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(Securities Code: 1518)

May 29, 2023

(Start date for electronic provision measures: May 19, 2023)

Taishi Yoshioka, Representative Director and President

Mitsui Matsushima Holdings Co., Ltd.

1-1-12 Otemon, Chuo-ku, Fukuoka-shi

Dear Shareholders,

Convocation Notice of the 167th Annual General Meeting of Shareholders

We are pleased to inform you that the 167th Annual General Meeting of Shareholders will be held as described on the following page.

Measures for electronic provision have been taken for the convocation of this General Meeting of Shareholders, and matters to be provided electronically are posted on the Company's Internet website as "Convocation Notice for the 167th Annual General Meeting of Shareholders."

Shareholders may exercise their voting rights in advance via the Internet, etc. or by mailing the enclosed Voting Rights Exercise Form. If you wish to exercise your voting rights in advance, please review the Reference Documents for the General Meeting of Shareholders among the matters to be provided electronically and exercise your voting rights no later than 6:00 p.m. on Friday, June 16, 2023.

(The Company's website)

<https://www.mitsui-matsushima.co.jp/english/ir/stockinfo/meeting/>

In addition to the above website, matters to be provided electronically are also posted on the following website.

(TSE Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter and search for the Company name or securities code, then select "Basic information," and "Documents for public inspection/PR information" to view.

Yours faithfully,

Taishi Yoshioka

Representative Director and President

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PARTICULARS

1. **Date and time:** Monday, June 19, 2023 at 10:00 a.m.
2. **Place:** Otemon Pine Building
2nd Floor Conference Room
1-1-12 Otemon, Chuo-ku, Fukuoka-shi

3. **Agenda:**

Matters to be reported:

1. Business report, consolidated financial statements for the 167th fiscal year (April 1, 2022 to March 31, 2023), and results of audit thereof by accounting auditors and the Audit & Supervisory Committee
2. Non-consolidated financial statements for the 167th fiscal year (April 1, 2022 to March 31, 2023)

Matters to be resolved:

- First Proposal:** Election of Four (4) Directors (excluding those who are Audit & Supervisory Committee Members)
- Second Proposal:** Reestablishment of Limit Amount of Stock Compensation for Directors (excluding those who are Audit & Supervisory Committee Members)
- Third Proposal:** Reestablishment of Limit Amount of Stock Compensation for Directors who are Audit & Supervisory Committee Members

1. When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
2. "Trends in Assets and Income," "Principal Business," "Principal Offices," "Employees," "Principal Lenders," "Matters Concerning Shares of the Company," "Matters Concerning Stock Acquisition Rights Issued by the Company," "Accounting Auditors," "Systems to Ensure Directors Perform Their Duties in Compliance with Laws, Regulations and the Articles of Incorporation, and Other Systems to Ensure the Appropriateness of Business Activities," and "Outline of the Status of Operation of the System to Ensure the Appropriateness of Business Activities" in the business report, "Consolidated Statements of Changes in Equity," "Notes to Consolidated Financial Statements" in the consolidated financial statements, and "Non-consolidated Statements of Changes in Equity," "Notes to Non-consolidated Financial Statements" in the non-consolidated financial statements are not provided in the documents sent to shareholders who requested delivery of documents, in accordance with provisions of laws and regulations as well as Article 14 of the Company's Articles of Incorporation. Moreover, said documents comprise part of the business report, consolidated financial statements, and non-consolidated financial statements audited by the accounting auditors and the Audit & Supervisory Committee in preparing the accounting audit report and audit report.
3. Any revisions to the matters to be provided electronically will be posted on each website listed above.

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Matters to be resolved and Reference Information

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

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


The candidates are presented below:

No.	Name	Attendance at meetings of the Board of Directors	Titles and responsibilities at the Company and significant concurrent positions
1	Shinichiro Kushima <u>Re-nominated</u>	100% (14 out of 14)	Representative Director and Chairman Director, KMT Corporation., Ltd. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd.
2	Taishi Yoshioka <u>Re-nominated</u>	100% (14 out of 14)	Representative Director and President Director, Sansei Denshi Co., Ltd. Director, MOS Co., Ltd. Director, SYSTECH KYOWA CO., LTD. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd. Director, Mitsui Matsushima Australia Pty. Ltd.
3	Yuri Sugano <u>Re-nominated</u> <u>External</u> <u>Independent</u>	100% (14 out of 14)	External Director Partner, Nishimura & Asahi External Director, LMI GROUP Inc. Councilor, Public Interest Incorporated Foundation Aoki Zaidan
4	Shota Wakiyama <u>Newly-nominated</u> <u>External</u> <u>Independent</u>	—	Representative Director and President, Regional Frontier Group Representative Director and President, NORTH PACIFIC, INC


External : Candidate for External Director

Independent : Candidate for Independent Officer stipulated by the TSE and FSE


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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
1	 Shinichiro Kushima (June 4, 1951 72 years old) <u>Re-nominated</u>	April 1975	Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) (the “ Bank ”)	20,700 shares
		Feb. 1995	In charge of International Planning Department of the Bank, and Vice President of Bank Sakura Swadharma	
		Oct. 1999	General Manager of Kagoshima Branch of the Bank	
		April 2004	Director and General Manager of Administration Division of Verde Kyushu Co., Ltd.	
		June 2005	Joined the Company as Director and Managing Executive Officer	
		June 2007	Director and Senior Managing Executive Officer	
		April 2008	Director, Executive Vice President and Executive Officer	
		Oct. 2008	Representative Director and President and Executive Officer	
		June 2014	Representative Director and Chairman (to present)	
		(Important positions at other organizations concurrently assumed) Director, KMT Corporation., Ltd. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd.		
<p>(Reasons for nominating the candidate for Director)</p> <p>Mr. Shinichiro Kushima was the Representative Director and President of the Company and is now its Representative Director and Chairman. As the manager of an enterprise, he has contributed to stabilizing and diversifying revenues by promoting an improved and strengthened financial base and aggressively promoting the formulation of a business portfolio that does not rely on the coal business, thereby driving the growth of the Group to date. In addition, he plays a leading role in ensuring appropriate decision-making by enriching agenda deliberations as a chairman managing and leading the Board of Directors of the Company.</p> <p>The Company will ask the shareholders to reelect him as Director because, as described above, it believes that he has the experience and capabilities to enable precise and fair supervision of the overall management of the Group, and he can be expected to contribute to the further growth of the Group through his broad perspective and flexible thinking and judgment.</p>				


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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
2	 Taishi Yoshioka (June 13, 1969 54 years old) <u>Re-nominated</u>	Nov. 1992	Joined J. P. Morgan Securities, Tokyo Branch (presently JPMorgan Securities Japan Co., Ltd.)	3,900 shares
		June 1995	Joined Prudential Life Insurance Co., Ltd.	
		Oct. 2001	Joined Deloitte Tohmatsu FAS Co., Ltd.	
		Jan. 2007	Joined GCA Co., Ltd. (presently Houlihan Lokey Corporation)	
		July 2013	Joined the Company, concurrently serving as General Manager of the Overseas Business Department and General Manager of the Business Planning Department	
		July 2014	General Manager of the Business Planning Department	
		April 2017	Executive Officer, and General Manager of the Business Planning Department	
		April 2018	Managing Executive Officer, and General Manager of the Business Planning Department	
		April 2019	Managing Executive Officer in charge of the Business Planning Department	
		June 2020	Representative Director and President (to present) (Important positions at other organizations concurrently assumed) Director, Sansei Denshi Co., Ltd. Director, MOS Co., Ltd. Director, SYSTECH KYOWA CO., LTD. Director, Nippon Katan Co., Ltd. Director, Mitsui Matsushima International Pty. Ltd. Director, Mitsui Matsushima Australia Pty. Ltd.	
<p>(Reasons for nominating the candidate for Director)</p> <p>Since joining the Company in 2013, Mr. Taishi Yoshioka, who has vast experience in and knowledge of the M&A advisory business, has led M&As mainly for the Business Planning Department and driven the steady implementation of the Company's mid-term business plan as Representative Director and President since 2020, thereby contributing to the stabilization and diversification of revenues from the Company's businesses.</p> <p>The Company will ask shareholders to reelect him as Director because it believes that the broad and deep knowledge and insight that he has cultivated, as well as his powerful capabilities to implement reforms, are indispensable in promoting the growth of the Group. He can be expected to make great contributions toward enhancing the corporate value of the Group by directing it as a whole as Representative Director and President of the Company.</p>				

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company	
3		Oct. 2003	Registered as Attorney-at-Law Joined OH-EBASHI LPC & PARTNERS	None	
		Sept. 2007	Joined Nishimura & Asahi		
	Yuri Sugano (June 1, 1976 47 years old)	Sept. 2012	Seconded to GCA Corporation (presently Houlihan Lokey Corporation, until November 2013)		
		Jan. 2016	Partner of Nishimura & Asahi (to present)		
		May 2021	External Director of LMI GROUP Inc. (to present)		
		<u>Re-nominated</u> <u>External</u> <u>Independent</u>	June 2021		External Director of the Company (to present)
		(Important positions at other organizations concurrently assumed) Partner, Nishimura & Asahi LPC External Director, LMI GROUP Inc. Councilor, Public Interest Incorporated Foundation Aoki Zaidan			
<p>(Reasons for nominating the candidate for External Director and expected role)</p> <p>Ms. Yuri Sugano has engaged in numerous international cases, in addition to domestic cases, and has rich and broad experience as a specialist in M&A, business rehabilitation and insolvency cases, as well as labor laws, at one of the largest legal firms in Japan. Since 2021, she has attended meetings of the Board of Directors, etc., as External Director of the Company, and has provided appropriate multi-dimensional advice about corporate legal affairs and compliance and appropriately supervised business execution.</p> <p>The Company will ask the shareholders to reelect her as External Director because it believes that she can be expected to provide accurate and appropriate advice and supervision of the business execution and corporate governance of the Company based on her deep legal knowledge as an Attorney-at-Law and advanced insights grounded in her rich experience, and she will thus be able to appropriately execute her duties as External Director.</p> <p>(Matters concerning independence)</p> <p>The Company has designated Ms. Yuri Sugano as an Independent Officer as provided for by the TSE and FSE, and registered her with both exchanges. The Company will continually register her as an Independent Officer with the TSE and FSE upon her reelection.</p>					

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No.	Name (Date of birth)	Summary of career, titles and responsibilities, and important positions at other organizations concurrently assumed		Candidate's shareholding in the Company
4		April 1997	Joined Nissho Iwai Corporation (presently Sojitz Corporation)	None
		Oct. 2000	Joined Sumitomo Forestry Co., Ltd.	
	April 2012	Joined NORTH PACIFIC, INC		
	Oct. 2013	Representative Director and Vice President of NORTH PACIFIC, INC		
	Nov. 2018	Representative Director and President of NORTH PACIFIC, INC (to present)		
		Representative Director and President of KYUSHU MIRAI CORPORATION (presently Regional Frontier Group) (to present)		
	(Important positions at other organizations concurrently assumed) Representative Director and President, Regional Frontier Group Representative Director and President, NORTH PACIFIC, INC			
<p>(Reasons for nominating the candidate for External Director and expected role)</p> <p>Mr. Shota Wakiyama has experience in corporate management and organizational management in general, having gained international business experience at a leading Japanese company, and having led overall management as the head of a corporate group that develops various businesses based on construction.</p> <p>The Company will ask the shareholders to elect him as External Director because it believes that he can be expected to provide appropriate advice and supervision of the Company's business execution from a manager's perspective based on his excellent experience and broad knowledge developed through this experience, and he will thus be able to appropriately execute his duties as External Director.</p> <p>(Matters concerning independence)</p> <p>As Mr. Shota Wakiyama meets the requirements of an Independent Officer as stipulated in the regulations of the TSE and FSE, the Company will register him as an Independent Officer with the TSE and FSE upon his election.</p>				

(Notes)

1. There are no special interests between the Company and any of the Director candidates.
2. At the close of this general meeting of shareholders, Ms. Yuri Sugano will have been in office as External Director for two (2) years.
3. The election and compensation of candidates for Directors (excluding Audit & Supervisory Committee Members) were determined to be appropriate as a result of deliberations of the Audit & Supervisory Committee.
4. The Company has set forth a provision in its Articles of Incorporation that the Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, enter into an Agreement for Limitation of Liability with the Directors (excluding those who are Executive Directors), which limits the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act to the minimum stipulated by relevant laws and regulations. The Company has entered into an Agreement for Limitation of Liability with Ms. Yuri Sugano. If her re-nomination is approved, the Company is scheduled to continue the Agreement for Limitation of Liability with her. In addition, if the nomination of Mr. Shota Wakiyama is approved, the Company is scheduled to enter into an Agreement for Limitation of Liability with him.

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5. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers any damages that may result from the insureds including Directors of the Company being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. Provided, however, that there are certain exemptions; for example, damage caused as a result of any conduct committed while knowing that the conduct is in violation of laws and regulations shall not be covered. If the re-nomination or nomination of each candidate as Director is approved, they will be the insureds under the said insurance contract. Also, the said insurance contract will be renewed in October 2023.

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Second Proposal: Reestablishment of Limit Amount of Stock Compensation for Directors (excluding those who are Audit & Supervisory Committee Members)

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

At the 162nd Annual General Meeting of Shareholders held on June 22, 2018, the Company received shareholders' approval for the introduction of a stock compensation plan called the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan") for Directors and Executive Officers, excluding Directors who are Audit & Supervisory Committee Members of the Company (hereinafter collectively referred to as the "Directors, etc."), and at the 165th Annual General Meeting of Shareholders held on June 18, 2021, the Company received shareholders' approval for the reestablishment of the compensation limit based on the Plan in line with revisions to laws and regulations (the aforementioned resolution at the General Meeting of Shareholders is hereinafter referred to as the "Original Resolution"), and the Plan remains effective to date.

Recently, the Company decided to revise the compensation plan with the aim of having it function as an appropriate incentive to improve corporate value over the mid- to long-term and to further promote the sharing of value with shareholders. Specifically, in light of the purpose of the revision of the compensation plan described above, and in consideration of the impact of stock price fluctuations on the number of shares acquired by the trust, the Company shall not set an upper limit on the amount of money it will contribute to the trust, and asks shareholders to approve the establishment of the specific calculation method for amounts of compensation under the Plan. Other than this matter, there are no changes to the Plan.

For this proposal, as with the Original Resolution, the Company intends to improve mid- and long-term performance and enhance an awareness of contributing to increasing corporate value among the Directors, etc., by further clarifying the link between the compensation of Directors, etc. and the value of the Company's shares, and ensuring that Directors, etc. not only share with shareholders the benefits of increases in stock prices but also risks of declines in stock prices. To this end, and based on the fact that the Plan conforms with the Company's "Policy for Determining the Details of Individual Compensation, etc. for Directors (Excluding Audit & Supervisory Committee Members)" (please refer to the Business Report [page 40 of this Notice in Japanese]), the Company believes the particulars of this proposal are appropriate.

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

Currently, four (4) Directors including two (2) External Directors who are not Audit & Supervisory Committee Members are eligible under the Plan and, if the First Proposal is approved as proposed, there will be four (4) Directors including two (2) External Directors who are not Audit & Supervisory Committee Members who will be eligible under the Plan.

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

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

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2. Specific calculation method for amounts of compensation under the Plan and particulars

(1) Outline of the Plan

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

(2) Eligible persons

The Directors, etc.

(3) Trust period

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

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

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

In addition, for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024, the Company contributed 43.8 million yen and 14,427 shares in the Company were acquired.

After the Initial Target Period has elapsed, and until the Plan is terminated, in principle, the Company shall reasonably estimate the number of shares necessary for delivery to Directors, etc. under the Plan for each Target Period, and contribute additional funds deemed necessary for acquisition in advance by the Trust. At the time the Company makes additional contributions, if the Company’s shares (excluding the Company’s shares that correspond to points granted to the Directors, etc. that have not yet been delivered to the Directors, etc.) and money (hereinafter collectively referred to as the “Residual Shares, etc.”) in the trust assets remain on the last day of the Target Period immediately preceding the Target Period in which the additional contributions are to be made, Residual Shares, etc. will be used as funds for delivery under the Plan in the subsequent Target Period, and the amount of additional contributions will be calculated after considering the Residual Shares, etc. When the Company resolves to make additional contributions, it will disclose the resolution in a timely and appropriate manner.

(Note) The amount of money that the Company will actually contribute to the Trust will be the sum of the above-mentioned stock acquisition funds and the estimated amount of necessary expenses such as trust fees.

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

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

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

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

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

Furthermore, the proportion of the number of shares equivalent to the limit to the number of points that may be granted to the Directors, etc. in a single fiscal year (50,500 shares) to the total number of shares outstanding (as of March 31, 2023; excluding treasury stock) is approximately 0.39%.

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

(7) Delivery of the Company Shares, etc. and specific calculation method for amounts of compensation

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

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

The amount of compensation, etc. to be received by a Director, etc. is based on the total number of points granted to the Director, etc. multiplied by the carrying amount of one share in the Company held in the Trust at the time the points are granted (however, if, in regard to the Company's shares, a stock split, a gratis allotment of shares, or consolidation of shares is carried out, the Company will

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reasonably make adjustments, in accordance with matters such as the relevant ratios).

The amount of compensation, etc. to be received by a Director, etc. = the total number of points granted to the Director, etc. × the carrying amount of one share in the Company held in the Trust

In addition, if the Director, etc. is to receive money under exceptional circumstances in accordance with the Officer Stock Benefit Regulations, the amount of money shall also be added to the amount of compensation, etc. when deemed appropriate.

(8) Exercise of voting rights

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

(9) Dividends

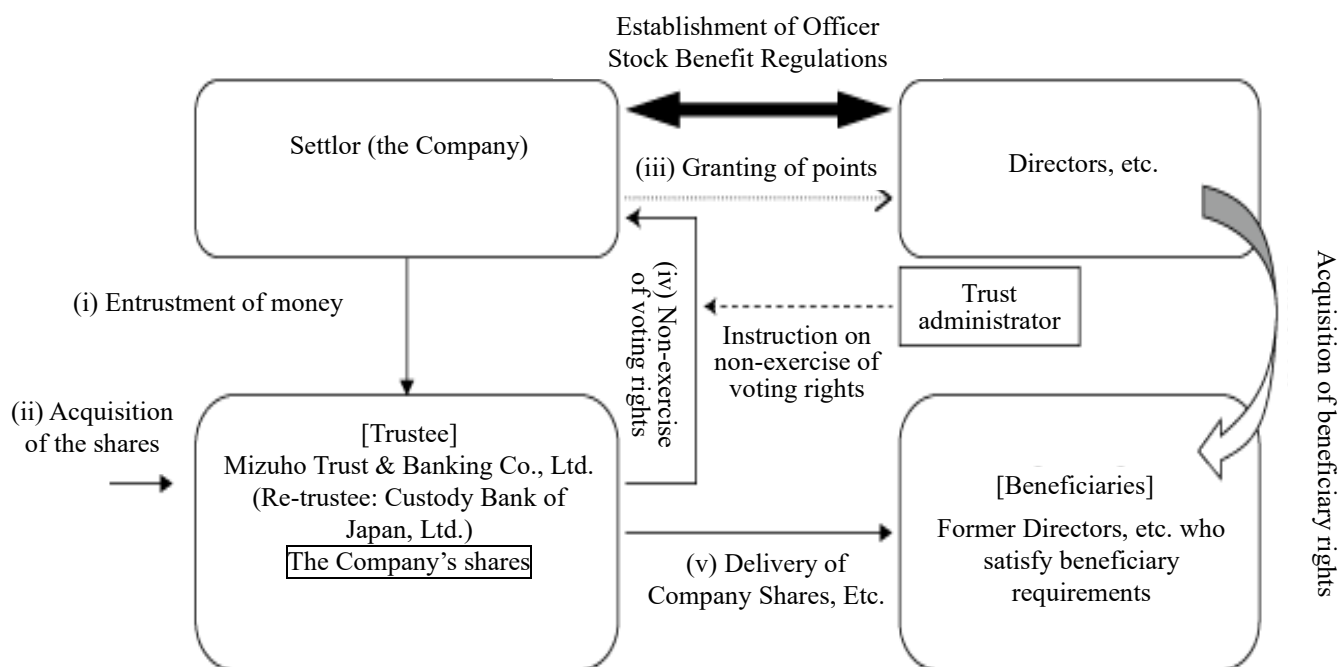
The Trust will receive dividends from the Company's shares held in the Trust's account and allocate them to pay the costs of acquiring the Company's shares or to trust fees for the trustee of the Trust, etc. If the Trust is terminated, residual funds in the Trust, including dividends, will be delivered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

(10) Termination of trust

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

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

<For reference: Structure of the Plan>



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

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Third Proposal: Reestablishment of Limit Amount of Stock Compensation for Directors who are Audit & Supervisory Committee Members

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

At the 162nd Annual General Meeting of Shareholders held on June 22, 2018, the Company received shareholders' approval for the introduction of a stock compensation plan called the "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan") for Directors who are Audit & Supervisory Committee Members of the Company (hereinafter referred to as the "Audit & Supervisory Committee Members"), and at the 165th Annual General Meeting of Shareholders held on June 18, 2021, the Company received shareholders' approval for the reestablishment of the compensation limit based on the Plan in line with revisions to laws and regulations (the aforementioned resolution at the General Meeting of Shareholders is hereinafter referred to as the "Original Resolution"), and the Plan remains effective to date.

Recently, the Company decided to revise the compensation plan with the aim of motivating Audit & Supervisory Committee Members to improve the evaluation of the Company by society by ensuring the sound management of the Company and society's trust in it. Specifically, in consideration of the impact of stock price fluctuations on the number of shares acquired by the trust, the Company shall not set an upper limit on the amount of money it will contribute to the trust, and asks shareholders to approve the establishment of the specific calculation method for amounts of compensation under the Plan. Other than this matter, there are no changes to the Plan.

For this proposal, as with the Original Resolution, the Company intends to motivate Audit & Supervisory Committee Members to improve the evaluation of the Company by society by ensuring the sound management of the Company and society's trust in it. The Company believes the particulars of this proposal are appropriate to this end.

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

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

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

2. Amounts of compensation under the Plan and particulars

(1) Outline of the Plan

The Plan is a share-based compensation plan, whereby cash contributed by the Company as funds is used to acquire shares of the Company through a trust (the trust established pursuant to the Plan is referred to as the "Trust") and the Audit & Supervisory Committee Members receive benefits through the Trust in the form of shares of the Company and cash equivalents of such shares at market value (hereinafter referred to as the "Company Shares, etc.") in accordance with the Officer Stock Benefit Regulations (the establishment, revision and abolishment of the section related to the Audit and Supervisory Committee Members shall be decided through consultation with the Directors who are Audit and Supervisory Committee Members) established by the Company. In principle, the Audit & Supervisory Committee Members receive delivery of Company Shares, etc. upon their resignation.

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(2) Eligible persons

The Audit & Supervisory Committee Members

(3) Trust period

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

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

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

In addition, for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024, the Company contributed 3.9 million yen and 1,273 shares in the Company were acquired.

Furthermore, after the Initial Target Period has elapsed, and until the Plan is terminated, the Company shall reasonably estimate the number of shares necessary for delivery to Audit & Supervisory Committee Members under the Plan for each Target Period, and contribute additional funds deemed necessary for acquisition in advance by the Trust.

At the time the Company makes additional contributions for the Subsequent Target Period, if the Company's shares (excluding the Company's shares that correspond to points granted to the Audit & Supervisory Committee Members for each Target Period up to the immediately preceding Target Period and that have not yet been delivered to the Audit & Supervisory Committee Members) and money (hereinafter collectively referred to as the "Residual Shares, etc.") in the trust assets remain, Residual Shares, etc. will be used as funds for delivery under the Plan in the subsequent Target Period, and the amount of additional contributions will be calculated after considering the Residual Shares, etc. When the Company resolves to make additional contributions, it will disclose the resolution in a timely and appropriate manner.

(Note) The amount of money that the Company will actually contribute to the Trust will be the sum of the above-mentioned stock acquisition funds and the estimated amount of necessary expenses such as trust fees.

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

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

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

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

In each fiscal year, the Audit & Supervisory Committee Members are granted points defined by their

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

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

Furthermore, the proportion of the number of shares equivalent to the limit to the number of points that may be granted to the Audit & Supervisory Committee Members in a single fiscal year (4,500 shares) to the total number of shares outstanding (as of March 31, 2023; excluding treasury stock) is approximately 0.03%.

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

(7) Delivery of the Company Shares, etc. and specific calculation method for amounts of compensation

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

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

The amount of compensation, etc. to be received by an Audit & Supervisory Committee Member is based on the total number of points granted to the Directors, etc. multiplied by the carrying amount of one share in the Company held in the Trust at the time the points are granted (however, if, in regard to the Company's shares, a stock split, a gratis allotment of shares, or consolidation of shares is carried out, the Company will reasonably make adjustments, in accordance with matters such as the relevant ratios).

The amount of compensation, etc. to be received by a Director, etc. = the total number of points granted to the Director, etc. × the carrying amount of one share in the Company held in the Trust

In addition, if the Audit & Supervisory Committee Member is to receive money under exceptional

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circumstances in accordance with the Officer Stock Benefit Regulations, the amount of money shall also be added to the amount of compensation, etc. when deemed appropriate.

(8) Exercise of voting rights

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

(9) Dividends

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

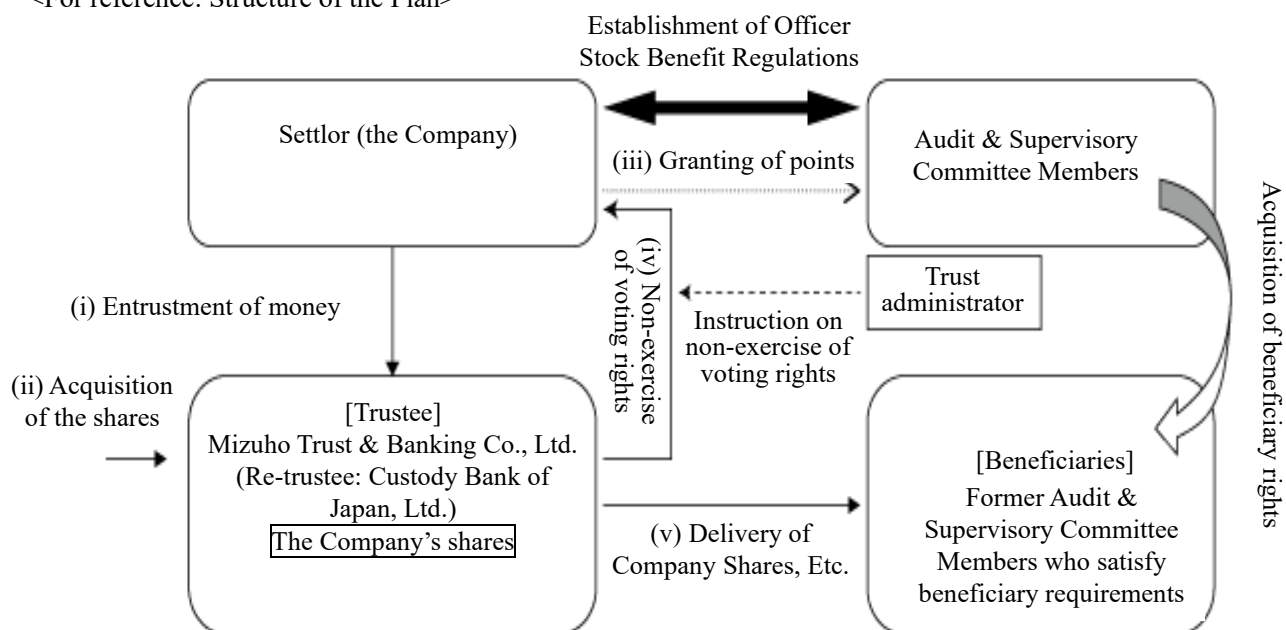
(10) Termination of trust

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

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

in accordance with Item (9) above.

<For reference: Structure of the Plan>



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

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Reference Material

1. Composition of Directors (Scheduled for after June 19, 2023)

[Skill Matrix]

The expertise of each Director is as follows:

Directors	Expertise of Directors						
	Management experience	Business Management	Investment/ M&A	Finance/ Accounting	Risk Management	Legal affairs/ Compliance	HR/ Labor affairs
Representative Director and Chairman Shinichiro Kushima	•	•	•	•	•		
Representative Director and President Taishi Yoshioka	•	•	•	•	•		
External Director Yuri Sugano <u>External</u> <u>Independent</u>			•			•	•
External Director Shota Wakiyama <u>External</u> <u>Independent</u>	•	•	•	•	•		
Director (Full-time Audit & Supervisory Committee Member) Toshihiro Nomoto		•	•	•			
External Director (Full-time Audit & Supervisory Committee Member) Takashige Araki <u>External</u> <u>Independent</u>	•	•	•	•	•		
External Director (Audit & Supervisory Committee Member) Tetsuya Notabe <u>External</u> <u>Independent</u>					•	•	•

External : External Director

Independent : Independent Officer stipulated by the TSE and FSE

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2. Policy Concerning the Determination of Dividends, Etc. Distributed from Retained Earnings

The Company considers the return of profits to its shareholders as an important management priority, and has a basic policy of continuing to return profits to them in proportion to the operating results, thereby retaining the necessary internal reserves for the stable growth of the Company and the financial flexibility necessary for responding to the changing business environment. About dividends from surplus, the Company sets a target dividend payout ratio of 30% under its mid-term business plan as a rough indicator, and the Board of Directors makes the ultimate decision based on a comprehensive perspective.

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3. Company Management Systems and Policies

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

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

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

1. System to ensure directors of the group of companies consisting of the Company and its subsidiaries (the “**Corporate Group**”) perform their duties in compliance with laws, regulations and the Articles of Incorporation (Article 399-13, Paragraph (1), Item (i), (c) of the Companies Act, Article 110-4, Paragraph (2), Item (v) of the Regulations for Enforcement of the Companies Act):

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

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

2. Systems to ensure the appropriateness of business activities (Article 399-13, Paragraph (1), Item (i), (b) and (c) of the Companies Act, Article 110-4 of the Regulations for Enforcement of the Companies Act)
 - (1) System for the storage and management of information concerning directors’ performance of their duties (Article 110-4, Paragraph (2), Item (i) of the Regulations for Enforcement of the

Companies Act):

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

(2) The Corporate Group's regulations and other systems concerning risk management of loss (Article 110-4, Paragraph (2), Items (ii) and (v) of the Regulations for Enforcement of the Companies Act):

- i. Based on the Risk Management Regulations that set forth the basic framework for risk management for the Corporate Group, mainly the Risk Management Committee shall collect and assess risk information in an integrated and comprehensive manner, identify critical risks and address such risks according to their materiality.
- ii. Risks inherent in significant decision-making for business execution shall be considered by each company and department in advance before further assessment by the Management Meeting and the Board of Directors to prevent losses from occurring.
- iii. Risks in business activities in each company and department, such as risks in purchase and sale transactions, foreign exchange and interest rate fluctuations, and credit risks, shall be assessed, settled or approved based on the Regulations for Delegating Job Responsibilities to avoid or prevent the risk of loss.
- iv. The Internal Audit Department shall perform audits of the risk management system. Each audited company and department shall promptly take corrective or improvement measures as needed.

(3) Systems to ensure the efficient execution of directors' duties (Article 110-4, Paragraph (2), Item (iii) of the Regulations for Enforcement of the Companies Act):

- i. The Executive Officer system shall be introduced with the aim of prompt and efficient decision-making through the separation of management functions and business execution.
- ii. As a decision-making body other than the Board of Directors, the Company has established the Management Meeting, which is attended by Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers, and delegates partial authority to it, leaving only the most important matters for resolution by the Board of Directors, to ensure the efficient execution of directors' duties. The Company shall establish a system to ensure that all board members receive sufficient advance materials on the agenda items presented to the Board of Directors in accordance with the principle of management decisions.
- iii. In order to conduct daily business activities, authority shall be delegated to relevant departments based on the Regulations for Delegating Job Responsibilities and Regulations for the Assignment of Business Activities. In addition, the persons at each level of

responsibility shall perform their jobs in accordance with the decision-making rules.

(4) Systems to ensure the Corporate Group's employees perform their duties in compliance with laws, regulations and the Articles of Incorporation (Article 110-4, Paragraph (2), Items (iv) and (v) of the Regulations for Enforcement of the Companies Act):

- i. In order to ensure that all employees of the Corporate Group thoroughly comply with laws, regulations and the Articles of Incorporation, the Company has established the Compliance Committee chaired by the Representative Director and President, and a system for all employees to internally report any violation of laws, regulations or the Articles of Incorporation under the Compliance Rules and Compliance Manual.
- ii. The Company has established a reporting system whereby the details of any compliance-related situation or event, and proposals for appropriate countermeasures, are reported to the Board of Directors and the Audit & Supervisory Committee via the Compliance Committee, if any such situation or event occurs.
- iii. The Compliance Committee shall appoint a person-in-charge and a promoter in each department in accordance with the provisions of the Compliance Rules, and control and supervise adherence to the Compliance Manual.
- iv. The Internal Audit Department shall perform audits of the status of compliance with laws, regulations, the Articles of Incorporation and other internal regulations. Each audited department shall promptly take corrective or improvement measures as needed.

(5) Other systems to ensure the appropriateness of business operations of the Corporate Group (Article 110-4, Paragraph (2), Item (v) of the Regulations for Enforcement of the Companies Act):

- i. The Company has established the Group Company Management Rules, which specify the policy for the appropriate management of its subsidiaries, and the Company's responsible department administers the matters to be reported by subsidiaries to the Company and those to be approved by the Company on a case-by-case basis.
- ii. Decision-making processes related to business execution of the subsidiaries shall be implemented according to the Regulations for Delegating Job Responsibilities of the Company and the subsidiaries. The Company shall ensure the appropriateness of business operations of the subsidiaries by maintaining certain involvement by the Company in the decision-making of the subsidiaries.
- iii. The Internal Audit Department of the Company shall enter into an internal auditing agreement with its subsidiaries and shall conduct internal audits for the Group as a whole. The audit results shall be reported to relevant departments and the Board of Directors of the Company, and corrective and improvement measures shall be taken as needed.
- iv. As members of society, the Corporate Group shall not have any relationship with antisocial forces or organizations that threaten the order and safety of civil society, and shall take a

firm stance against such forces or organizations.

- (6) Matters concerning the appointment of employees to assist the Audit & Supervisory Committee in performing its duties (Article 110-4, Paragraph (1), Item (i) of the Regulations for Enforcement of the Companies Act):

The Company may assign employees to assist the Audit & Supervisory Committee in performing its duties for required periods of time, if requested by the committee.

- (7) Matters concerning the independence of employees assisting the Audit & Supervisory Committee in performing its duties from directors, and matters for ensuring the effectiveness of instructions given to those employees (Article 110-4, Paragraph (1), Items (ii) and (iii) of the Regulations for Enforcement of the Companies Act) :

- i. Consent of the Audit & Supervisory Committee is required to appoint or remove any employees who assist the committee in performing its duties.
- ii. All employees who assist the Audit & Supervisory Committee in performing its duties shall be subject to its direction and orders during the period of their service in assisting the committee.

- (8) System for directors and employees of the Corporate Group to report to the Audit & Supervisory Committee, other systems for reporting to the committee, and system to ensure that those reporters are not treated adversely for making such reports (Article 110-4, Paragraph (1), Items (iv) and (v) of the Regulations for Enforcement of the Companies Act):

- i. Directors and employees shall report or provide information as necessary upon any Audit & Supervisory Committee Member's request, in accordance with the decision of the Audit & Supervisory Committee.
- ii. Matters to be reported or informed under the preceding paragraph shall mainly include the following:
 - Situation of activities of departments involved in establishing the Corporate Group's internal control systems
 - Situation of activities of the Audit & Supervisory Board Members and the Internal Audit Department or any equivalent departments of any of the Company's subsidiaries, etc.
 - The Corporate Group's significant accounting policy, accounting standards and changes thereof
 - Details of the announcement of operating results of the Corporate Group or forecasts thereof and other important disclosure documents of the group
 - Operation of the internal reporting system of the Corporate Group and details of the reported information
 - Obligatory circulation of decision approval forms and minutes of meetings of the Corporate Group requested by Audit & Supervisory Committee Members
- iii. The Company shall not adversely treat any person belonging to the Corporate Group who

reports or provides information to the Audit & Supervisory Committee as described in this paragraph on the grounds that he or she made such report or provided such information.

(9) Matters concerning the procedures for advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Committee Members, and any other policies for settlement of costs or debts incurred for the execution of their duties (Article 110-4, Paragraph (1), Item (vi) of the Regulations for Enforcement of the Companies Act):

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

(10) Other systems to ensure the effectiveness of audits by the Audit & Supervisory Committee (Article 110-4, Paragraph (1), Item (vii) of the Regulations for Enforcement of the Companies Act):

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

3. System to ensure the reliability of financial reports:

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

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

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

1. Directors' performance of their duties:

The Board of Directors of the Company consists of seven (7) Directors (including three (3) Directors who are Audit & Supervisory Committee Members), and held Board of Directors'

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Meetings fourteen (14) times during the period under review. The Board of Directors deliberates on important business execution and other important matters stipulated in the Regulations for the Board of Directors, and oversees the status of business execution.

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

2. Risk management:

The Company held the Risk Management Committee Meeting chaired by the President, consisting of Directors (excluding External Directors and Directors who are Audit & Supervisory Committee Members) and Executive Officers as committee members, and External Directors, Directors who are Audit & Supervisory Committee Members and the Manager of the Internal Audit Department as observers two (2) times during the period under review. The Risk Management Committee evaluates all risks reported by all departments of the Company, identifies critical risks, and then decides policies for enacting measures against such risks, and confirms the progress of those measures. In addition, the Risk Management Committee confirms the progress of measures against all critical risks reported by all subsidiaries. The Internal Audit Department also performs audits of the risk management system.

3. Compliance:

The Corporate Group has distributed the Compliance Manual to all employees.

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

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

4. Subsidiary management system:

Matters to be reported by subsidiaries to the Company and those to be approved by the Company

are managed by a specialized department of the Company on a case-by-case basis in accordance with the Group Company Management Rules and the Regulations for Delegating Job Responsibilities.

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

5. Audit system of the Audit & Supervisory Committee:

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

The Company held the Audit & Supervisory Committee Meeting thirteen (13) times during the period under review, and held discussions and made decisions based on audit results reported by each Audit & Supervisory Committee Member.

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