



June 8, 2022

To whom it may concern

Company name: Okamura Corporation  
Representative: Masayuki Nakamura  
Representative Director,  
President and Chief Executive Officer  
(Code: 7994, Listing: Prime Market of  
Tokyo Stock Exchange)  
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### **Our View regarding Proxy Voting Advisor ISS's Recommendations to Vote against Proposal No. 3 at the 87th Annual General Meeting of Shareholders**

Okamura Corporation (hereinafter the "Company") has confirmed the fact that Institutional Shareholder Services, Inc., a proxy voting advisor (hereinafter "ISS"), has issued a report containing its recommendations to vote against Proposal No. 3 at the Company's 87th Annual General Meeting of Shareholders, scheduled to be held on June 29, 2022 (hereinafter the "Annual General Meeting of Shareholders").

The Company considers that ISS's recommendations to vote against the proposal focuses merely on form rather than substance, and offers an explanation of its views of said recommendations below. We request that shareholders examine the explanation carefully to understand the proposal correctly.

1. ISS's recommendations for voting against a proposal and the status of the Company's efforts to reduce cross-shareholdings

ISS has established internal quantitative standards for issuing recommendations to vote against the election of a director at the top position in the company if the ratio of the amount of cross-shareholdings to the amount of consolidated net assets (hereinafter the "cross-shareholdings ratio") is 20% or more. ISS has issued recommendations to vote against the election of the director candidate Masayuki Nakamura as the Company's cross-shareholdings ratio exceeded the threshold of 20% at the end of FY2020.

The base date of ISS's recommendations is March 31, 2021, and the Company's cross-shareholdings ratio on that date was 20.2% (a reduction of 5.4 percentage points from the previous fiscal year) as shown in the table below as a result of our diligent efforts to reduce cross-shareholdings. The cross-shareholdings ratio exceeded the ISS's threshold of 20% by only 0.2 percentage points mainly due to rises in stock prices toward the end of the fiscal year. The Company continued to make efforts to reduce cross-shareholdings, and its cross-shareholdings ratio has already fallen to 17.9% at the end of FY2021.

For these reasons, the Company considers that ISS's recommendations to vote against the proposal are based merely on form rather than substance and do not properly take into account the results of the Company's efforts to reduce cross-shareholdings.

## 2. Status of cross-shareholdings

Category		FY2019 [85th Fiscal Year]	FY2020 [86th Fiscal Year]	FY2021 [87th Fiscal Year]
Number of stocks	Listed	114	97	70
	Unlisted	23	25	26
	Total	137	122	96
Total carrying amount in the balance sheet (In millions of yen)	Listed	34,585	27,563	24,944
	Unlisted	168	661	850
	Total	34,753	28,224	25,795
Percentage to total net assets		25.6%	20.2%	17.9%

## 3. The Company's view on its cross-shareholdings

Cross-shareholdings are subject to regular review by the Board of Directors, which determines the appropriateness of the cross-shareholdings of each stock, including the possibility of a reduction thereof, in comprehensive consideration of investment return and other benefits, recoverability, significance in terms of our business strategy, etc., as well as the Company's cost of capital.

- If it is determined as a result of the review that there is no rational justification for a cross-shareholding, the Company shall sell the relevant shares while taking into consideration the impact of the sale on the market and other relevant factors.
- We exercise our voting rights properly on each proposal by taking into consideration the specific impact of the proposal on the corporate value and shareholder value of the issuer and the profit of the Company, the compliance status of the issuer, and other circumstances.

As noted above, the Company considers that ISS's recommendations to vote against the election of Mr. Masayuki Nakamura as Director are based merely on form rather than substance and do not properly take into account the results of the Company's efforts to reduce cross-shareholdings and the current status of its cross-shareholdings. Therefore, we have determined that the Company's cross-shareholdings ratio does not justify votes against the proposal.

Shareholders are requested to comprehensively review the Company's efforts and make careful decisions regarding the exercise of their voting rights.