

Please note that the following is an English translation of the original Japanese version of the Notice of the 48th Annual General Meeting of Shareholders, Guidance on Exercising Voting Rights and Reference Documents for the General Meeting of Shareholders, prepared only for the convenience of shareholders residing outside Japan. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Securities Code: 4812
March 3, 2023

To Our Shareholders

Ryoichi Nawa,
President and Representative Director
2-17-1, Konan, Minato-ku, Tokyo, Japan
Information Services International-Dentsu, Ltd.

NOTICE OF THE 48TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce the 48th Annual General Meeting of Shareholders of Information Services International-Dentsu, Ltd. (the “Company” or “ISID, Ltd.”) to be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures to electronically provide the contents of the Reference Documents (matters to be provided electronically) for the General Meeting of Shareholders, and has posted them on each of the following websites. Please visit any of these websites to confirm the information.

[The Company’s website]

<https://www.isid.co.jp/ir/stocks/soukai.html> (in Japanese only)

[General Meeting of Shareholders Materials Website]

<https://d.sokai.jp/4812/teiji/> (in Japanese only)

[Tokyo Stock Exchange Website (TSE Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(Access the above TSE website, enter or search for “ISID” in “Issue Name (Company Name)” or the Company’s securities code “4812” under “Code,” select “Basic Information” and “Documents for Public Inspection/PR Information” in that order, and check the “Notice of General Meeting of Shareholders/Materials for General Meeting of Shareholders” in the “Documents for Public Inspection” section. (in Japanese only).

In order to prevent the spread of infection of the novel coronavirus disease (COVID-19), the Company encourages shareholders to refrain from traveling to the venue in person on the date of the meeting, and kindly asks to exercise their voting rights prior to the meeting in writing or by electromagnetic means (via the Internet, etc.), if at all possible.

Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the instructions below by 5:30 p.m. on Thursday, March 23, 2023 (JST).

On the date of the meeting, we will provide live streaming over the Internet so that shareholders will be able to watch the proceedings.

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| 1. Date and Time: | Friday, March 24, 2023, at 10:00 a.m. (Doors open at 9:00 a.m.) (JST) |
| 2. Place: | 3F Hall, Head Office of the Company Keio Shinagawa Building 2-17-1, Konan, Minato-ku, Tokyo, Japan |
| 3. Objectives of the Meeting: | <p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. Business Report, Consolidated Financial Statements and Audit Reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 48th Fiscal Term (From January 1, 2022 to December 31, 2022) 2. Non-consolidated Financial Statements for the 48th Fiscal Term (From January 1, 2022 to December 31, 2022) <p>Matters to be resolved:</p> <p>Proposal 1: Appropriation of Surplus</p> <p>Proposal 2: Partial Amendment of the Articles of Incorporation</p> <p>Proposal 3: Election of Six Directors who are not Audit & Supervisory Committee Members</p> <p>Proposal 4: Election of Three Directors who are Audit & Supervisory Committee Members</p> <p>Proposal 5: Election of One Substitute Director who is an Audit & Supervisory Committee Member</p> <p>Proposal 6: Determination of Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members</p> <p>Proposal 7: Determination of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members</p> <p>Proposal 8: Determination of Amount and Other Details of Performance-linked Stock Compensation for Directors, Etc. who are not Audit & Supervisory Committee Members</p> |
| 4. Matters to Be Decided at the Time of Convocation: | <ol style="list-style-type: none"> (1) If you exercise your voting rights in writing and do not indicate your approval or disapproval of a proposal, it will be assumed that you have indicated your approval of the proposal. (2) If you exercise your voting rights more than once via the Internet, only the last vote shall be treated as valid. (3) If you exercise your voting rights both in writing and via the Internet, only the vote exercised via the Internet will be treated as valid. |

- The materials for the General Meeting of Shareholders (Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Audit Report), which were previously sent in writing, will now be provided on the above websites in accordance with the commencement of the electronic provision system under the revised Companies Act. Please access any of the above websites to confirm the information. In addition, a summary version of the Reference Documents for the General Meeting of Shareholders and the Business Report, etc., which are excerpts from the documents, is being sent to all shareholders with voting rights so that they can confirm the main points of the materials.
- Shareholders who have made a request for delivery of the document will also receive a document stating the matters to be provided electronically, but such document will exclude the following matters in accordance with laws and regulations and the Company's Articles of Incorporation.
 - "2. (5) Systems to Secure the Properness of Business Activities and the Status of Implementation of the Systems" in the Business Report
 - "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
 - "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements

Accordingly, the Business Report, the Consolidated Financial Statements and the Financial Statements included in this document are part of the subject documents audited by the Audit & Supervisory Board Members in preparing their audit report and by the Accounting Auditor in preparing the Audit Report.

- In the event of any modifications to the electronic provision measures, a notice will be posted on each of the above websites, along with the information before and after the modifications.

Notice

- Shareholders who are unable to complete the procedures for requesting the delivery of written materials for the General Meeting of Shareholders (Notice of Convocation) as stipulated in the Companies Act and who wish to receive the same materials in writing may do so only this time by making a request through the following website. (Only in Japan)

Acceptance period: March 3, 2023 - March 13, 2023

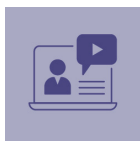
Acceptance site: <https://shomen.sokai.jp/4812/2023/19/> (in Japanese only)

Shareholders who wish to receive the next issue in writing are requested to contact the securities company or shareholder registry administrator where they have opened a securities account and follow the procedures for requesting the delivery of written documents as stipulated in the Companies Act.

- Please note that no gift will be provided for attendees at the meeting. We greatly appreciate your understanding.
- Please note that the Notice of Resolutions of the General Meeting of Shareholders will be posted on the Company's website aforementioned instead of being sent in writing.
- However, due to changes in the structure of the Notice of Convocation, some of the contents of the "ISID Business Report" are duplicated, and major information is disclosed on the Company's website. The ISID Business Report for the interim period, which is sent together with the interim dividend document, will continue to be published on the Company's website.

Guidance on Live Streaming

The Company will stream the meeting live. For details, please refer to “Regarding Measures to Prevent the Spread of COVID-19 and the Live Streaming” notice enclosed with this Notice of Convocation.



[Live streaming for this General Meeting of Shareholders](#)

Date and Streaming Schedule Friday, March 24, 2023, from 10:00 a.m. (JST) to the conclusion of the meeting.

Guidance on Exercising Voting Rights Prior to the Meeting

Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights prior to the meeting.



[By submitting the Voting Rights Exercise Form in writing](#)

Please indicate your approval or disapproval to each of the proposals on the enclosed Voting Rights Exercise Form and post it to us without a postage stamp.

Exercise Due Date To be received no later than 5:30 p.m. on Thursday, March 23, 2023 (JST).



[By exercising voting rights via the Internet](#)

Please enter your approval or disapproval following the instructions below.

Exercise Due Date No later than 5:30 p.m. on Thursday, March 23, 2023 (JST).

Guidance on Exercising Voting Rights via the Internet

If you exercise your voting rights via the Internet, please review the following items and exercise your voting rights.

If you attend the General Meeting of Shareholders, voting in writing (Voting Rights Exercise Form) or via the Internet is not necessary.

1. Exercising voting rights via the Internet

- (1) You may exercise your voting rights via the Internet only by accessing the following website for exercising voting rights designated by the Company. (The website will be unavailable from 2:00 a.m. to 5:00 a.m. every day. Furthermore, you may not be able to use the website depending on the Internet usage environment).

[Website for exercising voting rights] <https://evote.tr.mufg.jp/>

(in Japanese only)

- (2) Enter the “Login ID” and “Temporary Password” shown on the enclosed Voting Rights Exercise Form, and then follow the instructions on the screen to exercise your voting rights. In addition, you can exercise your voting rights via your smartphone by scanning the “QR Code for Login.” * QR Code is a registered trademark of DENSO WAVE INCORPORATED.
- (3) If you exercise your voting rights both in writing and via the Internet, only the vote exercised via the Internet shall be treated as valid. If voting rights via the Internet multiple times, only the last vote shall be treated as valid.
- (4) Any costs arising from using the website for exercising voting rights (Internet connection fees and communication charges, etc.) shall be borne by the shareholder.
- (5) Voting via the Internet is accepted until 5:30 p.m. on Thursday, March 23, 2023 (JST). However, we request that you exercise your voting rights at your earliest convenience. Please contact our Help Desk for any inquiries.

2. Handling of passwords

- (1) Please note that you will be asked to change your “Temporary Password” on the website for exercising voting rights in order to prevent unauthorized access (spoofing) and alternation of voting by non-shareholders.
- (2) A new “Login ID” and “Temporary Password” will be issued every time a General Meeting of Shareholders is convened.
- (3) The password is our means by which the identity of the shareholder exercising the vote is verified. Please keep your password safe. Telephone inquiries regarding passwords shall not be answered.

3. For inquiries regarding exercising voting rights via the Internet (Help Desk)

Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Telephone: 0120-173-027 (toll-free only within Japan)
Office hours: 9:00 a.m. to 9:00 p.m.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company regards the return of profits to shareholders as a vital management issue. While securing internal reserves to achieve sustainable growth, the Company's basic policy for dividends is to ensure continual payment of appropriate and stable dividends to all shareholders. At the same time, we have set the target consolidated dividend payout ratio of 40% or higher.

Based on this policy, we propose a dividend of 45 yen per share, an increase of 15 yen from the dividend at the end of the previous fiscal year.

Moreover, combined with an interim dividend of 33 yen per share already paid out, the annual dividends shall amount to 78 yen per share, and the consolidated payout ratio shall be 40.3%.

Year-end dividends

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount of allocation

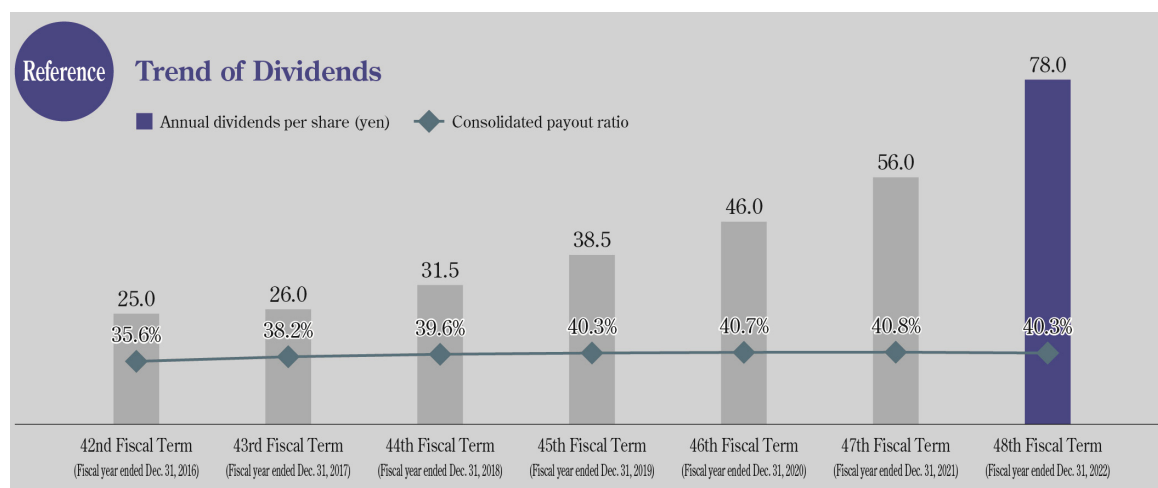
45 yen per share of the Company

Total amount: 2,932,402,500 yen

(3) Effective date of dividends of surplus

March 27, 2023

* Calculated by dividing the total amount of dividends, including dividends to the BIP Trust for Directors' Remuneration, by the net income attributable to shareholders of the parent company for the period.



Notes:

The Company performed a two-for-one share split on its ordinary shares with the effective date of January 1, 2021.

As a result of the share split, "annual dividends per share" from the 42nd Fiscal Term to the 46th Fiscal Term are calculated assuming that the share split was conducted at the start of the 42nd Fiscal Term.

1. Reason for proposal

(1) Change in the Company name

ISID Group has set the execution of various self-reformations in “Vision 2030,” its long-term management vision and in “ISID X Innovation 2024,” its medium-term management plan. Aiming to build a new business entity and brand that are adequate as future receivers of these self-reformations, the ISID Group intends to make necessary amendments to Article 1 of its current Articles of Incorporation (Trade Name) in order to change the trade name of the Company from “Information Services International-Dentsu, Ltd.” to “DENTSU SOKEN INC.” The effective date of the change in trade name shall be January 1, 2024.

(2) Transition to a company with Audit & Supervisory Committee

In order to strengthen the supervisory function of the Board of Directors and further enhance the corporate governance system, the Company will transition to a company with Audit & Supervisory Committee.

Accordingly, necessary changes will be made, including the establishment of new provisions regarding Audit & Supervisory Committee and Directors who are Audit & Supervisory Committee Members, the deletion of provisions regarding Audit & Supervisory Board and Audit & Supervisory Board Members, and the establishment of new provisions regarding delegation of authority to Directors.

(3) Introduction of a General Meeting of Shareholders without a designated location

On June 16, 2021, the “Act for Partially Amending the Act on Strengthening Industrial Competitiveness and Other Related Laws and Regulations” (Act No. 70 of 2021) came into effect, and it became possible for listed companies to hold a General Meeting of Shareholders without a designated location (so-called virtual-only General Meeting of Shareholders) under certain conditions as stipulated in the Articles of Incorporation. The Company proposes to establish Article 13, paragraph 2 in the current Articles of Incorporation so that a General Meeting of Shareholders without a designated location can be held in preparation for unforeseen situations such as infectious diseases and natural disasters.

Furthermore, the Company has received confirmation from the Minister of Economy, Trade and Industry and the Minister of Justice that these changes fall under the requirements stipulated by the Orders of the Ministry of Economy, Trade and Industry and the Ministry of Justice as a case of contributing to strengthening industrial competitiveness while taking into consideration securing shareholders’ interests.

(4) Change of authority to decide dividends of surplus, etc.

In order to enable the Company to flexibly distribute dividends from surplus, etc. without requiring a resolution of the General Meeting of Shareholders even when it is difficult to hold the annual General Meeting of Shareholders due to unforeseen circumstances, the Company proposes to newly establish Article 42 in the proposed amendment (Dividends of Surplus, Etc.) and delete Article 46 (Year-end Dividends) and Article 47 (Interim Dividends) of the current Articles of Incorporation pursuant to Article 459, paragraph (1) of the Companies Act, so that the Company can

distribute a surplus by a resolution of the Board of Directors. Furthermore, even after the amendment to the Articles of Incorporation, the Company plans to continue to pay a year-end dividend by resolution of the General Meeting of Shareholders.

For items for which it is not otherwise provided, the amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this General Meeting of Shareholders.

2. Details of amendment

Details of the amendments are as follows:

| Current Articles of Incorporation | Proposed Amendment |
|---|---|
| Chapter 1 General Rules | Chapter 1 General Rules |
| (Trade Name) | (Trade Name) |
| Article 1. | Article 1. |
| The name of the Company shall be “ <u>Dentsu Kokusai Joho Sabisu Kabushiki Kaisha</u> ” and in English it shall be “ <u>Information Services International-Dentsu, Ltd.</u> ” | The name of the Company shall be “ <u>Kabushiki Kaisha Dentsu Soken</u> ” and in English it shall be “ <u>DENTSU SOKEN INC.</u> ” |
| Articles 2 to 3. (Provisions omitted) | Articles 2 to 3. (As at present) |
| (Institution) | (Institution) |
| Article 4. | Article 4. |
| In addition to the General Meeting of Shareholders and Directors, the Company shall have the following. | In addition to the General Meeting of Shareholders and Directors, the Company shall have the following. |
| (1) Board of Directors | (1) Board of Directors |
| (2) <u>Audit & Supervisory Board Member</u> | (2) <u>Audit & Supervisory Committee</u> |
| (3) <u>Audit & Supervisory Board</u> | (Delete) |
| (4) <u>Accounting Auditor</u> | (3) <u>Accounting Auditor</u> |
| Article 5. (Provisions omitted) | Article 5. (As at present) |
| Chapter 2. Shares | Chapter 2. Shares |
| Articles 6 to 10. (Provisions omitted) | Articles 6 to 10. (As at present) |
| (Shareholder Registry Administrator) | (Shareholder Registry Administrator) |
| Article 11. | Article 11. |
| 1. (Provisions omitted) | 1. (As at present) |
| 2. The shareholder registry administrator and the office to handle such work shall be selected by resolution of the Board of Directors. | 2. The shareholder registry administrator and its handling office shall be selected by a resolution of the Board of Directors <u>or by a decision of the Directors delegated by a resolution of the Board of Directors.</u> |
| 3. (Provisions omitted) | 3. (As at present) |

| Current Articles of Incorporation | Proposed Amendment |
|---|--|
| <p>(Share Handling Regulations)</p> <p>Article 12.</p> <p>In addition to laws and regulations or these Articles of Incorporation, method of exercising shareholders' rights and its fees, such as entries or records in the Company's shareholder and share option registry and the original share acquisition rights, purchases and additions of shares under one unit, shall be set forth in the Share Handling Regulations stipulated <u>by</u> the Board of Directors.</p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>(<u>Period of Convocation</u>)</p> <p>Article 13.</p> <p>1. (Provisions omitted)</p> <p style="padding-left: 40px;">(Newly established)</p> <p>Articles 14 to 19. (Provisions omitted)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Number of members)</p> <p>Article 20.</p> <p>The number of Directors of the Company shall not exceed 13.</p> <p style="padding-left: 40px;">(Newly established)</p> <p>(Appointment Method)</p> <p>Article 21.</p> <p>1. Directors are elected by resolution of the General Meeting of Shareholders.</p> <p>2. (Provisions omitted)</p> <p>3. (Provisions omitted)</p> <p>(Term of Office)</p> <p>Article 22.</p> <p>1. The term of office of Directors shall expire at the conclusion of the annual General Meeting of Shareholders relating to the last fiscal year terminating within one year after their election.</p> | <p>(Share Handling Regulations)</p> <p>Article 12.</p> <p>In addition to laws and regulations or these Articles of Incorporation, method of exercising shareholders' rights and its fees, such as entries or records in the Company's shareholder and share option registry and the original share acquisition rights, purchases and additions of shares under one unit, shall be set forth in the Share Handling Regulations stipulated by the Board of Directors <u>or Directors delegated by a resolution of the Board of Directors.</u></p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>(Convocation)</p> <p>Article 13.</p> <p>1. (As at present)</p> <p>2. <u>The Company may hold a General Meeting of Shareholders without a designated location.</u></p> <p>Articles 14 to 19. (As at present)</p> <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>(Number of members)</p> <p>Article 20.</p> <p>1. The Company shall have no more than 13 Directors <u>who are not Audit & Supervisory Committee Members.</u></p> <p>2. <u>The Company shall have no more than four Directors who are Audit & Supervisory Committee Members.</u></p> <p>(Appointment Method)</p> <p>Article 21.</p> <p>1. Directors <u>are distinguished between Directors who are Audit & Supervisory Committee Members and Directors who are not Audit & Supervisory Committee Members, and</u> are elected by resolution of the General Meeting of Shareholders.</p> <p>2. (As at present)</p> <p>3. (As at present)</p> <p>(Term of Office)</p> <p>Article 22.</p> <p>1. The term of office of Directors <u>who are not Audit & Supervisory Committee Members</u> shall expire at the conclusion of the annual General Meeting of Shareholders relating to the last fiscal year terminating within one year after election.</p> |

| Current Articles of Incorporation | Proposed Amendment |
|---|--|
| <p>2. <u>The term of office of a Director elected due to an increase in the number of Directors or as a substitute shall be until the expiration of the term of office of the other Directors in office.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Representative Directors and Directors With Special Titles)</p> <p>Article 23.</p> <p>1. The Representative Director is selected by resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by resolution, appoint one Director and Chairman, one Director and President, and a few Executive Vice Presidents, Executive Directors, and Senior Directors.</p> <p>(Convener and Chair of Meetings of the Board of Directors)</p> <p>Article 24.</p> <p>1. Meetings of the Board of Directors shall be convened and chaired by the <u>Representative Director</u> determined in advance by the Board of Directors, unless otherwise stipulated by laws and regulations.</p> <p>2. In the absence or disability of the <u>Representative Director</u> set forth in the preceding paragraph, another Director shall convene and chair meetings of the Board of Directors in accordance with the order determined in advance by the Board of Directors.</p> | <p>2. <u>The term of office of Directors who are Audit & Supervisory Committee Members shall expire at the conclusion of the annual General Meeting of Shareholders relating to the last fiscal year terminating within two years after election.</u></p> <p>3. <u>The term of office of a Director who is an Audit & Supervisory Committee Member elected as a substitute for a Director who is an Audit & Supervisory Committee Member who retired before the expiration of the term of office shall be until the expiration of the term of office of the Director who is an Audit & Supervisory Committee Member who has retired.</u></p> <p>4. <u>The period during which an election resolution for a substitute Director who is an Audit & Supervisory Committee Member elected based on Article 329, paragraph (3) of the Companies Act is in effect until the start of an annual General Meeting of Shareholders relating to the last fiscal year terminating within two years after election, unless shortened by a resolution.</u></p> <p>(Representative Directors and Directors With Special Titles)</p> <p>Article 23.</p> <p>1. The Representative Director is selected <u>from among Directors who are not Audit & Supervisory Committee Members</u> by resolution of the Board of Directors.</p> <p>2. The Board of Directors may, by resolution, appoint one Director and Chairman, one Director and President, and a few Executive Vice Presidents, Executive Directors, and Senior Directors, <u>from among Directors who are not Audit & Supervisory Committee Members.</u></p> <p>(Convener and Chair of Meetings of the Board of Directors)</p> <p>Article 24.</p> <p>1. Meetings of the Board of Directors shall be convened and chaired by the <u>Director</u> determined in advance by the Board of Directors, unless otherwise stipulated by laws and regulations.</p> <p>2. In the absence or disability of the <u>Director</u> set forth in the preceding paragraph, another Director shall convene and chair meetings of the Board of Directors in accordance with the order determined in advance by the Board of Directors.</p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p>(Notice of Meeting of the Board of Directors) Article 25.</p> <p>1. A Notice of Meeting of the Board of Directors shall be issued to each Director <u>and each Audit & Supervisory Board Member</u> at least three days prior to the date of a meeting. However, when there is an urgent need, this period can be shortened.</p> <p>2. When all Directors <u>and Audit & Supervisory Board Member</u> agree, a meeting of the Board of Directors can be held without going through the convocation procedure.</p> | <p>(Notice of Meeting of the Board of Directors) Article 25.</p> <p>1. A Notice of Meeting of the Board of Directors shall be issued to each Director at least three days prior to the date of a meeting. However, when there is an urgent need, this period can be shortened.</p> <p>2. When all Directors agree, a meeting of the Board of Directors can be held without going through the convocation procedure.</p> |
| <p>Articles 26 to 27. (Provisions omitted)</p> | <p>Articles 26 to 27. (As at present)</p> |
| <p>(Newly established)</p> | <p><u>(Delegation of business execution decisions to Directors)</u> <u>Article 28.</u> <u>In accordance with the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or part of the decisions on the execution of important operations (excluding matters listed in each item of paragraph (5) of the same Article) to Directors.</u></p> |
| <p><u>Articles 28 to 29.</u> (Provisions omitted)</p> | <p><u>Articles 29 to 30.</u> (As at present)</p> |
| <p>(Compensation, Etc.) <u>Article 30.</u> Property benefits received from the Company as remuneration, bonuses, and other compensation for execution of duties by Directors (hereinafter referred to as the "Compensation, etc.") shall be determined by resolution of the General Meeting of Shareholders.</p> | <p>(Compensation, Etc.) <u>Article 31.</u> Property benefits received from the Company as remuneration, bonuses, and other compensation for execution of duties by Directors (hereinafter referred to as the "Compensation, etc.") <u>shall be distinguished between Directors who are Audit & Supervisory Committee Members and Directors who are not Audit & Supervisory Committee Members, and shall be determined by resolution of the General Meeting of Shareholders.</u></p> |
| <p><u>Article 31.</u> (Provisions omitted)</p> <p>Chapter 5 <u>Audit & Supervisory Board Member and Audit & Supervisory Board</u></p> | <p><u>Article 32.</u> (As at present)</p> <p>Chapter 5 <u>Audit & Supervisory Committee</u></p> |
| <p>(Number of Members) <u>Article 32.</u> <u>The Company shall have no more than four Audit & Supervisory Board Members.</u></p> | <p>(Delete)</p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p><u>(Appointment Method)</u> <u>Article 33.</u> 1. <u>Audit & Supervisory Board Members are elected by resolution of the General Meeting of Shareholders.</u> 2. <u>The resolution for the election of Audit & Supervisory Board Members shall be adopted by a majority of the votes of the shareholders present at a meeting where shareholders holding at least one-third of the voting rights of shareholders entitled to exercise their voting rights are present.</u></p> | <p>(Delete)</p> |
| <p><u>(Term of Office)</u> <u>Article 34.</u> 1. <u>The term of office of an Audit & Supervisory Board Member is until the end of the annual General Meeting of Shareholders relating to the last fiscal year terminating within four years after election.</u> 2. <u>The term of office of an Audit & Supervisory Board Member elected as a substitute shall be until the expiration of the term of office of the retired Audit & Supervisory Board Member.</u> 3. <u>When a substitute Audit & Supervisory Board Member appointed based on Article 329, paragraph (3) of the Companies Act takes office as an Audit & Supervisory Board Member, the term of office of that Audit & Supervisory Board Member shall be until the expiration of the term of office of the retired Audit & Supervisory Board Member.</u></p> | <p>(Delete)</p> |
| <p><u>(Full-time Audit & Supervisory Board Member)</u> <u>Article 35.</u> The <u>Audit & Supervisory Board</u> shall, by resolution, select a full-time <u>Audit & Supervisory Board Member</u> from among <u>Audit & Supervisory Board Members</u>.</p> | <p><u>(Full-time Audit & Supervisory Committee Member)</u> <u>Article 33.</u> The <u>Audit & Supervisory Committee</u> may, by resolution, select a full-time <u>Audit & Supervisory Committee Member</u>.</p> |
| <p><u>(Notice of Meeting of the Audit & Supervisory Board)</u> <u>Article 36.</u> 1. A Notice of Meeting of the <u>Audit & Supervisory Board</u> shall be issued to each <u>Audit & Supervisory Board Member</u> at least three days prior to the date of a meeting. However, when there is an urgent need, this period can be shortened. 2. With the consent of all <u>Audit & Supervisory Board Members</u>, <u>Audit & Supervisory Board</u> may be held without going through the convocation procedures.</p> | <p><u>(Notice of Meeting of the Audit & Supervisory Committee)</u> <u>Article 34.</u> 1. A Notice of Meeting of the <u>Audit & Supervisory Committee</u> shall be issued to each <u>Audit & Supervisory Committee Member</u> at least three days prior to a meeting date. However, when there is an urgent need, this period can be shortened. 2. With the consent of all <u>Audit & Supervisory Committee Members</u>, <u>Audit & Supervisory Committee</u> may be held without going through the convocation procedures.</p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p>(Method of Resolution by the <u>Audit & Supervisory Board</u>) <u>Article 37.</u> Resolutions of the <u>Audit & Supervisory Board</u> shall be determined by a majority vote of the <u>Audit & Supervisory Board Members</u>, unless otherwise stipulated by laws and regulations.</p> | <p>(Method of Resolution by the <u>Audit & Supervisory Committee</u>) <u>Article 35.</u> Resolutions of the <u>Audit & Supervisory Committee</u> shall be determined by a majority vote of the <u>Audit & Supervisory Committee Members who are able to participate in the vote.</u></p> |
| <p>(<u>Audit & Supervisory Board Minutes</u>) <u>Article 38.</u> Regarding the minutes of the <u>Audit & Supervisory Board</u>, minutes are prepared as stipulated by law.</p> | <p>(<u>Audit & Supervisory Committee Minutes</u>) <u>Article 36.</u> Regarding the proceedings of the <u>Audit & Supervisory Committee</u>, minutes are prepared as stipulated by law.</p> |
| <p>(<u>Audit & Supervisory Board Regulations</u>) <u>Article 39.</u> In addition to laws and regulations or these Articles of Incorporation, matters relating to the <u>Audit & Supervisory Board</u> are governed by the <u>Audit & Supervisory Board Regulations</u> established by the <u>Audit & Supervisory Board</u>.</p> | <p>(<u>Audit & Supervisory Committee Regulations</u>) <u>Article 37.</u> In addition to laws and regulations or these Articles of Incorporation, matters relating to the <u>Audit & Supervisory Committee</u> are governed by the <u>Audit & Supervisory Committee Regulations</u> established by the <u>Audit & Supervisory Committee</u>.</p> |
| <p>(<u>Compensation, Etc.</u>) <u>Article 40.</u> <u>The Compensation, etc. for Audit & Supervisory Board Members shall be determined by resolution of the General Meeting of Shareholders.</u></p> | <p>(Delete)</p> |
| <p>(<u>Exemption from liability of Audit & Supervisory Board Members</u>) <u>Article 41.</u> 1. Pursuant to <u>Article 426, paragraph (1) of the Companies Act</u>, the Company may, by a resolution of the Board of Directors, exempt <u>Audit & Supervisory Board Members (including former Audit & Supervisory Board Members)</u> from the liabilities provided in <u>Article 423, paragraph (1) of the Companies Act</u> to the extent permitted by law. 2. In accordance with the provisions of <u>Article 427, paragraph (1) of the Companies Act</u>, the Company may conclude an agreement with the <u>Audit & Supervisory Board Members</u> limiting the liability of the <u>Audit & Supervisory Board Members</u> as stipulated in <u>Article 423, paragraph (1) of the Companies Act</u>. However, the maximum amount of liability based on such contract shall be the higher of a pre-determined amount of not less than 6 million yen or the amount stipulated by law.</p> | <p>(Delete)</p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p style="text-align: center;">Chapter 6 Accounting Auditor</p> <p><u>(Appointment of an Accounting Auditor)</u> <u>Article 42.</u> (Provisions omitted)</p> <p><u>Article 43.</u> (Provisions omitted)</p> <p>(Compensation, Etc.) <u>Article 44.</u> The Compensation, etc. of the Accounting Auditor is determined by the Representative Director with the consent of the <u>Audit & Supervisory Board.</u></p> | <p style="text-align: center;">Chapter 6 Accounting Auditor</p> <p><u>(Appointment Method)</u> <u>Article 38.</u> (As at present)</p> <p><u>Article 39.</u> (As at present)</p> <p>(Compensation, Etc.) <u>Article 40.</u> The Compensation, etc. of the Accounting Auditor is determined by the Representative Director with the consent of the <u>Audit & Supervisory Committee.</u></p> |
| <p style="text-align: center;">Chapter 7 Calculation</p> <p><u>Article 45.</u> (Provisions omitted)</p> <p><u>(Year-end Dividends)</u> <u>Article 46.</u> <u>The Company shall, by resolution of the General Meeting of Shareholders, pay a dividend from surplus funds (hereinafter referred to as the “Year-end Dividends”) to shareholders or registered share pledgers listed or recorded in the final shareholder registry as of December 31 of each year.</u></p> <p><u>(Interim Dividends)</u> <u>Article 47.</u> <u>The Company may, by resolution of the Board of Directors, pay a dividend from surplus funds as provided in Article 454, paragraph (5) of the Companies Act (hereinafter referred to as the “Interim Dividends”) to shareholders or registered share pledgers appearing or recorded in the final shareholder registry as of June 30 of each year.</u></p> | <p style="text-align: center;">Chapter 7 Calculation</p> <p><u>Article 41.</u> (As at present)</p> <p style="text-align: center;">(Delete)</p> <p style="text-align: center;">(Delete)</p> |
| <p style="text-align: center;">(Newly established)</p> | <p><u>(Dividends of Surplus, Etc.)</u> <u>Article 42.</u> 1. <u>The Company may, by resolution of the Board of Directors, determine the matters listed in Article 459, paragraph (1) of the Companies Act, except as otherwise stipulated by laws and regulations.</u> 2. <u>The Company may pay a dividend from surplus funds (hereinafter referred to as the “Dividends”) to shareholders or registered stock pledgers listed or recorded in the final shareholder registry as of June 30 or December 31 of each year.</u></p> |

| Current Articles of Incorporation | Proposed Amendment |
|--|---|
| <p>(Prescription for Payment of Dividends)</p> <p><u>Article 48.</u></p> <p>The Company is exempt from an obligation to pay the <u>Year-end Dividends or the Interim Dividends</u> if such is not received after a complete five years has passed since the date of commencement of payment.</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> | <p>(Prescription for Payment of Dividends)</p> <p><u>Article 43.</u></p> <p>The Company is exempt from an obligation to pay the <u>Dividends</u> if it is not received after a complete five years has passed since the date of commencement of payment.</p> <p>(Supplementary Provisions)</p> <p><u>1. The Company may, by a resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability for damages as provided in Article 423, paragraph (1) of the Companies Act with respect to acts committed prior to the conclusion of the 48th Annual General Meeting of Shareholders to the extent permitted by law.</u></p> <p><u>2. With respect to the agreement to limit liability for damages under Article 423, paragraph (1) of the Companies Act in connection with the acts of Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) prior to the conclusion of the 48th Annual General Meeting of Shareholders, the provisions of Article 41, paragraph 2 of the Articles of Incorporation prior to the amendment by the resolution of the said Annual General Meeting of Shareholders shall apply.</u></p> <p><u>3. The amendment of Article 1 (Trade Name) of the Articles of Incorporation shall take effective on January 1, 2024. This provision shall be deleted after the effective date of the amendment of Article 1 of the Articles of Incorporation.</u></p> |

Proposal 3:**Election of Six Directors who are not Audit & Supervisory Committee Members**

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee, and the terms of office of all Directors (six Directors) will expire at the conclusion of this General Meeting of Shareholders.

Therefore, the Company proposes the election of six Directors who are not Audit & Supervisory Committee Members.

This proposal will become effective when the amendment to the Articles of Incorporation regarding the transition to a company with Audit & Supervisory Committee in Proposal 2 “Partial Amendment of the Articles of Incorporation” takes effect.

The Director who are not members of the Audit Committee candidates are as follows:

All three nominees for Outside Director satisfy the requirements for independent Directors as stipulated by the Tokyo Stock Exchange on which the Company is listed and the Company’s “Requirements for Independence as Outside Director/Outside Audit & Supervisory Board Member,” and will become independent Directors if the appointment of each of them is approved.

| Candidate No. | Candidate name | | Gender (Age) | Current position and responsibility in the Company | Tenure as Director | Attendance at Meetings of the Board of Directors |
|---------------|-----------------|--|--------------|--|----------------------|--|
| 1 | Ryoichi Nawa | Reelection | Male (65) | President and Representative Director CEO & COO | 5 years | 13/13 (100%) |
| 2 | Shinichi Ohgane | New election | Male (57) | Senior Managing Director | – | – |
| 3 | Kazuo Ichijo | Reelection Outside Independent | Male (64) | Director | 7 years and 9 months | 13/13 (100%) |
| 4 | Mio Takaoka | Reelection Outside Independent | Female (43) | Director | 1 year | 10/10 (100%) |
| 5 | Tomoko Wada | New election Outside Independent | Female (55) | – | – | – |
| 6 | Takeshi Sano | Reelection Non-Executive | Male (53) | Director | 1 year | 9/10 (90%) |

Notes:

- “Outside” indicates candidates for Outside Director, and “Independent” indicates candidates for independent officer.
- Because Ms. Mio Takaoka and Mr. Takeshi Sano were newly elected at the Ordinary General Meeting of Shareholders held last year (held on March 23, 2022), the number of times that they attended Meetings of the Board of Directors.
- In addition to the number of meetings listed under “Attendance at Meetings of the Board of Directors” above, there was one written resolution deemed to have been adopted by the Board of Directors based on the provisions of laws and regulations and the Articles of Incorporation of the Company.

Candidate
No.

1 Ryoichi Nawa

Date of Birth
October 24, 1957 (65)

Reelection



Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

Apr. 1981 Joined ISID, Ltd.
Apr. 2011 Executive Officer of ISID, Ltd.
Jan. 2017 Senior Executive Officer of ISID, Ltd.
Mar. 2018 Director of ISID, Ltd.
 Managing Director of ISID, Ltd.
Jan. 2019 President and Representative Director of ISID, Ltd.
 <current position>
 Chief Executive Officer and Chief Operating Officer of
 ISID, Ltd. <current position>

Number of the Company's Shares Owned

19,120 shares

Tenure as Director

5 years

Status of Attendance to Meetings of the Board of Directors

13/13 (100%)

Reasons for Nomination as a Candidate for Director Who Is Not an Audit & Supervisory Committee Member

Since joining ISID, Ltd., he has been involved mainly in sales work, and held positions including a post at a U.S. subsidiary on secondment, Deputy to the person in charge of the business department providing core systems, and President and Representative Director of a joint venture company with U.S. GE Group company, giving him a wealth of operational and management experience. Furthermore, from January 2019, as the Representative Director and President, Chief Executive Officer and Chief Operating Officer, he has served as the Chairman of the Board of Directors and has been instrumental in the growth of the Group under his strong leadership. It has been deemed that he can continue to fulfill his role appropriately in overseeing the overall management of ISID, Ltd.'s group (the "ISID Group"). Therefore, he has been nominated as a candidate for Director who is not an Audit & Supervisory Committee Member.

Candidate
No.

2 Shinichi Ohgane

Date of Birth
December 25, 1965 (57)

New election



Number of the Company's Shares
Owned

16,400 shares

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|---|
| Apr. 1988 | Joined Diamond Computer Service Co., Ltd. (now Mitsubishi Research Institute DCS Co.,Ltd.) |
| Jun. 1992 | Joined ISID, Ltd. |
| Apr. 2010 | Executive Officer of ISID, Ltd. |
| Jan. 2019 | Senior Executive Officer, Assistant to General Manager of Communication IT Segment of ISID, Ltd. |
| Jan. 2020 | Managing Executive Officer, General Manager of Communication IT Segment of ISID, Ltd. |
| Jan. 2021 | Senior Managing Director of ISID, Ltd. <current position> Head of Communication IT Segment, X(Cross) Innovation Center of ISID, Ltd. (Since then, in addition to the above responsibilities, he has held the positions of Head of Business Solutions Segment, Business Management, and Assistant to the Corporate Planning Division.) |
| Jan. 2023 | Corporate Supervisor of ISID, Ltd. <current position> |

Reasons for Nomination as a Candidate for Director Who Is Not an Audit & Supervisory Committee Member

Since joining the company, he has been mainly involved in systems development and other technology-related work. He has extensive work experience, including serving as head of the Communication IT Segment and promoting collaboration within the Dentsu Group. Most recently, in his role as head of the Business Management and X(Cross) Innovation Center, he has been leading the implementation of X Innovation that transcends the boundaries of business segments, industries, etc., and is responsible for internal programs to realize the long-term management vision that outlines the Company's vision for 2030. Therefore, based on his in-depth insight and abundant experience gained thus far, he is deemed capable of contributing to enhancing the corporate value of the Company and has been nominated as a candidate for Director who is not an Audit & Supervisory Committee Member.

Candidate No.

3 Kazuo Ichijo

Date of Birth
October 13, 1958 (64)

Reelection

Outside

Independent



Number of the Company's Shares Owned

0 shares

Tenure as Director

7 years and 9 months

Status of Attendance to Meetings of the Board of Directors

13/13 (100%)

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|---|
| Oct. 1993 | Associate Professor of Faculty of Social Sciences at Hitotsubashi University |
| Apr. 2001 | Professor at Graduate School of Social Sciences, and International Corporate Strategy at Hitotsubashi University |
| Jun. 2001 | Outside Audit & Supervisory Board Member of ISID, Ltd. |
| Mar. 2005 | Outside Director of SHIMANO INC. <current position> |
| Apr. 2007 | Professor at Graduate School of International Corporate Strategy at Hitotsubashi University |
| Apr. 2014 | Dean of Graduate School of International Corporate Strategy at Hitotsubashi University |
| Jun. 2015 | Outside Director of ISID, Ltd. <current position> |
| Jun. 2017 | Outside Director of PIA Corporation <current position> |
| Jan. 2018 | Outside Member of the Board of World Co., Ltd. <current position> |
| Apr. 2018 | Professor, Dean of Graduate School of International Corporate Strategy at Hitotsubashi University Business School |
| Apr. 2022 | Professor at International Institute for Management Development (IMD) <current position> |

Reasons for Nomination as a Candidate for Outside Director Who Is Not an Audit & Supervisory Committee Member and Expected Roles

While possessing knowledge and experience as an expert in corporate strategies, innovation and corporate governance research, he has extensive experience in performing the role of Outside Officer at other listed companies. Since August 2017, he has been serving as a committee member of the Nomination and Remuneration Committee that ISID, Ltd. voluntarily established, and since January 2019, he has been serving as chairman of the same committee. During such time, he has contributed significantly toward securing the objectivity and transparency of the nomination and remuneration of Directors. Therefore, as it has been deemed that he can continue to offer useful advice to the management of ISID, Ltd. and exercise an oversight function of business execution from an independent standpoint, he has been nominated as a candidate for Outside Director who is not an Audit & Supervisory Committee Member.

Candidate No.

4 Mio Takaoka

Date of Birth
May 3, 1979 (43)

Reelection

Outside

Independent



Number of the Company's Shares Owned

0 shares

Tenure as Director

1 year

Status of Attendance to Meetings of the Board of Directors

10/10 (100%)

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|--|
| Jul. 1999 | Joined Goldman Sachs Japan Co., Ltd. |
| Jul. 2002 | Joined Morgan Stanley Japan Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) |
| Apr. 2006 | Joined Lehman Brothers Japan Inc. |
| Jan. 2009 | Joined Monex Group, Inc. |
| Jan. 2014 | Executive Officer, General Manager of New Business Planning Dept. |
| Apr. 2014 | Director of Monex Ventures, Inc. |
| Sep. 2017 | Joined MedicalNote, Inc. Partner at Arbor Ventures |
| Mar. 2018 | Director and CFO of MedicalNote, Inc. |
| Dec. 2020 | Outside Director of SEPTENI HOLDINGS CO., LTD. <current position> |
| Mar. 2021 | Outside Director of KAYAC Inc. (Audit & Supervisory Committee Member) <current position> |
| Apr. 2021 | Partner at DNX Ventures <current position> |
| Dec. 2021 | Outside Director of HENNGE K.K. <current position> |
| Mar. 2022 | Outside Director of ISID, Ltd. <current position> |

Reasons for Nomination as a Candidate for Outside Director Who Is Not an Audit & Supervisory Committee Member and Expected Roles

She has been involved mainly in M&A and strategic investment at financial institutions, and has strong insight and extensive practical experience in financial and capital policy. Furthermore, as the director in charge of administration at other operating companies, she has contributed to financial results and enhanced corporate value. Also, she has experience in performing the role of Outside Officer at other listed companies. Therefore, as it has been deemed that she can continue to offer useful advice to the management of ISID, Ltd. and exercise an oversight function of business execution from an independent standpoint, she has been nominated as a candidate for Outside Director who is not an Audit & Supervisory Committee Member.

Candidate
No.

5 Tomoko Wada

Date of Birth
March 21, 1968 (55)

New election

Outside

Independent



Number of the Company's Shares
Owned

0 shares

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|--|
| Apr. 1990 | Joined The Long-Term Credit Bank of Japan, Limited |
| Aug. 1999 | Joined Arthur Andersen (Tax Division) New York Office |
| Jun. 2002 | Joined KPMG Peat Marwick Tokyo Office (currently KPMG Tax Corporation) |
| Oct. 2005 | Partner at KPMG Peat Marwick Tokyo Office |
| Jan. 2023 | Retired from KPMG Peat Marwick Tokyo Office |

Reasons for Nomination as a Candidate for Outside Director Who Is Not an Audit & Supervisory Committee Member and Expected Roles

She has extensive practical experience in finance, having been involved in corporate finance and international operations at financial institutions in Japan. Subsequently, she became involved in the field of international taxation and was appointed as a partner of a tax corporation in 2005, and has a high level of knowledge and a wealth of practical experience in taxation matters. Based on these experiences, as it has been deemed that she can offer useful advice to the management of ISID, Ltd. and exercise an oversight function of business execution from an independent standpoint, she has been nominated as a candidate for Outside Director who is not an Audit & Supervisory Committee Member.

Candidate No.

6 Takeshi Sano

Date of Birth
March 3, 1970 (53)

Reelection

Non-Executive



Number of the Company's Shares Owned

0 shares

Tenure as Director

1 year

Status of Attendance to Meetings of the Board of Directors

9/10 (90%)

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|--|
| Apr. 1992 | Joined DENTSU INC. |
| Jan. 2012 | Senior Manager of Sales Division of DENTSU INC. |
| Apr. 2015 | Deputy Director of Sales Division of DENTSU INC. |
| Jan. 2016 | Assistant to Director of Sales Division of DENTSU INC. |
| Jan. 2017 | Director of Sales Division of DENTSU INC. |
| Jan. 2018 | Director of Business Produce Division of DENTSU INC. |
| Jan. 2021 | Executive Officer of DENTSU INC Director of DENTSU TEC INC. Director of DENTSU LIVE INC. |
| Mar. 2021 | Managing Director of Transformation Produce Division of DENTSU INC. |
| Jan. 2022 | Executive Officer of Dentsu Japan Network of Dentsu Group Inc. Director of Dentsu Consulting Inc. <current position> |
| Mar. 2022 | Director of ISID, Ltd. <current position> |
| Jun. 2022 | Executive Director of Japan Marketing Association <current position> |
| Aug. 2022 | Director of Ignition Point Co <current position> |
| Jan. 2023 | CEO of dentsu Business Transformation, Dentsu Group Inc. <current position> Executive Officer of dentsu Japan, Dentsu Group Inc. <current position> Managing Executive Officer of DENTSU INC. <current position> |

Reasons for Nomination as a Candidate for Director Who Is Not an Audit & Supervisory Committee Member

Since joining DENTSU INC. in 1992, he has mainly been involved in sales operations at its Sales Division, and since January 2021, he has served as an executive officer of said company. Furthermore, he currently serves as CEO of dentsu Business Transformation of Dentsu Group Inc., responsible for supporting customers' business transformation and the creation of new businesses in the global market. He also serves as an executive officer of dentsu Japan, which oversees Dentsu's domestic business, and as a managing executive officer of DENTSU INC., giving him a wealth of operational and management experience. As it has been deemed that he can continue to offer useful advice to the management of ISID, Ltd. and contribute to the promotion of further cooperation with the Dentsu Group, he has been nominated as a candidate for Director who is not an Audit & Supervisory Committee Member.

Notes:

1. The age and tenure as Director of each candidate are current as of the end of this General Meeting of Shareholders.
2. There is no special interest between any of the candidates and the Company.
3. The Business Supervisor is responsible for overseeing matters concerning the overall business activities of the Company and the rest of its group companies.
4. The Corporate Supervisor is responsible for overseeing matters concerning the corporate departments of the Company and the rest of its group companies.
5. Mr. Kazuo Ichijo has no experience being involved in corporate management except as outside officers, but due to the reasons provided in the “Reasons for Nomination as a Candidate for Outside Director who is not an Audit & Supervisory Committee Member and Expected Roles,” he has been deemed capable of appropriately executing the duties as an Outside Director. In addition, he has served as an officer who does not execute operations at the Company (Audit & Supervisory Board Member) in the past.
6. Mr. Takeshi Sano’s “Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)” includes both his current positions and responsibilities and those over the past ten years as the person who executes the business at both ISID, Ltd.’s parent company, Dentsu Group Inc. and its subsidiaries.
7. Dentsu Japan Network (business name has been changed to “dentsu Japan” as of 1 January 2023) is an in-house company of Dentsu Group Inc. that supervises and supports Japan businesses of Dentsu Group.
8. The Company has entered into a limited liability agreement with Mr. Kazuo Ichijo, Ms. Mio Takaoka and Mr. Takeshi Sano for the liability amount of 6 million yen, or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher. If their reelection is approved and Ms. Tomoko Wada are elected, the Company plans to conclude similar agreements with them.
9. The Company has entered into a Directors and officers liability insurance policy whose content is summarized below with the Company’s Directors as the insureds. If each of the candidates are elected as Directors who are not Audit & Supervisory Committee Members, they will be included as insureds in the insurance policy. The policy is scheduled to be renewed in April 2023.

[Overview of insurance policy details]

- 1) Allocation of substantial insurance fee burden among the insured
The insurance fee for the policy and all added special clauses is borne by the Company and no substantial insurance fee is borne by the insured.
- 2) Overview of incidents covered by insurance to which compensation applies
The Directors and other officers who are included as insured shall receive compensation for their liability borne from execution of their duties or for their liability arising from claims in pursuit of that liability. However, the policy does include exemption clauses for cases such as for acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

Proposal 4:**Election of Three Directors who are Audit & Supervisory Committee Members**

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee.

In that regard, the Company proposes to elect three Directors who are Audit & Supervisory Committee Members.

The consent of the Audit & Supervisory Board has been obtained for this proposal. This proposal will become effective when the amendment to the Articles of Incorporation regarding the transition to a company with Audit & Supervisory Committee in Proposal 2 “Partial Amendment of the Articles of Incorporation” takes effect.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows:

Furthermore, the nominees for Outside Director Ms. Yukari Murayama and Mr. Masahiko Sasamura satisfy the requirements for independent Directors as stipulated by the Tokyo Stock Exchange on which the Company is listed and the Company’s “Requirements for Independence as Outside Director/Outside Audit & Supervisory Board Member,” and will become independent officers if the election of both of them is approved.

| Candidate No. | Candidate name | | Gender (Age) | Current position and responsibility in the Company | Tenure as Audit & Supervisory Board Member | Attendance at Meetings of the Board of Directors | Attendance at Meetings of the Audit & Supervisory Board |
|---------------|--------------------|--|--------------|--|--|--|---|
| 1 | Atsuhiko Sekiguchi | New election Outside | Male (61) | Full-time Audit & Supervisory Board Member | 2 years | 13/13 (100%) | 13/13 (100%) |
| 2 | Yukari Murayama | New election Outside Independent | Female (50) | Director | – | 12/13 (92%) | – |
| 3 | Masahiko Sasamura | New election Outside Independent | Male (57) | Audit & Supervisory Board Member | 7 years | 13/13 (100%) | 13/13 (100%) |

Notes:

1. “Outside” indicates candidates for Outside Director, and “Independent” indicates candidates for independent officer.
2. In addition to the number of meetings listed under “Attendance at Meetings of the Board of Directors” above, there was one written resolution deemed to have been adopted by the Board of Directors based on the provisions of laws and regulations and the Articles of Incorporation of the Company.

Candidate No.

1 Atsuhiko Sekiguchi

Date of Birth
December 2, 1961 (61)

New election

Outside



Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|---|
| Apr. 1988 | Joined DENTSU INC. |
| Jun. 2012 | Senior Manager of 3rd Sales Division of DENTSU INC. |
| Jan. 2016 | Assistant to Director of 3rd Sales Division of DENTSU INC. |
| Jan. 2019 | Director of Transformation Produce Division of DENTSU INC. |
| Mar. 2021 | Outside Audit & Supervisory Board Member of ISID, Ltd. (full-time) <current position> |

Reasons for Nomination as a Candidate for an Outside Director who Is an Audit & Supervisory Committee Member and Expected Roles

After joining DENTSU INC. in 1988, he has been involved mainly in marketing work and sales work. In January 2019, he established an organization that provides support and co-creation for customers' business reform, and has since been in charge of the organization. Through such roles, he has gained a wealth of operational experience and broad-ranging knowledge. Since his appointment as the Audit & Supervisory Board Member of the Company in 2021, he has appropriately fulfilled his role in supervising the execution of duties by the Directors. Based on the above, we expect him to fulfil his functions as a Director who is an Audit & Supervisory Committee Member in the future, and have therefore nominated him as a candidate for an Outside Director who is an Audit & Supervisory Committee Member.

Number of the Company's Shares Owned

0 shares

Tenure as Audit & Supervisory Board Member

2 years

Status of Attendance to Meetings of the Board of Directors

13/13 (100%)

Status of Attendance to Meetings of the Audit & Supervisory Board

13/13 (100%)

Candidate No.

2 Yukari Murayama

Date of Birth
August 4, 1972 (50)

New election

Outside

Independent



Number of the Company's Shares Owned

0 shares

Status of Attendance to Meetings of the Board of Directors

12/13 (92%)

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

| | |
|-----------|---|
| Apr. 2000 | Registered as an attorney at law Attorney at law at Bingham McCutchen Murase, Sakai Mimura Aizawa – Foreign Law Joint Enterprise (Former Sakai Hideyuki Law Office) |
| Jan. 2010 | Seconded to Supervisory Bureau of Financial Services Agency (Non-Bank Financial Companies Office and Financial System Stabilization Management Office) |
| Apr. 2012 | Returned to Bingham McCutchen Murase, Sakai Mimura Aizawa – Foreign Law Joint Enterprise Counsel at Bingham McCutchen Murase, Sakai Mimura Aizawa – Foreign Law Joint Enterprise |
| Jan. 2013 | Partner at Bingham McCutchen Murase, Sakai Mimura Aizawa – Foreign Law Joint Enterprise |
| Apr. 2015 | Partner, Anderson Mori & Tomotsune (now Anderson Mori & Tomotsune Foreign Law Joint Enterprise) <current position> |
| Jun. 2015 | Outside Audit & Supervisory Board Member of ISID, Ltd. |
| Mar. 2016 | Outside Director of ISID, Ltd. <current position> |
| Jun. 2022 | Outside Director of Carlit Holdings Co., Ltd. <current position> |

Reasons for Nomination as a Candidate for an Outside Director who Is an Audit & Supervisory Committee Member and Expected Roles

She has extensive specialist knowledge as an attorney at law and has practical experience in corporate law, as well as practical experience in financial supervisory administration, as the result of being seconded to the Supervisory Bureau of the Financial Services Agency. Since August 2017, she has been serving as a committee member of the Nomination and Remuneration Committee that ISID, Ltd. voluntarily established, during which time she has contributed significantly toward securing the objectivity and transparency of the nomination and remuneration of Directors. Based on this, we have nominated her as a candidate for an Outside Director who is an Audit & Supervisory Committee Member in the expectation that, in the future, she will make useful suggestions, etc. to the management of the Company and perform her functions from an independent standpoint as a Director who is an Audit & Supervisory Committee Member.

Candidate
No.

3 Masahiko Sasamura

Date of Birth
December 19, 1965 (57)

New election

Outside

Independent



Number of the Company's Shares
Owned

0 shares

Tenure as Audit & Supervisory
Board Member

7 years

Status of Attendance to Meetings of
the Board of Directors

13/13 (100%)

Status of Attendance to Meetings of
the Audit & Supervisory Board

13/13 (100%)

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

Sep. 1989 Joined Minato Audit Corp. (currently KPMG AZSA LLC)
Aug. 1993 Registered as a certified public accountant
Feb. 2004 Registered as a certified public tax accountant
Jun. 2005 Founder and Representative Director of Tenrindo
Corporation <current position>
Jun. 2013 Outside Audit & Supervisory Board Member of DENTSU
MUSIC AND ENTERTAINMENT INC. <current position>
Apr. 2014 Executive Partner of Partners C Inc. <current position>
Employee at Partners Z <current position>
Mar. 2016 Outside Audit & Supervisory Board Member of ISID, Ltd.
<current position>
Dec. 2018 Audit & Supervisory Board Member of Aeronext Inc.
<current position>

Reasons for Nomination as a Candidate for an Outside Director who Is an Audit & Supervisory Committee Member and Expected Roles

He possesses extensive knowledge and experience related to finance and accounting as a Certified Public Accountant and Certified Public Tax Accountant. Since her appointment as the Audit & Supervisory Board Member of the Company in 2016, she has appropriately fulfilled her role in overseeing the execution of the Directors' duties. Based on the above, we have nominated him as a candidate for an Outside Director who is an Audit & Supervisory Committee Member in the expectation that he will make useful suggestions, etc. to the Company's management as a Director who is an Audit & Supervisory Committee Member and perform his functions from an independent standpoint.

Notes:

1. The age and tenure as Audit & Supervisory Board Member of each candidate are current as of the end of this General Meeting of Shareholders.
2. There is no special interest between any of the candidates and the Company.
3. Ms. Yukari Murayama has no experience being involved in corporate management except as outside officers, but due to the reasons provided in the “Reasons for Nomination as a Candidate for an Outside Director who is an Audit & Supervisory Committee Member and Expected Roles,” she has been deemed capable of appropriately executing her duties as an Outside Director. At the conclusion of this meeting, her tenure as Outside Director will have been seven years. In addition, she has served as an officer who does not execute operations at the Company (Audit & Supervisory Board Member) in the past.
4. The Company has entered into a limited liability agreement with Mr. Atsuhiko Sekiguchi, Ms. Yukari Murayama and Mr. Masahiko Sasamura for the liability amount of 6 million yen, or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher. If each of them is elected, the Company plans to enter into a similar agreement.
5. The Company has entered into a Directors and officers liability insurance policy whose content is summarized below with the Company’s Directors as the insureds. If each of the candidates are elected as Directors who are Audit & Supervisory Committee Members, they will be included as insureds in the insurance policy. The policy is scheduled to be renewed in April 2023.

[Overview of insurance policy details]

- 1) Allocation of substantial insurance fee burden among the insured
The insurance fee for the policy and all added special clauses is borne by the Company and no substantial insurance fee is borne by the insured.
- 2) Overview of incidents covered by insurance to which compensation applies
The Directors and other officers who are included as insured shall receive compensation for their liability borne from execution of their duties or for their liability arising from claims in pursuit of that liability. However, the policy does include exemption clauses for cases such as for acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

• **Nomination Criteria for Executive Director Candidates**

- (1) Ability to make decisions from the standpoint of ensuring the ISID Group's sustainable growth and maximization of medium- to long-term corporate value.
- (2) Possessing expertise related to the ISID Group's operations
- (3) Superior imagination, decision-making ability, and leadership
- (4) Possessing the dignity, character, insight, popularity, and morality appropriate for a Director

• **Nomination Criteria for Outside Director Candidates**

- (1) Possessing abundant experience and specialized knowledge in fields including management, law, finance and accounting, information technology, corporate governance, and risk management
- (2) Expert ability to understand management issues and risk, and to perform monitoring
- (3) Ability to proactively provide a personal opinion from a neutral standpoint
- (4) Possessing the dignity, character, insight, popularity, and morality appropriate for a Director
- (5) Ability to maintain independence from the Company's Chief Executive Officer (CEO), etc.

• **Requirements for Independence as Outside Director/Outside Audit & Supervisory Board Member**

The Company will deem that Outside Directors (including candidates) possess independence if they meet the requirements for independent officer as provided for by the Tokyo Stock Exchange and if they do not correspond to items (1) to (3) below.

- (1) Being a major shareholder (holding 10% or more of voting rights either directly or indirectly) or person who executes operations at the Company
- (2) Being the person who executes operations at a transaction partner* that exceeds the standards set by the Company
- (3) Being a consultant, accounting specialist, or legal specialist that has received over 10 million yen in cash or other financial benefit outside of their officer compensation in a single fiscal year in any of the past three fiscal years (where the entity receiving these assets is a group such as a corporation or association, this refers to persons belonging to that group)

* A transaction partner that exceeds the standards set by the Company is any transaction partner whose transactions with the Company make up over 2% of the Company's consolidated net sales in a single fiscal year in any of the past three fiscal years.

Reference

• Expertise and Experience of Director Candidates (Skill Matrix)

| Role | Name | Expertise and Experience | | | | | |
|---|--------------------|--------------------------|-------------------------------------|----------------------|-------------------|------------|--------------------------|
| | | Corporate Management | Legal / Personnel / Risk Management | Finance / Accounting | Sales / Marketing | Technology | International Experience |
| Directors who are not Audit & Supervisory Committee Members | | | | | | | |
| Executive | Ryoichi Nawa | • | | | • | • | • |
| | Shinichi Ohgane | • | • | • | • | • | |
| Non-executive | Kazuo Ichijo | • | | | | | • |
| | Mio Takaoka | • | | • | • | | • |
| | Tomoko Wada | | | • | | | • |
| | Takeshi Sano | • | | | • | • | • |
| Directors who are Audit & Supervisory Committee Members | | | | | | | |
| | Atsuhiro Sekiguchi | • | • | | • | • | |
| | Yukari Murayama | | • | | | | |
| | Masahiko Sasamura | | | • | | | |

(Details of expertise and experience)

Corporate Management

Corporate management, management strategy, etc.

Legal / Personnel / Risk Management

Legal, finance, HR, risk management, etc.

Finance / Accounting

Finance, Accounting, M&A, etc.

Sales / Marketing

Experience and/or knowledge in customer relations, transaction partner relations, and sales and marketing related to the Company's products and solutions

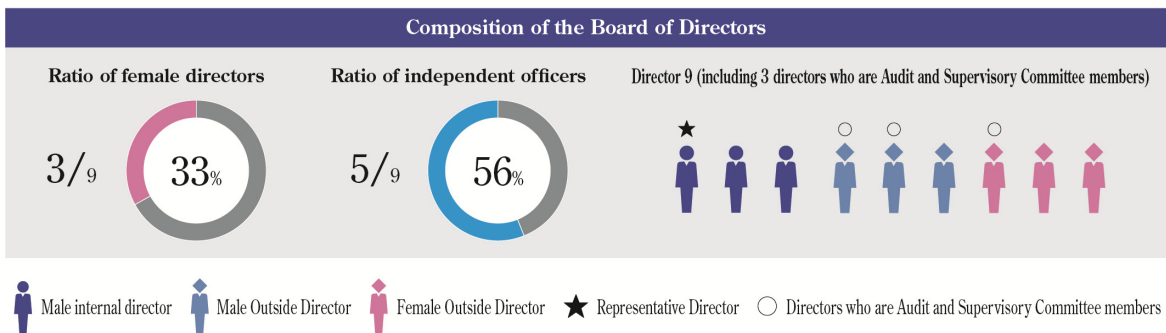
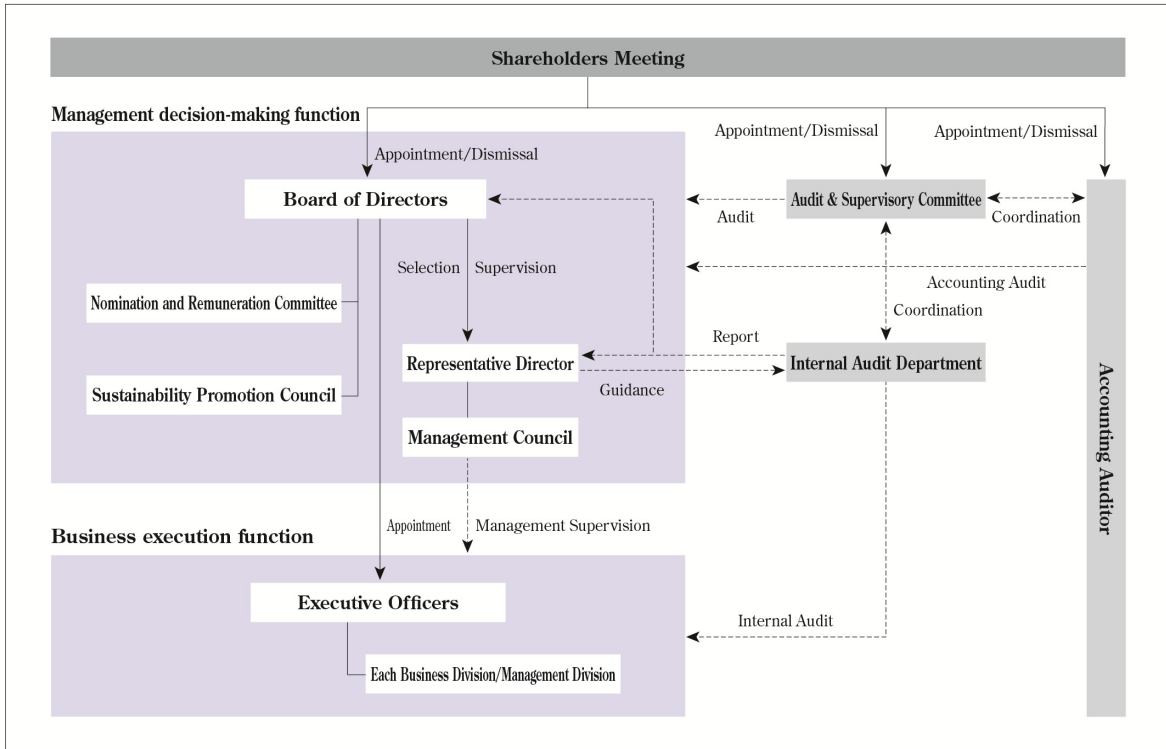
Technology

Technological experience and/or knowledge related to IT, IT installation, DX, and the Company's products and solutions

International Experience

Experience working overseas, experience at international organizations/overseas companies (research institutions, business entities, etc.), and global business experience

● Governance system chart (after transition to a company with an audit and supervisory committee)



Proposal 5:

Election of One Substitute Director who is an Audit & Supervisory Committee Member

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee.

Therefore, the Company proposes the election of one Substitute Director who is an Audit & Supervisory Committee Member in preparation for a vacancy in the number of Directors serving as a Member of the Audit & Supervisory Board provided for in laws and regulations.

The appointment of the said substitute Director who is an Audit & Supervisory Committee Member requires that the number of Director who is also an Audit & Supervisory Committee Member below the number required by laws and regulations. The term of office for the substitute Audit & Supervisory Committee Member shall be the remaining term of the predecessor.

The consent of the Audit & Supervisory Board has been obtained for this proposal. This proposal will become effective when the amendment to the Articles of Incorporation regarding the transition to a company with Audit & Supervisory Committee in Proposal 2 “Partial Amendment of the Articles of Incorporation” takes effect.

The nominees for Substitute Directors who are Audit & Supervisory Committee Members are as follows:

Koichiro Tanaka

Date of Birth
July 6, 1965 (57)

| |
|-------------|
| Outside |
| Independent |



Number of the Company's Shares
Owned
0 shares

Career Summary, and Position and Responsibility in the Company (Significant Concurrent Positions Outside the Company)

- Oct. 1987 Joined Tohmatsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
- Mar. 1991 Registered as a certified public accountant
- Aug. 1998 Assigned to U.S. Deloitte Touche Tohmatsu's Dalian Office Resident Representative of U.S. Deloitte Touche Tohmatsu's Dalian Office (Office Head)
- Sep. 2002 Assigned to Deloitte Touche Tohmatsu's Shenzhen Office in China
Managing Director of the Japanese Operations Department in South China of Deloitte Touche Tohmatsu's Shenzhen Office in China
- Jun. 2003 Office Partner at Deloitte Touche Tohmatsu's Shenzhen Office in China
- Sep. 2003 Returned to the Auditor Division at the Tokyo Office of Deloitte Touche Tohmatsu
- Dec. 2003 Partner in the Corporate Finance Department of Deloitte Touche Tohmatsu
- May 2005 Registered as a certified public tax accountant
- Jul. 2014 Founder and Head of Tanaka Sogo Kaikei Jimusho <current position>
- Mar. 2017 Outside Audit & Supervisory Board Member of ODAWARA ENGINEERING CO., LTD. <current position>
- Jun. 2018 Auditor of Japan Automobile Research Institute <current position>
- Jun. 2020 Outside Audit & Supervisory Board Member of Arisawa Mfg. Co., Ltd. <current position>

Reasons for Nomination as a Candidate for Substitute Outside Director who is an Audit & Supervisory Committee Member and Expected Roles

He has considerable knowledge of finance and accounting as a chartered accountant and tax accountant, as well as extensive work experience at major auditing firms and experience stationed abroad. In anticipation that he will make use of such experience in the Company's auditing system, we have nominated him as a candidate for the position of Substitute Outside Director who is an Audit & Supervisory Committee Member.

Notes:

1. The age of the candidate is current as of the end of this General Meeting of Shareholders.
2. There is no special interest between the candidate and the Company.
3. Mr. Koichiro Tanaka is a candidate for an Outside Director who is an Audit & Supervisory Committee Member.
4. In the event that Mr. Koichiro Tanaka assumes the office of a Director who is an Audit & Supervisory Committee Member of the Company, the Company plans to enter into a limited liability agreement with him for the liability amount of 6 million yen, or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.
5. Mr. Koichiro Tanaka satisfies the requirements for independent officers based on the stipulations of the Tokyo Stock Exchange on which the Company is listed and the “Requirements for Independence as Outside Director/Outside Audit & Supervisory Board Member” stipulated by the Company. In the event that he assumes the office of a Director who is an Audit & Supervisory Committee Member of the Company, the Company plans to notify the said exchange of his appointment as independent officer.
6. The Company has entered into a Directors and officers liability insurance policy whose content is summarized below. If Mr. Koichiro Tanaka is elected as a Director who is an Audit & Supervisory Committee Member, he will be added to the policy as one of the insured. The policy is scheduled to be renewed in April 2023.

[Overview of insurance policy details]

- 1) Allocation of substantial insurance fee burden among the insured
The insurance fee for the policy and all added special clauses is borne by the Company and no substantial insurance fee is borne by the insured.
- 2) Overview of incidents covered by insurance to which compensation applies
The Directors and other officers who are included as insured shall receive compensation for their liability borne from execution of their duties or for their liability arising from claims in pursuit of that liability. However, the policy does include exemption clauses for cases such as for acts in violation of laws or regulations that were carried out with full knowledge of their illegality.

Proposal 6:**Determination of Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members**

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee.

At the 39th Ordinary General Meeting of Shareholders held on June 24, 2014, it was resolved that the amount of remuneration for Directors of the Company shall be 400 million yen or less per year (including the amount of bonuses for Directors and excluding the amount of employee salaries for Directors who are also employees of the Company). However, in accordance with the transition to a company with Audit & Supervisory Committee, the Company proposes to abolish this provision and newly set the amount of remuneration for Directors who are not Audit & Supervisory Committee Members, including the amount of bonuses for Directors, at no more than 400 million yen per year (including no more than 50 million yen per year for Outside Directors). In addition, as in the past, the amount of such remuneration will not include the employee’s salary for Directors who also serve as employees.

At the meeting of the Board of Directors held on February 9, 2022, the Company has established a “Policy to Determine the Compensation of Directors and Audit & Supervisory Board Members,” but on the condition that Proposal 2 “Partial Amendment of the Articles of Incorporation,” this Proposal, and Proposal 7 “Determination of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members,” and Proposal 8 “Determination of Amount and Other Details of Performance-linked Stock Compensation for Directors, Etc. who are not Audit & Supervisory Committee Members” are approved and passed as proposed, we plan to change this policy as described in “2. (3) (iv) Amount of Compensation for Directors and Audit & Supervisory Board Members” of the business report for the 48th term.

The proposal is considered to be reasonable, taking into account the recent economic climate, the size of the Company’s business, the number of Directors and the level of other companies, and has been discussed by the Nomination and Remuneration Committee, of which the majority of members are independent Outside Directors.

If Proposal 2 “Partial Amendment of the Articles of Incorporation” and Proposal 3, “Election of Six Directors who are not Audit & Supervisory Committee Members” are approved as proposed, the number of Directors who are not Audit & Supervisory Committee Members will be six (including three Outside Directors).

This proposal will become effective when the amendment to the Articles of Incorporation regarding the transition to a company with Audit & Supervisory Committee in Proposal 2 “Partial Amendment of the Articles of Incorporation” takes effect.

Proposal 7:

Determination of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee.

Therefore, in consideration of the duties and responsibilities of Directors who are members of the Audit & Supervisory Board, following the transition to a company with Audit & Supervisory Committee, it is proposed that the amount of remuneration for Directors who are members of the Audit & Supervisory Committee Member be set at no more than 50 million yen per year.

At the meeting of the Board of Directors held on February 9, 2022, the Company has established a “Policy to Determine the Compensation of Directors and Audit & Supervisory Board Members,” but on the condition that Proposal 2 “Partial Amendment of the Articles of Incorporation,” Proposal 6 “Determination of Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members,” this Proposal, and Proposal 8 “Determination of Amount and Other Details of Performance-linked Stock Compensation for Directors, Etc. who are not Audit & Supervisory Committee Members” are approved and passed as proposed, we plan to change this policy as described in “2. (3) (iv) Amount of Compensation for Directors and Audit & Supervisory Board Members” of the business report for the 48th term.

The Company believes that this proposal is reasonable in light of the recent economic situation, the size of the Company’s business, the number of a Directors who are Audit & Supervisory Committee Members, and the level of other companies.

If Proposals 2 “Partial Amendment of the Articles of Incorporation” and 4 “Election of Three Directors who are Audit & Supervisory Committee Members” are approved as proposed, there will be three Directors who are Audit & Supervisory Committee Members (of which three are Outside Directors).

This proposal will become effective when the amendment to the Articles of Incorporation regarding the transition to a company with Audit & Supervisory Committee in Proposal 2, “Partial Amendment of the Articles of Incorporation” takes effect.

Proposal 8:

Determination of Amount and Other Details of Performance-linked Stock Compensation for Directors, Etc. who are not Audit & Supervisory Committee Members

1. Reasons for the proposal and reasons justifying the compensation in question

If Proposal 2 “Partial Amendment of the Articles of Incorporation” is approved and passed as proposed, the Company will transition to a company with Audit & Supervisory Committee.

Upon the transition to a company with Audit & Supervisory Committee, the Company proposes to abolish the performance-linked share-based remuneration system, the introduction of which was approved by the 47th Ordinary General Meeting of Shareholders on March 23, 2022 in Proposal 5: “Determination of Amount and Other Details of Performance-linked Stock Compensation for Directors, Etc.” All of the contents are the same as those approved at the 47th Ordinary General Meeting of Shareholders, except for the following changes in eligible persons due to the transition to a company with Audit & Supervisory Committee.

<Subjects> Changes: underlined

(Details approved at the 47th Ordinary General Meeting of Shareholders)

Directors of the Company (excluding non-executive Directors, Outside Directors and domestic non-residents) and Executive Officers of the Company (including Fellows, excluding seconded employees and domestic non-residents).

(This Proposal)

Directors who are not members of the Company’s Audit & Supervisory Committee Member (excluding non-executive Directors, Outside Directors and domestic non-residents) and Executive Officers of the Company (including Fellows, excluding seconded employees and domestic non-residents).

This proposal proposes the introduction of a performance-based stock incentive plan (hereinafter referred to as the “System”) for the company’s Directors who are not Audit & Supervisory Committee members (excluding non-executive Directors, Outside Directors and domestic non-residents; hereinafter referred to as “Executive Directors”) and Executive Officers (including fellows, but excluding incoming seconders and domestic non-residents; together with the Executive Directors, they are hereinafter referred to as “Directors, etc.”) to receive the company Shares, etc. in accordance with the level of achievement of the company’s medium-term management plan.

This plan is to provide stock-based compensation to Directors, etc. as a separate component from the amount of compensation for which approval is requested in Proposal 6, “Determination of Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members.”

At the meeting of the Board of Directors held on February 9, 2022, the Company has established a “Policy to Determine the Compensation of Directors and Audit & Supervisory Board Members,” but on the condition that Proposal 2 “Partial Amendment of the Articles of Incorporation,” Proposal 6 “Determination of Amount of Remuneration for Directors who are not Audit & Supervisory Committee Members,” Proposal 7 “Determination of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members,” and this Proposal are approved and passed as proposed, we plan to change this policy as described in

“2. (3) (iv) Amount of Compensation for Directors and Audit & Supervisory Board Members” of the business report for the 48th term. The contents of this proposal are both necessary and reasonable to grant individual compensation, etc. to Directors according to this policy. Furthermore, as provided in 2. (3) below, the maximum number of points to be granted to Directors, etc. in the target period (defined in 2. (2) below) is 195,000 points (equivalent to 195,000 shares), which makes up approximately less than 0.3% of the total issued shares of the Company (as of December 31, 2022, after deducting treasury shares). As such, the Company believes that the contents of this proposal are reasonable.

The number of Executive Directors of the company subject to the Plan will be two if Proposal 3 “Election of Six Directors who are not Audit & Supervisory Committee Members” is approved and passed as proposed. Furthermore, as provided above, the System also covers Executive Officers (at the conclusion of this General Meeting of Shareholders, the Company plans to have 14 Executive Officers who do not concurrently serve as Executive Directors covered by the System). Compensation based on the System includes compensation for Executive Officers, so this proposal proposes the amounts and details of compensation, etc. paid to Directors, etc. for all compensation based on the System, considering the possibility that Executive Officers may be newly appointed as Directors during the target period.

As a result of this proposal, compensation for Directors, etc. of the Company will continuously be composed of three forms of compensation: “Monthly Compensation (fixed compensation)” established by position, “Annual Bonus” linked to consolidated financial results, and “Performance-linked Stock Compensation.”

In addition, in order to ensure sufficient independence from the parent company and ensure transparency and objectivity in the compensation determination process, the Company has established a Nomination and Remuneration Committee, of which majority of the members are independent Outside Directors. The introduction of the System has been deliberated by the committee.

2. Limits, etc. on the amount of compensation and shares in the System

(1) Overview of the System

The System is a stock compensation system that uses the amount of compensation for Directors, etc. provided by the Company as funds for the acquisition of the Company’s shares by a trust established by the Company (hereinafter, the “BIP Trust”) to grant or pay (hereinafter, “Delivery, etc.”) the Company’s shares or cash equivalent to the conversion price of the Company’s shares (hereinafter, the “Company Shares, etc.”) to Directors, etc. through the BIP Trust. The details are provided in (2) onward below.

| | |
|--|---|
| (i) Persons eligible for Delivery, etc. of the Company Shares, etc. covered by this proposal | <ul style="list-style-type: none"> - The Company's Executive Directors (excludes domestic non-residents) - The Company's Executive Officers (including fellows but excluding employees seconded to ISID and domestic non-residents) |
| (ii) Impact of the Company's shares covered by this proposal on the total number of issued shares | |
| Maximum amount of cash distributed by the Company (as provided in (2) below) | <ul style="list-style-type: none"> - Total of 600 million yen covering three fiscal years |
| Maximum number of the Company Shares, etc. for Delivery, etc. to Directors, etc. and acquisition method of the Company's shares (as provided in (2) and (3) below) | <ul style="list-style-type: none"> - The maximum number of share delivery points granted to Directors, etc. during the trust period covering three fiscal years (defined in (3) below) shall be 195,000 points (equivalent to 195,000 shares). - The percentage of these shares to the total issued shares of the Company is approximately 0.3% (as of December 31, 2022, after deducting treasury shares) - There will be no dilution because the BIP Trust plans to acquire the Company's shares from the stock market. |
| (iii) Details of the conditions of achieving financial results (as provided in (3) below) | <ul style="list-style-type: none"> - Fluctuations based on the level of target achievement of the medium-term management plan, etc. during the target period - For the target period lasting through the fiscal year ending December 31, 2024, compensation will fluctuate in a range equivalent to 0 - 12 months of monthly compensation in response to the levels of achievement of consolidated net sales, consolidated operating income, and consolidated ROE in the final fiscal year (equivalent to 0 - 4 months of monthly compensation per fiscal year). - The details of the conditions of achieving financial results for the target period beginning in the fiscal year ending December 31, 2025 will be separately decided at a meeting of the Board of Directors. |
| (iv) Time period for the Delivery, etc. of the Company Shares, etc. to Directors, etc. (as provided in (4) below) | <ul style="list-style-type: none"> - In principle, after the conclusion of the target period |

(2) Maximum amount of cash distributed by the Company and other conditions

The period covered by the System shall be the fiscal years covered by the Company's medium-term management plan (hereinafter, the "Target Period"). Although the 47 Annual General Meeting of Shareholders approved that the first target period be three fiscal years, from the fiscal year ending December 31, 2022 to the fiscal year ending December 31, 2024, the contribution of trust funds for the target period and the acquisition of shares from the stock market funded by the trust funds were covered during fiscal 2022.

During the Target Period of the System, as compensation for Directors, etc. of the Company, up to 600 million yen in trust funds will be distributed per Target Period, and the BIP Trust will be established for a period equivalent to the Target Period with Directors, etc. that satisfy beneficiary conditions as the beneficiaries. According to the trust manager's instructions, the BIP Trust will use the trust funds to acquire shares from either the stock market or the Company.

During the trust period, the Company will grant points to Directors, etc. (as provided in (3) below), and the Delivery, etc. of the Company Shares, etc. equivalent to the

number of points granted at a previously determined set period will be made from the BIP Trust.

Upon the expiration of the trust period, the BIP Trust may be continued by means of amendment of the trust agreement or creation of an additional trust. In this event, the trust period will be extended a further three years, and for each extended trust period, the Company will make additional contributions within the maximum amount of trust funds approved by this General Meeting of Shareholders and will continue to grant points to Directors, etc., during the extended trust period. In the event that such additional contributions are made, however, if there are any shares of the Company (excluding shares of the Company corresponding to points granted to Directors, etc., for which the Delivery, etc. has not been completed) or funds that remain in the BIP Trust's property on the last day of the trust period prior to the extension (hereinafter, the "Residual Shares, etc."), the total amount of Residual Shares, etc., plus additional contributions of trust funds, will be within the scope of the maximum amounts approved at this General Meeting of Shareholders. Extensions of the trust period will not be limited to one extension; the trust period may also be re-extended thereafter in the same manner.

(3) Maximum number of the Company Shares, etc. for Delivery, etc. to Directors, etc.

At a specified time each year during the trust period, points calculated in accordance with the monthly compensation amount for each position (hereinafter, the "Reference Points") will be granted to the Directors, etc. At a specified time following the last day of the final fiscal year of the Target Period (expected to be around March 2025 for the initial Target Period), the number of shares of the Company for Delivery, etc. will be determined based on the number of Reference Points accumulated during the trust period (hereinafter, the "Accumulated Points") multiplied by the performance-linked coefficient (hereinafter, the "Number of Share Delivery Points").

The performance-linked coefficient will be determined in the range of 0 - 4.0 for the initial Target Period, based on the level of achievement of performance targets (*1) for the final fiscal year of the Target Period (the fiscal year ending December 31, 2024 for the initial Target Period), and as a result, the Number of Share Delivery Points will generally be in the range equivalent to 0 - 12 months of monthly compensation (*2).

*1 Businesses plan to use consolidated net sales, consolidated operating income and consolidated ROE as performance measures for the Target Period lasting through the fiscal year ending December 31, 2024. The Target Period subsequent to the fiscal year ending December 31, 2025 will be determined separately by the meeting of the Board of Directors based on the medium-term management plan at that time.

*2 The performance-linked coefficient shall be set within a range of 0 - 4.0 for the Target Period up to and including the fiscal year ending December 31, 2024, and the performance-linked coefficient upon the achievement of the target values specified in the performance evaluation index shall be 2.4. The Target Period subsequent to the fiscal year ending December 31, 2025 will be determined separately by the meeting of the Board of Directors. The average Number of Share Delivery Points over a three-year period is generally equivalent to 0 - 4 months per fiscal year.

One point shall be one share of the Company's shares, with any fraction less than one point rounded down. If, however, a stock split or reverse stock split occurs with respect to the Company's shares during the trust period, the number of the Company's shares per point and the total maximum number of the Company Shares, etc. for Delivery, etc. from the BIP Trust will be adjusted in accordance with the stock split ratio or reverse stock split ratio, as applicable.

In addition, in the event that the Directors, etc. retire (including passing away) or become non-residents of Japan during the trust period, the number of the Company

Shares, etc., for Delivery, etc. will be determined using the number of points accumulated at such time as the Number of Share Delivery Points.

The maximum number of total Share Delivery Points granted to the Directors, etc. during the trust period of the BIP Trust will be 195,000 points (equivalent to 195,000 shares) every three fiscal years. The maximum number of total Share Delivery Points is determined based on the maximum amount of trust funds in (2) above and by reference to the most recent stock price and other factors.

Furthermore, the maximum number of total Share Delivery Points to total issued shares of the Company is approximately 0.3% (as of December 31, 2022, after deducting treasury shares).

- (4) Overview of the time period, method, and other share delivery conditions for share delivery, etc. to Directors, etc.

The time period for Delivery, etc. of the Company Shares, etc. to the Directors, etc. who satisfy the beneficiary conditions separately established by the meeting of the Board of Directors (being a covered person on the final day of the final fiscal year of the Target Period, not engaging in illegal activities, etc.) is in principle after the conclusion of the Target Period (however, where the Directors, etc. retire during the trust period, a set period following their retirement).

For the Directors, etc. who satisfy the beneficiary conditions, the number of the Company's shares equivalent to 50% of the Number of Share Delivery Points (rounded down for shares amounting to less than one unit) shall be granted from the BIP Trust. The number of the Company's shares equivalent to the remaining Number of Share Delivery Points shall be converted into cash within the BIP Trust and then paid as a monetary benefit equivalent to the conversion price.

If the Directors, etc. who satisfy the beneficiary conditions pass away during the trust period, the Company's shares corresponding to the Number of Share Delivery Points at such time shall be converted into cash within the BIP Trust and the heirs of said Directors, etc., shall receive the monetary benefits equivalent to the conversion price. If the Directors, etc. who satisfy the beneficiary conditions become non-residents of Japan during the trust period, the Company's shares corresponding to the Number of Share Delivery Points calculated at such time shall be converted into cash within the BIP Trust, and said Directors, etc. shall receive the monetary benefits from the BIP Trust for the amount equivalent to the conversion price until the day they go abroad.

- (5) Voting rights of the Company's shares within the BIP Trust

In order to maintain the neutrality of management, voting rights with respect to the Company's shares held within the BIP Trust shall not be exercised during the trust period.

- (6) Handling of dividends on the Company's shares within the BIP Trust

Dividends on the Company's shares held within the BIP Trust will be received by the BIP Trust and applied to the trust fees and expenses of the BIP Trust. After the application to the trust fees and expenses, where dividends remain at the stage where the BIP Trust ultimately concludes, they will be returned to the Company within the scope of trust expense reserves after deducting the share acquisition funds from the trust funds, and for the portion exceeding the trust expense reserves, the Company plans to donate them to a group with no conflict of interest with the Company.

(7) Other details of the System

Other details of the System will be established at the meeting of the meeting of the Board of Directors when the BIP Trust is established, when the trust agreement is changed, and when additional funds are contributed to the BIP Trust.