministry of Justice.
- 3) Since the provision of Article 15 [Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders] of the current Articles of Incorporation will become unnecessary after the adoption of the system for electronic provision of reference documents for a General Meeting of Shareholders, this will be deleted.
- 4) Supplementary provisions will be provided regarding the effectiveness of the above establishment and deletion of provisions. Further, these supplementary provisions will be deleted after a lapse of designated period of time.

2. Details of the amendments  
Contents of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3 General Meetings of Shareholders [Convocation] Article 13. An Annual General Meeting of Shareholders shall be convened within three (3) months after the end of each fiscal year, and an extraordinary General Meeting of Shareholders shall be convened whenever necessary. (New)</p> <p>[Convener and Chairperson] Article 14 (Omitted)</p> <p>[<u>Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders</u>] <u>Article 15. When convening a General Meeting of Shareholders, it may be deemed that the Company has provided shareholders with information concerning matters contained in reference documents for the General Meeting of Shareholders, business reports, and non-consolidated and consolidated financial statements, by disclosing them on the Internet in accordance with the provision of Ordinance of the Ministry of Justice.</u> (New)</p>	<p>Chapter 3 General Meetings of Shareholders [Convocation] Article 13. An Annual General Meeting of Shareholders shall be convened within three (3) months after the end of each fiscal year, and an extraordinary General Meeting of Shareholders shall be convened whenever necessary. <u>2. The Company may hold its General Meeting of Shareholders without a designated location.</u></p> <p>[Convener and Chairperson] Article 14 (Unchanged)</p> <p>(Deleted)</p> <p>[<u>Measures for Electronic Provision, etc.</u>] <u>Article 15. When convening a General Meeting of Shareholders, the Company shall electronically provide information contained in the reference documents for the General Meeting of Shareholders.</u> <u>2. Among the matters to be provided electronically, the Company may elect not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in paper documents to be issued to shareholders who submit a request by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 16 to Article 45 (Omitted)</p> <p>(New)</p>	<p>Article 16 to Article 45 (Unchanged)</p> <p>(Supplementary Provisions)</p> <p><u>[Transitional Measures for the Convocation of General Meetings of Shareholders]</u></p> <p><u>Article 1. The changes set forth in Paragraph 2 of Article 13 [Convocation] of the Articles of Incorporation will become effective on the date when the Minister of Economy, Trade and Industry and the Minister of Justice confirm that the fully digitized General Meeting of Shareholders satisfies the requirements specified in the Ordinances of the Ministry of Economy, Trade and Industry and the Ministry of Justice; provided, however, that if the Company has received the confirmation by the Minister of Economy, Trade and Industry and the Minister of Justice on the day when the proposal for partial revision to the articles of incorporation, including this supplementary provision, is approved at the General Meeting of Shareholders, said changes will become effective on the date of approval at said General Meeting of Shareholders.</u></p> <p><u>2. The provision of this article will be deleted, after the effective date described in the previous paragraph.</u></p> <p><u>[Transitional Measures for the Electronic Provision of Documents for General Meetings of Shareholders]</u></p> <p><u>Article 2. Deletion of Article 15 of the Articles of Incorporation [Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders] and an establishment of amended Article 15 [Measures for Electronic Provision, etc.] shall come into effect on September 1, 2022.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 of the Articles of Incorporation [Disclosure on the Internet and Deemed Provision of Reference Documents for the General Meeting of Shareholders] shall remain in effect with respect to the General Meetings of Shareholders to be held on a date within six (6) months from September 1, 2022.</u></p> <p><u>3. These supplementary provisions shall be deleted after a lapse of six (6) months from September 1, 2022, or a lapse of three (3) months from the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>



**Proposal 3: Election of 2 Directors (excluding directors who are members of the audit committee)**

The terms of office of 2 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company proposes the election of 2 Directors (excluding directors who are members of the Audit Committee).

The candidates are as follows:

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company the candidate holds
1	Tadashi Kenmochi (Born on September 28, 1965)	<p>June 1995: President and Representative Director of the Company (current position)</p> <p>October 2012: Director of Engagement First Co., Ltd.</p> <p>April 2014: Director of Connect Star Co., Ltd. and Director of MOVAAA Co., Ltd.</p> <p>May 2014: Director of Members Career Co., Ltd.</p> <p>October 2015: Director of Miner Studio Co., Ltd.</p> <p>April 2019: Representative Director of Members Medical Marketing Co., Ltd.</p> <p>June 2021: Representative Director of Members Gifted Co., Ltd.</p>	2,912,006
<p>(Reasons for the nomination as a director candidate)</p> <p>Mr. Kenmochi has demonstrated strong leadership for many years as the founder of the Company and has a wealth of experience and a good track record in the management of the Company. Thus, the Company nominated him as a director candidate as the Company expects that he will sufficiently fulfill this role.</p>			
2	Akihiko Takano (Born on May 31, 1975)	<p>April 1999: Joined the Industrial Bank of Japan (currently Mizuho Financial Group, Inc.)</p> <p>December 2002: Joined Shinsei Bank, Ltd.</p> <p>August 2005: Joined the Company</p> <p>October 2011: Executive Officer of the Company</p> <p>October 2012: Director of Engagement First Co., Ltd.</p> <p>May 2014: Director of Members Career Co., Ltd.</p> <p>October 2015: Director of Miner Studio Co., Ltd.</p> <p>April 2016: Managing Executive Officer of the Company</p> <p>May 2017: Director of PopInSight, Inc.</p> <p>June 2018: Director of the Company in charge of group management (current position) and the management division</p> <p>April 2020: Director and Senior Managing Executive Officer of the Company and President of Business Platform Company (current position)</p> <p>October 2020 Representative Director of Members Energy Co., Ltd. (current position)</p>	237,598
<p>(Reasons for the nomination as a director candidate)</p> <p>Mr. Takano acquired the knowledge of finance and accounting through his banking experience and held vital positions in the Company's corporate planning and management divisions. Moreover, since 2011, as an executive officer, he has been striving to significantly improving the corporate value through efforts, such as listing of the Company on the Second Section and First Section of the Tokyo Stock Exchange and promoting work-style reforms for the corporate group. Therefore, the Company nominated him as a director candidate as the Company has determined that he is capable of enhancing the management and corporate value of the corporate group through his specialized knowledge and abundant experience.</p>			

#### Notes

1. There is no special interest between the candidates and the Company.
2. Haru Co., Ltd., which manages the assets of Mr. Tadashi Kenmochi and his close relatives, holds 250,000 shares of the Company.
3. The Company has concluded a directors and officers liability insurance (D&O insurance) contract with an insurance company, as prescribed in Article 430-3, Paragraph 1 of the Companies Act, through which all directors are insured. The insurance contract covers damages within the payment limit of 300 million yen that may arise due to the insured person (the director) becoming liable in connection with the execution of their duties or due to the insured person being subject to a claim related to enforcement of such liability. If the candidates are appointed as directors, they will be insured under this insurance contract. The insurance contract will entail the same contents at the next renewal.

#### Opinion of the Audit Committee

The Audit Committee (all Audit Committee members also serve as members of the Nomination and Compensation Committee on a voluntary basis) has reviewed both two candidates based on their achievements and the appointment policy stipulated in the Company's Basic Policy on Corporate Governance. As a result, they concluded that the proposal is appropriate and that there are no special matters to be stated at the General Meeting of Shareholders.

(For reference) Expertise and experience of candidate directors (skill matrix)

The Company has nominated candidate directors while considering the balance of the knowledge, experience, skills, etc. the Company requires. The following table shows the skill matrix of directors including the incumbent directors in the case where Proposal 3 is approved at this meeting.

Name	Post	Skill matrix				
		Management / CSV	Technology / IT	Financial affairs / Accounting / Legal affairs / Compliance	HR / Organization / Development	Global experience
Tadashi Kenmochi	Representative Director / President Executive Officer	○	○		○	
Akihiko Takano	Director / Senior Executive Officer	○		○	○	
Kiyoshi Amakasu	Outside Director / Full-time Audit Committee Member			○		○
Masaaki Kanai	Outside Director / Audit committee Member	○				○
Shinichi Tamagami	Outside Director / Audit committee Member	○				○
Masako Takeda	Outside Director / Audit committee Member	○			○	
Mika Yasuoka	Outside Director / Audit committee Member		○			○

**Proposal 4: Determination of Remuneration for Granting Restricted Stocks to Directors (excluding Directors who are Audit Committee Members and Outside Directors)**

The Company resolved at the 22<sup>nd</sup> Annual Meeting of Shareholders held on June 22, 2017 to limit the total amount of remuneration to directors (excluding directors who are members of the Audit Committee) to 150,000 thousand yen per year (not including employee salaries for directors who also serve as employees). In addition, the Company has decided to provide share acquisition rights as performance-linked remuneration to directors (excluding directors who are members of the Audit Committee) separately while limiting the total amount to 50,000 thousand yen per year.

In order to further increase the medium- to long-term corporate value of the Company's group, the Company has recently decided to review the executive compensation system and has decided to establish a new compensation system for the directors (excluding directors who are members of the Audit Committee and outside directors) (hereinafter referred to as the "Eligible Directors"). In order to further increase the motivation and morale of Eligible Directors and share value with shareholders further, the Company proposes to pay, in place of the compensation for stock acquisition rights mentioned above, compensation for the grant of restricted stocks to Eligible Directors, which will be paid separately from the above compensation.

The remuneration to be paid to the Eligible Directors for the grant of restricted stocks in accordance with this proposal shall be a monetary claim, the total amount of which shall not exceed 50,000 thousand yen per year (excluding, however, employee salaries for directors who concurrently serve as employees). The Board of Directors will determine the exact timing and allocation of payments to each eligible director. The Company will abolish the above-mentioned performance-linked remuneration system, in which the Company distributes share acquisition rights worth up to 50,000 thousand yen per year to directors (excluding directors who are members of the Audit Committee), excluding the already distributed ones under the condition that the proposal for this system will be approved at this General Meeting of Shareholders. The current number of directors (excluding directors who are members of the Audit Committee and outside directors) is two. If Proposal 3: "Election of Two (2) Directors (excluding directors who are members of the Audit Committee and outside directors)," is approved as proposed, the number of Directors (excluding directors who are members of the Audit Committee) will remain unchanged.

In addition, the Eligible Directors shall, based on the resolution of the Board of Directors of the Company, pay all of the monetary claims to be paid in accordance with this Proposal as assets contributed in kind and receive the issuance or disposal of common shares of the Company, and the total number of shares of common stock of the Company to be issued or disposed of as a result thereof shall not exceed 30,000 shares per year. (However, if, after the date of approval of this proposal, a stock split (including gratis allotment of shares of common stock of the Company) or a reverse stock split of shares of common stock of the Company is conducted or any other event requiring adjustment of the total number of shares of common stock of the Company to be issued or disposed of as shares with transfer restrictions occurs, such total number shall be adjusted within reasonable limits.)

The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of resolution by the Board of Directors (or the closing price of the immediately preceding trading day if no trading is closed on that date) to the extent that such amount is not particularly favorable to the directors who will purchase such common stock. The issuance or disposal of shares of common stock of the Company and the payment of monetary claims as assets contributed in kind shall be subject to the execution of a restricted stock allotment agreement (the "Allotment Agreement") between the Company and the Eligible Directors, which shall include the terms indicated in "Summary of the Allotment Agreement" below. In addition, the maximum amount of compensation, the total number of shares of the Company's common stock to be issued or disposed of, and other terms and conditions of the grant of restricted stock to the eligible directors pursuant to this proposal will be determined in accordance with the above purposes, the Company's business conditions, and the policy regarding the determination of compensation, etc. for each individual director of the Company (If this proposal is approved, the Company plans to change this policy to the one described in the [For Reference] column below to be consistent with the approved contents) and in consideration of various other circumstances. So, the Company believes that this decision is appropriate.

[Summary of the Allotment Agreement]

(1) Period of restriction on transfer

The Eligible Directors shall hold the shares of common stock of the Company allotted under the Allotment Agreement (the "Allotted Shares") for a period predetermined by the Board of Directors of the Company between three (3) and five (5) years from the date of allotment under the Allotment Agreement (the "Restricted Transfer Period"). The shares of common stock of the Company allocated pursuant to the Allotment Agreement (the "Allotted Shares") may not be transferred, pledged as collateral, or otherwise disposed of (the "Restriction on Transfer").

(2) Treatment upon retirement or resignation

If an eligible director resigns or retires from his/her position as an officer or employee of the Company or its subsidiary prior to the expiration of the Restricted Transfer Period, the Company shall naturally acquire the Allotted Shares without consideration, unless there is a justifiable reason for such resignation or retirement, such as the expiration of his/her term of office or death.

(3) Lifting of Transfer Restriction

Notwithstanding the provisions of (1) above, the Company may lift the restriction on transfer of all of the Allotted Shares upon the expiration of the Restricted Transfer Period, provided that the Eligible Director continuously holds, during the Restriction Period, a position of an officer or employee of the Company or its subsidiary that is predetermined by the Board of Directors of the Company. However, if the Eligible Director retires or resigns from the position specified in (2) above before the expiration of the Restricted Transfer Period due to the expiration of his/her term of office, death, or other justifiable reasons, the number of the Allotted Shares to be released from the transfer restriction and the timing of the release of the transfer restriction shall be reasonably adjusted as necessary. In addition, immediately after the transfer restriction is lifted in accordance with the above provisions, the Company shall naturally acquire the Allotted Shares for which the transfer restriction has not yet been lifted without consideration.

(4) Treatment in the event of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, in the event that a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matters concerning organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company (However, in cases where approval by the General Meeting of Shareholders of the Company is not required for such Reorganization, etc., the Board of Directors of the Company) during the transfer restriction period, the Company may, by a resolution of the Board of Directors of the Company, lift the transfer restriction with respect to a reasonably determined number of the Allotted Shares prior to the effective date of such organizational restructuring, etc. In addition, in the cases set forth above, immediately after the transfer restriction is lifted in accordance with the above provisions, the Company shall naturally acquire the Allotted Shares for which the transfer restrictions have not been lifted without consideration.

(5) Other matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

[For Reference]

- (1) After the conclusion of this General Meeting of Shareholders, the Company plans to allot the same restricted stocks as described above to the executive officers who do not concurrently serve as directors of the Company.
- (2) The "Policy Concerning Determination of the Details of Individual Remuneration, etc. of the Company's Directors," which is scheduled to be changed if both Proposal 3 and 4 are approved as originally proposed, are as follows.

<Policy Concerning Determination of Remuneration, etc., for Individual Directors of the Company>

Remuneration for Directors and Group Executive Officers

[1] Policy and Composition

1) Directors other than Audit Committee Members and Outside Directors

- Remuneration for Directors other than Audit Committee Members and Outside Directors shall consist of base remuneration and performance-linked remuneration from the perspective of reflecting business performance and sharing value with shareholders. In particular, performance-linked remuneration shall be calculated as a percentage of total remuneration using a formula\* determined by the Board of Directors in order to motivate directors to contribute to medium- and long-term performance improvement and to increase corporate value.

- The basic remuneration shall be paid in cash every month in an appropriate amount, taking into consideration the position and duties of each director.

- The performance-linked remuneration shall be calculated by multiplying the base remuneration by an index calculated based on the growth rate of the profit before taxes and minority interests for the fiscal year and the director's contribution to the Company's performance (\*), in order to increase the director's commitment to improving the Company's performance and corporate value and realizing the Company's mission; the amount shall be composed of cash and restricted stock compensation.

- The maximum ratio of restricted stock compensation to performance-linked compensation shall be 50%.

- The cash portion of the performance-linked remuneration shall be paid monthly in cash, and the restricted stock remuneration shall be paid once a year.

(\*) Performance-linked remuneration = Base remuneration × Index (growth rate of the profit before taxes and minority interests for the full year, achievement rate of consolidated performance forecasts, and the individual's contribution to performance)

#### 2) Audit Committee Members

Remuneration for Directors who are Audit Committee Members shall be basic remuneration only, paid in cash each month, from the viewpoint of ensuring the appropriateness of their duties, such as auditing and supervision of business execution.

#### 3) Outside Directors

Remuneration for outside directors (excluding members of the Audit Committee) shall be limited to basic remuneration only from the viewpoint of ensuring independence from the business execution divisions, and shall be paid in cash monthly.

#### 4) Group Executive Officers

- The remuneration for Group Executive Officers shall consist of base remuneration and performance-linked remuneration in order to enhance their commitment to improving the Company's performance and realizing its mission.

- The base remuneration shall be commensurate with the duties of each executive officer.

- The performance-linked remuneration shall be an amount calculated by multiplying the base remuneration by an index calculated based on the growth rate of the profit before taxes and minority interests for the full fiscal year and the degree of contribution to the Company's performance by the executive officer (\*); the amount shall be composed of cash and restricted stock compensation.

- The maximum ratio of restricted stock compensation to performance-linked compensation shall be 50%.

- The performance-linked remuneration shall be paid once a year as a bonus.

(\*) Performance-linked remuneration = Base remuneration × Index (growth rate of the profit before taxes for the full year, achievement rate of consolidated performance forecasts, and the individual's contribution to performance)

## [2] Decision-Making Procedures

### 1) Directors other than Audit Committee Members and Outside Directors

To ensure transparency and soundness of the procedure, the Nomination and Compensation Committee shall deliberate on the policy for determining the calculation method of compensation for directors other than audit committee members and outside directors, obtain opinions and advice from audit committee members, and determine the allocation of compensation within the total amount approved at the General Meeting of Shareholders.

### 2) Audit Committee Members

The remuneration of Audit Committee members shall be determined through the discussions of directors who are members of the Audit Committee, within the total amount of remuneration resolved at the General Meeting of Shareholders, taking into consideration the roles and duties of each Audit Committee member and classifying them into full-time and part-time positions.

### 3) Outside Directors

In determining the remuneration of outside directors (excluding members of the Audit Committee), the Board of Directors shall determine the allocation of such remuneration within the total amount of remuneration resolved at the General Meeting of Shareholders, after deliberation by the Nomination and Compensation Committee regarding the concept and calculation method of such allocation.

### 4) Group Executive Officers

In determining the remuneration of the Group's executive officers, the Nomination and Remuneration Committee shall deliberate on the policy for determining the calculation method of remuneration in order to ensure the transparency and soundness of the procedure, and the Board of Directors shall decide after obtaining opinions and advice from Audit Committee members.

## Opinion of the Audit Committee

The Audit Committee (all Audit Committee members also serve as members of the Nomination and Compensation Committee on a voluntary basis) considered this proposal in light of the Company's remuneration policy, etc., as set forth in the "Basic Policy on Corporate Governance" of the Company. As a result, they have concluded that the contents of this proposal are appropriate and that there are no special matters to be stated at the General Meeting of Shareholders.

End