

# Corporate Governance

## Corporate Governance

### 1. Basic Stance Regarding Corporate Governance

Based on a corporate ethic and spirit of compliance spelled out in its Mission Statement, the OTSUKA Group aims to adapt agilely to changes in the environment and augment its competitiveness by ensuring thorough compliance and raising both operational transparency and fairness.

### 2. Overview of the Corporate Governance System and Reason for Adopting This System

#### A. Overview of the Corporate Governance System

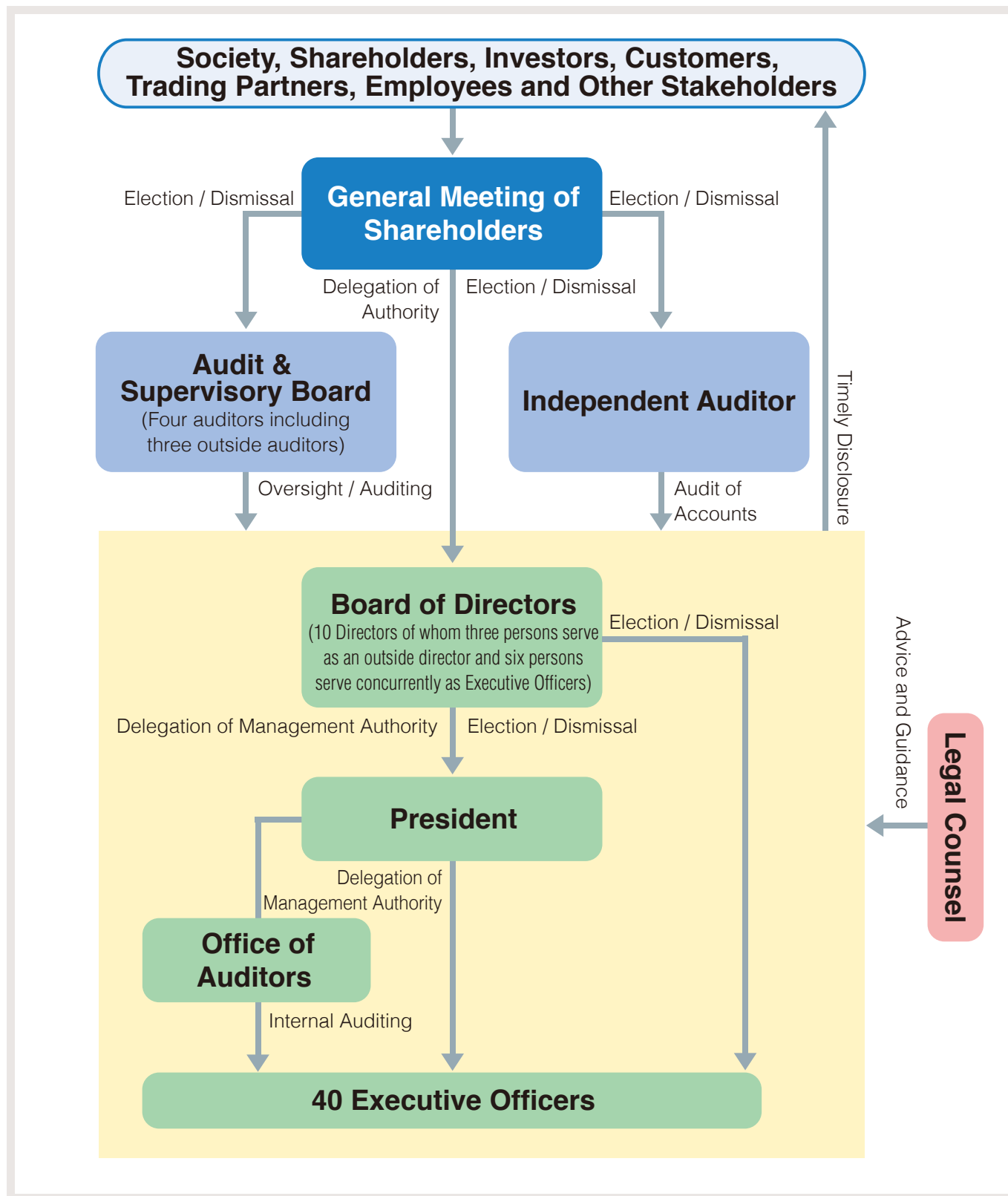
OTSUKA CORPORATION consists of various statutory bodies such as the General Meeting of Shareholders, Directors and Board of Directors, Audit & Supervisory Board Members and Audit & Supervisory Board and Independent Auditor. An Audit & Supervisory Board Members System has therefore been adopted. Additionally, the Company appoints outside directors and outside auditors with the aim of strengthening the monitoring of the execution of duties.

The Board of Directors is chaired by Yuji Otsuka, President & Chief Executive Officer, and consists of 10 persons, including three outside directors, and the Board of Directors meets regularly once a month in principle to discuss and make decisions on critical management issues requiring resolution based on relevant laws and the Articles of Incorporation, and monitors the execution of duties by directors. The introduction of the Executive Officer System aims to separate the functions of business execution and supervision in order to realize more rapid decision-making on operational matters and strengthen the oversight of the Board of Directors. To this end, Executive Officers elected by the Board of Directors are responsible for the execution of business operations while the Board of Directors and Audit & Supervisory Board Members handle the oversight of business execution. There are 40 Executive Officers, including six with a concurrent post of Director.

The Audit & Supervisory Board is chaired by Tatsumi Murata, Standing Audit & Supervisory Board Member, and is comprised of four auditors (one full-time auditor, three part-time auditors), including three outside auditors. The Audit & Supervisory Board prescribes auditing policies and annual plans, receives reports on important auditing-related matters and carries out discussions. The Audit & Supervisory Board Members attend such important meetings as the Board of Directors meetings to provide appropriate recommendations and advice, monitor that suitable management is being carried out and closely audit the execution of duties by Directors.

Group Management Meetings, chaired by Hironobu Saito, Managing Director & Executive Operating Officer, and comprising and including four top management of all Group companies (Special Executive Officers), are also held to clarify operational conditions at each company and make progress in achieving profit targets in addition to working to strengthen corporate governance.

The structure for corporate management decision-making, business operations and oversight is as follows:



## **B. Reason for Adopting Present Corporate Governance System**

Because the Company's business domains are diverse, Standing Audit & Supervisory Board Members who are familiar with the Company's business and can concentrate on the duties of auditor are appointed. The Company has also adopted an Audit & Supervisory Board Members System that allows it to appoint outside Audit & Supervisory Board Members who have considerable insight and experience in law or finance and accounting and that possesses an independent responsibility system.

The Company assures transparency of decision-making by strengthening management oversight and audit functions by auditors, including outside auditors, and appoints outside directors with no conflict of interest with general shareholders to strengthen management supervision functions. By doing so, the Company aims to contribute to proper decision-making by the Board of Directors.

In this manner, the Company believes that its Corporate Governance system under which Executive Officers handle business execution based on the Board of Directors, including outside directors, and the Audit & Supervisory Board, including outside auditors, functions effectively.

## **3. Other Matters Concerning Corporate Governance**

### **A. State of Internal Control Systems**

At a meeting of the Board of Directors, the Company has determined the following basic policies for a system for ensuring that the execution of duties by Directors is in compliance with laws and the Articles of Incorporation as well as for a system deemed necessary as prescribed by an ordinance of the Ministry of Justice for ensuring appropriate operations of stock companies and of corporate groups consisting of stock companies and their subsidiaries.

#### • Basic policies for internal control systems

- a) System for ensuring compliance with laws and the Articles of Incorporation in the execution of duties by directors and employees  
Directors shall take the lead and set an example in complying with and promoting the Mission Statement as the basis of our compliance structure.

Directors and employees shall strive to enhance the compliance system by taking such measures as improving awareness through continuous compliance education, improving business operations through internal audits and properly applying the internal reporting system in working to ensure compliance with laws and the Articles of Incorporation in the execution of their duties.

- b) System for storing and managing information concerning the execution of duties by directors  
Information concerning the execution of duties by Directors (paper or electronically recorded) as well as other important information shall be properly stored and managed in accordance with laws and internal regulations.
- c) Regulations and other systems concerning management of risk of losses  
Based on internal regulations, we shall establish a risk management system, identify, analyze and evaluate any risk that could affect business results, financial condition or other areas and respond appropriately.

In the event of unexpected contingencies, we shall set up a task force, collect risk information and devise quick and appropriate countermeasures.

- d) System for ensuring the efficient execution of duties by directors  
The Board of Directors shall in principle convene once per month to discuss and decide important matters concerning management and supervise the state of execution of business duties.

Also, the Board of Directors shall clarify criteria for convening and bringing up matters for debate at council bodies set up to raise the suitability of decision-making, while specific details shall be stipulated in Duty Authority Regulations and Separation of Duty Regulations and efficiency shall be raised.

- e) System for ensuring proper operations of the Group consisting of the Company and its subsidiaries  
1) System for reporting to the Company matters concerning the execution of duties by Directors of subsidiaries  
Group Management Meetings are held and these clarify operational conditions at consolidated subsidiaries and progress in achieving profit plans.

The Special Executive Officer System has also been established, with the presidents of consolidated subsidiaries selected to serve as Special Executive Officers, to promote thorough compliance and strengthen governance at consolidated subsidiaries. When the need arises, the Special Executive Officers shall be asked to report to the Company's Board of Directors or President & Chief Executive Officer on the state of the execution of duties.

- 2) Regulations and other systems concerning management of risk of losses at subsidiaries  
The Board of Directors of consolidated subsidiaries shall identify, analyze and evaluate any risk that could affect business results, financial condition or other areas and respond appropriately.

Information regarding recognized risk by consolidated subsidiaries shall be shared at Group Management Meetings and efforts shall be made for the early detection and prevention of risk.

In the event of unexpected contingencies, we shall set up a task force at the Company, collect risk information, collaborate with the relevant consolidated subsidiaries and devise quick and appropriate countermeasures.

3) System for ensuring the efficient execution of duties by directors of subsidiaries

Consolidated subsidiaries shall ensure the autonomy and independence of management and formulate an annual plan in accordance with the Group's policies. The targets and responsibilities of each company shall be clarified and efforts shall be made to attain the intended performance targets through the analyses of variances between budget estimates and actual results. Consolidated subsidiaries shall establish Board of Directors regulations and convene meetings of the Board of Directors to deliberate on and resolve important matters concerning management and monitor the state of the execution of duties. Moreover, details on the execution of duties shall be prescribed in the various types of internal company regulations and efficiency shall be raised.

4) System for ensuring compliance with laws and the Articles of Incorporation in the execution of duties by Directors and employees

Consolidated subsidiaries shall ensure the proper execution of business operations by the functioning of self-cleansing mechanisms through the execution of business operations that are in accordance with the Mission Statement. Consolidated subsidiaries shall strive to enhance their compliance systems and ensure the execution of business operations is in compliance with laws and the Articles of Incorporation by taking such measures as raising awareness through continuous compliance education, setting up internal audit offices within each company to improve business operations and properly applying the internal reporting system established by the Company and shared by consolidated subsidiaries.

5) Other systems for ensuring proper operations of the Group consisting of the Company and its subsidiaries

The Company's Office of Auditors shall receive reports on the results of internal audits implemented at each consolidated subsidiary by internal auditing offices established at each consolidated subsidiary. Additionally, it shall implement regular audits of consolidated subsidiaries as well as audit the state of compliance with laws and regulations and provide necessary guidance.

f) Matters regarding employees assisting Audit & Supervisory Board Members when requested by Audit & Supervisory Board Members

When an Audit & Supervisory Board Member makes such a request, an appropriate employee shall be appointed from the Business Administration Headquarters and assigned to a concurrent position as an employee assisting the Audit & Supervisory Board Member.

g) Matters concerning the independence of such employees from Directors as mentioned in the preceding item and matters related to ensuring the effectiveness of instructions from the Audit & Supervisory Board Member to the relevant employees

Concerning the determination of matters related to the delegation of authority over personnel matters to the relevant employee as mentioned in the previous item, the independence of such employees from Directors shall be ensured by obtaining the prior consent of the Audit & Supervisory Board Member.

Effectiveness shall be ensured by establishing a structure under which the Audit & Supervisory Board Member provides direct instructions to and receives reports from the relevant employee.

h) System regarding reporting to the Audit & Supervisory Board Members

1) System for reporting to Audit & Supervisory Board Members by Directors and employees

A system shall be established that enables Audit & Supervisory Board Members to receive reports from Directors and employees on the state of the execution of duties. At the same time, collaboration and coordination with internal departments carrying out audits shall be strengthened.

2) System that enables Directors, Audit & Supervisory Board Members, employees and other employees executing business operations of consolidated subsidiaries, as well as parties receiving reports from these persons, to report to the Audit & Supervisory Board Members

Directors, Audit & Supervisory Board Members, employees and other employees executing business operations of consolidated subsidiaries, as well as parties receiving reports from these persons, shall, depending on the importance and urgency of the matters, report to the Audit & Supervisory Board Members about any improprieties regarding the execution of duties by Directors or employees of the Company or consolidated subsidiaries, about any actual matters in violation of laws and regulations or the Articles of Incorporation or regarding actual matters that could cause significant damage to the Company.

i) System for ensuring that persons reporting matters described in the previous item are not treated unfavorably as a result of such reports

In accordance with employment regulations, persons reporting matters to the Audit & Supervisory Board Members shall not be treated unfavorably as a result of such reports.

j) Matters related to the treatment of expenses and liabilities incurred in business execution by Audit & Supervisory Board Members

In the case Audit & Supervisory Board Members request prepayment of expenses from the Company for their execution of duties, based on Article 388 of the Companies Act, the Company shall upon deliberation with the Compliance Office process these requested expenses except in the case these are determined to be unnecessary for the execution of duties by such Audit & Supervisory Board Members.

k) Other systems for ensuring effective audits by Audit & Supervisory Board Members

Representative Directors shall exchange opinions with Audit & Supervisory Board Members on a timely basis. The Company's Office of Auditors shall maintain close relations with the Audit & Supervisory Board Members and undertake inspections in accordance with the requests of Audit & Supervisory Board Members.

#### **B. Basic Thinking on the Elimination of Antisocial Forces and Establishment of Measures**

a) Basic thinking

The Mission Statement and Compliance Regulations stipulate that the Company shall take a firm stance against and maintain no relations with antisocial forces that threaten the order and safety of society.

b) Establishment of measures

The Company shall express its Action Guidelines against antisocial forces in its Mission Statement and Compliance Manual while designating its Compliance Office, Human Resources and General Affairs Department, and Customer Relationship Office as the department and office responsible for responding to antisocial forces. The Company shall collaborate with legal counsel and external organizations that include police departments and the Metropolitan Police Department Joint Association for the Prevention of Particular Violence. At the same time, employees shall be thoroughly familiarized with the Action Guidelines.

#### **C. State of Establishment of Risk Management Structure**

OTSUKA CORPORATION has established a Risk Management Committee as the body to promote and control business risk management as part of a risk management system.

The Risk Management Committee identifies and assesses all risk related to the Company and investigates respective measures for key risks. The Committee provides direction on the creation of a risk management system to ensure the ongoing and stable maintenance and management of risk in each division and department in its scope. At the same time, efforts are made to enhance crisis management by (1) preparing for such emergencies during ordinary times, (2) taking appropriate steps during a crisis and (3) formulating and managing a business continuity plan.

#### **D. Summary of Details of Contract of Limited Liability**

As prescribed by Article 427-1 of the Companies Act, the Company, each outside director and each Audit & Supervisory Board Member conclude a contract that limits liability under Article 423-1 of the Act. The amount limit of the liability based on these contracts shall be the amount prescribed by law.

#### **E. Summary of the Contents of the Liability Insurance Contracts for Officers**

The Company concludes liability insurance contracts with insurance companies for officers as stipulated in Article 430-3-1 of the Companies Act. The Directors, Audit & Supervisory Board Members, Executive Officers and outside dispatched officers of the Company and its subsidiaries shall be the insured persons and the relevant insurance contracts shall indemnify against damages and dispute costs incurred due to claims for damages arising from the execution of duties (including omissions) by the insured persons. However, as a reason for exemption, indemnity shall not be provided for matters arising from criminal acts such as bribery and willful illegal acts.

The insured persons bear approximately 7.5% of the premium fees of the relevant insurance contracts and the Company and its subsidiaries bear the other costs of insurance premiums.

#### **F. Number of Directors**

The Company's Articles of Incorporation stipulate that the number of Company Directors shall be 19 or fewer.

#### **G. Resolutions for Appointment of Director**

The Company's Articles of Incorporation stipulate that a resolution for the appointment of a Director requires attendance by shareholders with more than one-third of the voting rights of shareholders capable of exercising such rights at the General Meeting of Shareholders, and is decided by a majority of shareholders. In addition, a resolution for the appointment of a Director shall not be decided by cumulative voting.

#### **H. Requirements for Special Resolution of the General Meeting of Shareholders**

The Company's Articles of Incorporation stipulate that a special resolution of the General Meeting of Shareholders, pursuant to Article 309, Paragraph 2 of the Companies Act, shall be adopted when it is approved by a vote of two-thirds or more of the voting rights present at a General Meeting of Shareholders, a quorum for which shall be the presence of shareholders of one-third of the aggregate voting rights if the total shareholders are capable of exercising such rights. This aim is to facilitate efficient operation of the General Meeting of Shareholders through the moderation of special resolutions at the General Meeting of Shareholders.

### **I. Interim Dividend**

Pursuant to Paragraph 5, Article 454 of the Companies Act, the Company's Articles of Incorporation stipulate that based on a resolution of the Board of Directors, the Company can pay interim dividends with the date of record being June 30 of each year. This is in order to allow the flexible return of profits to shareholders.

### **J. Purchase of Own Shares**

The purport of the Company's Articles of Incorporation stipulates that the Company shall be able to purchase its own shares based on a resolution of the Board of Directors as prescribed under Article 165, Paragraph 2 of the Companies Act. This is aimed at purchasing own shares through market transactions to enable the execution of a flexible capital policy that responds to changes in economic conditions.

## **Status of Directors and Auditors**

### **1. Status of Outside Directors and Auditors**

The Company has three outside directors and three outside auditors.

Although Outside Director Jiro Makino has been appointed as an outside director because of his knowledge and experience as a lawyer and long years of involvement in the actual practice of legal affairs. He makes reports to the Tokyo Stock Exchange (TSE) as an independent Director, as provided by the TSE.

There are no special interests or otherwise relationship between the Company and Jiro Makino Law Office legal professional corporation, in which Outside Director Jiro Makino currently has a key position.

Tetsuo Saito has been appointed as an outside director because of his long years of experience in participating in the management of numerous companies in multiple industries. He makes reports to the Tokyo Stock Exchange (TSE) as an independent Director, as provided by the TSE.

There are no special interests or otherwise relationship between the Company and Work Two Co., Ltd., DD Holdings Co., Ltd., DM SOLUTIONS Co., Ltd. and Career Design Center Co., Ltd., in which Tetsuo Saito currently has key positions.

Makiko Hamabe has been appointed as an outside director because of her high level of knowledge about ESG and IR. She makes reports to the Tokyo Stock Exchange (TSE) as an independent Director, as provided by the TSE. Additionally, there are no special interests or otherwise relationship between the Company and Makiko Hamabe Office and SoldOut, Inc., in which Outside Director Makiko Hamabe currently has a key position.

Although Outside Auditor Kazuhiko Nakai has been appointed as an outside director because of his knowledge and experience as a certified public accountant and tax accountant and long years of involvement in the actual practice of corporate accounting. He makes reports to the Tokyo Stock Exchange (TSE) as an independent Auditor, as provided by the TSE.

Additionally, there are no special interests or otherwise relationship between the Company and Kazuhiko Nakai Tax Accountant Office, Kazuhiko Nakai CPA Office, Nippon Antenna Co., Ltd. and S-Pool, Inc., in which Kazuhiko Nakai concurrently has key positions.

Mr. Nakai joined Ernst & Young ShinNihon (currently, Ernst & Young ShinNihon LLC) as a representative employee in 2007 and resigned from the firm in 2010. Although OTSUKA CORPORATION and Ernst & Young ShinNihon LLC have concluded an agreement and OTSUKA CORPORATION receives accounting audits from the firm, there are no special interests or otherwise relationship with the Company and this firm.

Although Outside Auditor Etsuo Hada has been appointed as an outside auditor because of his knowledge and experience as a Certified Public Accountant (CPA), licensed tax accountant, judicial scrivener and administrative scrivener, as well as his long years of involvement in the actual practice of corporate accounting and legal affairs. He makes reports to the TSE as an independent Auditor, as provided by the TSE.

Additionally, there are no special interests or otherwise relationship between the Company and Hada CPA and Judicial Scrivener Office and Nikkan Kogyo Shimbun Ltd. in which Outside Auditor Etsuo Hada currently has key positions.

Although Outside Auditor Katsumasa Minagawa has been appointed as an outside auditor because of his knowledge and experience as a lawyer as well as his long years of involvement the actual practice of corporate law. He makes reports to the TSE as an independent Auditor, as provided by the TSE.

Additionally, there are no special interests or otherwise relationship between the Company and Kollect Partners Law Office and Ubiquitous AI Corporation in which Outside Auditor Katsumasa Minagawa currently has key positions.

OTSUKA CORPORATION does not stipulate standards and other criteria regarding independence in terms of the selection and appointment of outside directors and outside auditors. However, the Company selects and appoints individuals who are able to ensure

independence from the Company by making a decision on an individual basis according to the background and relationship with the Company based on various regulations and other relevant matters concerning independence including regulations of the Tokyo Stock Exchange (TSE). The outside directors and outside auditors each attend Board of Directors meetings to provide insights and impart opinions based on their extensive experience. This strengthens the function of overseeing business execution by the Board of Directors and decision-making by the Board of Directors.

## 2. Supervision or Auditing by Outside Directors or Outside Corporate Auditors and Mutual Cooperation among Internal Audits, Audit & Supervisory Board Audits and Accounting Audits, and Relationships with Internal Control Departments

Outside directors attend the Audit & Supervisory Board as observers, ascertain the status of audit implementation by the Audit & Supervisory Board and exchange information and opinions with Audit & Supervisory Board Members.

Outside auditors receive a report on the audit plan and the status of audit implementation from the Office of Auditors and exchange opinions at the Audit & Supervisory Board that in principle is held once per month. Besides receiving reports on the establishment and operation of internal controls from the Internal Control Committee at the Board of Directors meetings, the outside directors and outside auditors exchange information and opinions with the Finance and Accounting Department and Compliance Office at their discretion to ascertain the current situation and issues of the OTSUKA Group and express opinions from a professional viewpoint as necessary.

The outside directors and outside auditors meet on a timely basis with the accounting auditors to confirm auditing plans and the condition of audit implementation and progress on improvements to recommended areas, exchange information confirming the legality of actions taken by Directors and take appropriate steps as required.

## Status of Audits

### 1. Status of Audits by Audit & Supervisory Board Members

The Audit & Supervisory Board consists of four persons, including three outside auditors (one full-time auditor and three part-time auditors). Among these auditors, outside auditor Kazuhiko Nakai and outside auditor Etsuo Hada hold qualifications as certified public accountants and tax accountants and have considerable knowledge of finance and accounting. In addition, Katsumasa Minagawa, outside Audit & Supervisory Board Member, holds qualifications as a lawyer and has considerable knowledge of law.

The Audit & Supervisory Board is chaired by a full-time auditor in accordance with a resolution.

The Audit & Supervisory Board shall in principle convene once per month during the fiscal year and the state of attendance by each Audit & Supervisory Board Member is as follows.

Class	Name	Number of times convened	Number of times attended (attendance rate)
Standing Audit & Supervisory Board Member	Naoto Minai Note 1	4 times	4 times (100%)
Standing Audit & Supervisory Board Member	Tatsumi Murata Note 2	10 times	10 times (100%)
Audit & Supervisory Board Member	Kazuhiko Nakai	14 times	14 times (100%)
Audit & Supervisory Board Member	Etsuo Hada	14 times	14 times (100%)
Audit & Supervisory Board Member	Katsumasa Minagawa	14 times	14 times (100%)

Notes:

- Naoto Minai, Standing Audit & Supervisory Board Member, retired at the conclusion of the General Meeting of Shareholders held on March 26, 2021, and thus the number of meetings convened and number of times attended is only for those members of the Audit & Supervisory Board who are serving.
- Tatsumi Murata, Standing Audit & Supervisory Board Member, was appointed at the General Meeting of Shareholders held on March 26, 2021, and therefore the number of meetings convened and number of times attended is for the Audit & Supervisory Board convened after assuming position.

The main items considered and the status of activities by the Audit & Supervisory Board are as follows.

Items considered	Status of activities		
	Full-time auditor (Note) 1	Part-time auditor	Activity details
Formulation of audit policy and annual plan	○	○	After discussion, formulated the audit policy and annual plan.
Agreement with the proposal for appointment of Audit & Supervisory Board Members	○	○	Discussed and agreed to the proposal for appointment of Audit & Supervisory Board Members
Selection of persons convening the Audit & Supervisory Board and the chairperson	○	○	After discussion, the person convening and the chairperson of the Audit & Supervisory Board were selected.
Selection of Standing Audit & Supervisory Board Member	○	○	After discussion, Standing Audit & Supervisory Board Member was selected.
Determination of a specified Audit & Supervisory Board Member	○	○	After discussions, a specified Audit & Supervisory Board Member was decided.

Items considered	Status of activities		
	Full-time auditor (Note) 1	Part-time auditor	Activity details
Determination of monthly remuneration for Audit & Supervisory Board Members	○	○	After discussion, the monthly remuneration for Audit & Supervisory Board Members was decided.
Exchange of opinions with the President and Representative Director	○	○	Opinions exchanged with the President and Representative Director.
Attendance and expressing opinions at the Board of Directors meetings	○	○	Each Audit & Supervisory Board Member attended all Board of Directors meetings and expressed opinions as appropriate.
Attendance and expressing opinions at important meetings	○	—	Attended important meetings (Executive Board Meeting, Otsuka Corporation Group Management Meeting, IT Control Committee, etc.) and expressed opinions as appropriate. (Note) 2
Listening to reports from directors and employees	○	○	Received reports from directors who also serve as executive officers and department heads and requested explanations.
Monitoring and verification of status of establishment and operation of internal control system, including financial reporting	○	○	Monitored and verified status of establishment and operation of the internal control system, including financial reporting.
Confirmation of status of accounts receivable collection	○	—	Confirmed the status of accounts receivable collection and requested explanations. (Note) 2
Viewing financial results documents	○	○	Examined financial results documents and requested explanations.
Viewing important documents	○	—	Examined important documents (approval documents, etc.) and requested explanation. (Note) 2
Report on the status of execution of duties by standing Audit & Supervisory Board Member	○	○	Standing Audit & Supervisory Board Member reported to the non-standing Audit & Supervisory Board Members on the status of execution of duties by the standing Audit & Supervisory Board Member.
Attending inventory counts	○	○	Attended inventory counts and requested an explanation.
Cooperation and exchange of opinions among three audits (accounting auditor and Audit Office)	○	○	Received reports on the audit plan and audit implementation status from the accounting auditor and the Audit Office and exchanged opinions.
Exchange of opinions with the presidents and representative directors of consolidated subsidiaries	○	○	Exchanged opinions with the presidents and representative directors of consolidated subsidiaries.
Hearing reports and exchanging opinions with Audit & Supervisory Board Members of consolidated subsidiaries	○	○	Received reports from Audit & Supervisory Board Members of consolidated subsidiaries and exchanged opinions.
Hearing reports from internal whistleblowing independent of management	○	○	Received internal reports from a whistleblowing hotline independent of management and requested explanations.
Adequate evaluation of the accounting auditor's audit method and results	○	○	Evaluated audit method and the appropriateness of the results of the accounting auditor and decided to reappoint the accounting auditor.
Agreement of accounting auditor's compensation	○	○	Discussed and agreed with the accounting auditor's compensation plan.
Creation of audit report	○	○	Audited business reports, financial statements, etc., and created an audit report.

Notes:

1. Naoto Minai, Standing Audit & Supervisory Board Member, retired at the conclusion of the General Meeting of Shareholders held on March 26, 2021 and thus the Board of Directors meetings convened during his tenure are covered. Tatsumi Murata, Standing Audit & Supervisory Board Member, was appointed at the General Meeting of Shareholders held on March 26, 2021, and therefore the Board of Directors meetings convened after he assumed his position are recorded.
2. Important matters are also shared with non-standing Audit & Supervisory Board Members in a timely manner.

The Compliance Office is in charge of assisting Audit & Supervisory Board Members with their duties. Although the Compliance Office is an organization within the Business Management Division, one employee (concurrent position) assists with duties based on instructions given directly by Audit & Supervisory Board Members to ensure independence.



## 2. Status of Internal Audits

The Office of Auditors (15 persons) under the direction of the President has been established to conduct periodic and on-demand internal audits of all operations across the Group and assess the adequacy of policies, plans and procedures, the effectiveness of their implementation and compliance with laws, as well as to offer concrete advice and recommendations for improving operations and raising awareness.

The Office of Auditors regularly exchanges opinions with the accounting auditor regarding audit plans, the state of audit implementation and results, and strives for mutual collaboration. In this fiscal year, the Office of Auditors held opinion exchanges in January, April, May, July, August and November. Additionally, the Office of Auditors strives for mutual cooperation with Audit & Supervisory Board Members and exchanged opinions 10 times during this fiscal year.

## 3. Accounting Audits

### a) Name of Corporate Auditor

Ernst & Young ShinNihon LLC

### b) Continuous audit period

Since 1992

\* From 1992 to 2007, the Company concluded an audit contract with MISUZU Audit Corporation (then Chuo Shinko Audit Corporation). Subsequently, with the dissolution of MISUZU Audit Corporation, since 2007 the Company entered into an audit contract with EY Shinnihon LLC (then Ernst & Young ShinNihon). On this occasion, the certified public accountant who was executing the Company's auditing work was also transferred to Ernst & Young ShinNihon LLC (then Ernst & Young ShinNihon) and continued to execute the Company's auditing work even after this transfer. As such, the Company considers the same corporate auditor as continuing to execute the Company's auditing work and lists this in conjunction with the audit period of the corporate auditor prior to the transfer of the relevant certified public accountant.

### c) Certified public accountants involved in auditing-related operations

Seiji Yamamoto, Designated Employee with Limited Liability and Managing Partner

Tomo Ito, Designated Employee with Limited Liability, and Managing Partner

Hideaki Keyaki, Designated Employee with Limited Liability and Managing Partner

\* Summarized, as all members have less than seven years of continuous auditing experience

### d) Composition of staff assisting in auditing-related operations

CPAs 11

Other individuals 29

### e) Corporate Auditor Selection Policy and Reasons

(Accounting auditor selection policy)

The Audit & Supervisory Board makes comprehensive considerations that include the independence, expertise and the state of quality control of the accounting auditor as well as the appropriateness and efficiency of auditing activities and on the basis of the establishment of a system that assures the proper execution of duties of the accounting auditor the Board decides on suitability.

(Policy on Dismissal or Determining Non-reappointment of Accounting Auditor)

If there is determined to be a necessity, such as interference with the execution of the duties of the accounting auditor, the Audit & Supervisory Board will determine details of the proposal for dismissal or non-reappointment of the accounting auditor that is submitted to the General Meeting of Shareholders.

If the accounting auditor is deemed to come under any of the items prescribed in Article 340-1 of the Companies Act, the accounting auditor shall be dismissed based on the approval of all Audit & Supervisory Board Members. In this case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the intent and reason for the dismissal of the accounting auditor at the first General Meeting of Shareholders convened after the dismissal.

(Reason for reappointment of accounting auditor)

The Audit & Supervisory Board evaluated the accounting auditor in accordance with the policy for selecting the accounting auditor and determined that reappointing Ernst & Young ShinNihon LLC as the accounting auditor would be appropriate.

### f) Evaluation of Accounting Auditors by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board exchanges information with the accounting auditor and receives reports from the accounting auditor on the results of quality control reviews and inspections of the corporate auditors that are external organizations.

Audit & Supervisory Board Members and the Audit & Supervisory Board evaluate the accounting auditor based on the evaluation standards prescribed in accordance with the Japan Audit & Supervisory Board Members Association's "Practical Guidelines for Auditors Concerning Determination of Evaluation Standards for Selection Criteria for Accounting Auditors" and determined this to be suitable.

#### 4. Details of Auditors' Remuneration, etc.

##### a) Remuneration for Auditing Certified Public Accountants

Class	Previous Fiscal Year		Current Fiscal Year	
	For auditing and certification services (Millions of yen)	Non-auditing services (Millions of yen)	For auditing and certification services (Millions of yen)	Non-auditing services (Millions of yen)
Otsuka Corporation	70	6	73	—
Consolidated Subsidiaries	15	—	17	—
Total	85	6	90	—

(Previous Fiscal Year)

The contents of non-auditing work at the Company consist of providing information, consultation, advice and support for accounting standards pertaining to revenue recognition, which is work other than that prescribed by Article 2, Paragraph 1 of the Certified Public Accountants Act.

##### b) Excluding (remuneration <a>) for the same network (Ernst & Young) as the audit certified public accountants

Not applicable

##### c) Details of remuneration for other important audit certification services

Not applicable

##### d) Audit Remuneration Policy

The Company determines with agreement of the Audit & Supervisory Board an appropriate amount of audit remuneration based on a number of factors, including the number of days of auditing work, the nature of auditing duties and scale of work to ensure the accounting auditor can conduct auditing and certification services fairly and in good faith from an independent standpoint.

##### e) Reasons the Audit & Supervisory Board Agreed to the Remuneration for the Accounting Auditor

The Audit & Supervisory Board, upon undertaking necessary verifications of the appropriateness of the details of audit plan of the accounting auditor, the state of execution of duties of accounting audits and the basis for calculating remuneration estimates, has agreed to the provisions of Article 399-1 of the Companies Act for remuneration for the accounting auditor.

## Directors (Officers) Remuneration

### 1. Items Concerning Policy for Determination of Remuneration Amounts for Directors and Calculation Method

#### Policy for Determining Remuneration for Directors

Remuneration for Directors (excluding outside directors) shall be monetary compensation within the range approved by a resolution of the General Meeting of Shareholders that comprises basic remuneration, bonus, annual performance-based pay, retirement bonuses for Directors (accumulation-type remuneration at the time of resignation) and corporate-type defined contribution pension (full-time directors under 60 years of age). For Directors who concurrently serve as Executive Officers, position and performance as an Executive Officer shall also be elements in determining director remuneration. Remuneration levels as well as the percentages of each of the following types of remuneration as individual remuneration for Directors are set according to job responsibilities and contributions, etc., giving reference to survey data from external specialist organizations.

- A. For basic remuneration, the President and Representative Director, who is appointed by the Board of Directors, shall determine the payment amounts to be paid monthly giving comprehensive consideration to such factors as the evaluation of the performance of the supervised department in past years taking into account levels of other companies and a balance with employee salaries.
- B. In order to link contribution to business performance, bonuses are determined based on the target achievement rate for operating profit, which is strongly correlated to stock price. The President and Representative Director, who is appointed by the Board of Directors, shall determine the amount of bonuses to be paid annually in July and December based on the performance of the entire company during the bonus payment period, the performance of the supervised department and the degree of contribution to performance of the individual officer upon assuring transparency of the link with performance.
- C. Annual performance-based bonus is paid annually around February and August after amounts are decided by the Board of Directors in accordance with the annual and semi-annual operating profit achievement rate based on the annual and semi-annual plan for employees.
- D. Retirement benefits for directors are set aside in accordance with the rules for retirement benefits for directors, with the annual basic amount being set aside for full-time directors (each position), and the cumulative amount is calculated at retirement and

paid in an amount determined by the President and Representative Director, who is appointed by the Board of Directors based on a resolution of the General Meeting of Shareholders.

- E. The company-type defined contribution pension for full-time directors who have not reached the age of 60 is contributed to monthly in an amount equal to the maximum amount for employees in accordance with the provisions of the defined contribution (DC) pension regulations established by a resolution of the Board of Directors.

Outside directors shall receive monetary remuneration that is only fixed basic remuneration from the perspective of maintaining independence. Basic remuneration shall be within a range approved by a resolution of the General Meeting of Shareholders and paid monthly in an amount determined by the President and Representative Director, who is appointed by the Board of Directors, based on the levels of other companies and the remuneration levels of full-time directors of the Company.

The Company resolved its policy for determining the details of individual remuneration for directors at the meeting of the Board of Directors.

The Board of Directors delegates the authority to determine the amount of remuneration for each director to Yuji Otsuka, President & Chief Executive Officer. The reason for this delegation is that the president is the most suitable person for evaluating the performance of the respective department of which each director is in charge as well as the degree of contribution by these directors while taking into consideration the performance of the entire company.

In addition, regarding individual remuneration of directors for this fiscal year, the Board of Directors shall confirm that the method of determining the content of remuneration as well as the content of the determined remuneration are consistent with the policy for determining remuneration resolved by the Board of Directors and shall deem this is in line with that policy.

#### Reference

##### Annual Basic Amount for Each Position Stipulated in the Rules for Retirement Benefits for Directors

Position	Fixed amount by each position (Millions of yen)
President & Chief Executive Officer	12.0
Managing Director & Senior Executive Operating Officer	4.0
Managing Director & Executive Operating Officer	3.7
Managing Director & Senior Operating Officer	3.0
Managing Director & Operating Officer	2.8
Managing Director & Senior Executive Officer	2.0

##### Policy for Determining Remuneration for Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members (excluding outside auditors) shall be monetary remuneration and basic remuneration and shall be paid within the range approved by a resolution at the General Meeting of Shareholders.

Basic remuneration is paid monthly in an amount determined through discussions with Audit & Supervisory Board Members.

Retirement benefits for Audit & Supervisory Board Members were applied only to Standing Audit & Supervisory Board Members. However, at the meeting of the Board of Directors held on February 21, 2022 and the General Meeting of Shareholders held on March 29, 2022, it was resolved that the retirement benefit system for Standing Audit & Supervisory Board Members shall be abolished upon the conclusion of the General Meeting of Shareholders. For Standing Audit & Supervisory Board Members currently in office, to remunerate their achievements during their term of office until the end of the General Meeting of Shareholders, the above Board of Directors and General Meeting of Shareholders resolved that the retirement benefits shall be paid as a lump sum within a range of an equivalent amount according to a certain standards prescribed by the Company and that the timing of payments shall be when the Audit & Supervisory Board Members retire and the specific amount and method shall be left to discussions by the Audit & Supervisory Board Members.

Outside Audit & Supervisory Board members shall receive monetary remuneration that is only fixed basic remuneration. The paid amount of basic remuneration is determined by consultation with the Audit & Supervisory Board Members.

## 2. Total Amount of Remuneration for Each Officer Class, Total Amount by Type of Remuneration and Number of Eligible Officers

Class	Total Remuneration (Millions of yen)	Breakdown of Remuneration (Millions of yen)			Number of Officers (Persons)
		Fixed Remuneration	Performance-linked Remuneration	Retirement Benefits	
Directors (excluding outside directors)	338	229	71	37	10
Audit & Supervisory Board Members (except outside auditors)	22	20	—	1	2
Outside Directors	35	35	—	—	3
Outside Auditors	21	21	—	—	3

### Notes:

- The above include three Directors and one Auditor who retired at the conclusion of the 60th General Meeting of Shareholders held on March 26, 2021.
- Remuneration to Directors does not include compensation for services rendered outside the realm of their directorships.
- The maximum amount of remuneration for directors is set at ¥650 million or less per year (however, employee salary portions are not included) based on a resolution at the General Meeting of Shareholders held on March 13, 1990. The number of directors at the end of the said General Meeting of Shareholders is 18.
- The amount of remuneration for Audit & Supervisory Board Members is ¥50 million or less per year based on a resolution at the General Meeting of Shareholders held on March 30, 2005. The number of Audit & Supervisory Board Members at the end of the said General Meeting of Shareholders is four.
- The above amount of retirement benefits includes an increase in the allowance for directors' retirement benefits for the current fiscal year.
- The actual results of performance indicators used to calculate the amount of performance-linked remuneration for the current fiscal year are operating income of ¥49,958 million (target value ¥53,597 million, achievement rate 93.2%) for the eligible bonus period and annual operating income of ¥48,654 million (target value ¥51,400 million, achievement rate 94.7%).  
The settlement allowance was not applicable because the achievement rate was less than 100%.

## 3. Total Consolidated Remuneration by Director and Audit & Supervisory Board Member

Not disclosed since there are no Directors or Audit & Supervisory Board Members that receive consolidated remuneration of ¥100 million or more.

## Principal Stockholdings by the Company

### 1. Criteria and Concept for Classification of Investment Stocks

The Company classifies stocks into investment stocks held for the purpose of pure investment, which are investment stocks held for the purpose of obtaining profits from fluctuations in stock prices and dividends from stocks, and investment stocks held for purposes other than pure investment (policy stocks), which are held for the purpose of strengthening relationships and alliances with partner companies. The Company does not in principle hold investment stocks held for the purpose of pure investment.

### 2. Stocks Held for Purposes Other than Pure Investment

#### a) Holding Policy and Method for Verifying the Rationality of Holdings and Details of Verification by the Board of Directors

##### Regarding the Suitability of Holding Individual Stocks

One of the Company's management objectives is to continuously improve corporate value through business expansion even within a harsh economic environment and the Company recognizes that securing a wide-ranging sales network, the stable procurement of products and services and continuing to secure smooth financial transactions into the future are essential in executing its management strategy. Based on this need, the Company adheres to a policy of holding policy stocks for the purpose of strengthening relationships and alliances with partner companies and does not hold policy stocks otherwise.

Every year the Board of Directors verifies the returns and risks of policy stocks from a medium- to-long-term perspective and considers the suitability of holding these stocks. As evaluation criteria for determining the suitability of holdings, the Company comprehensively considers such factors as the benefits of alliances, comparison of investment returns and the cost of capital, investment risk and the growth potential of the relevant company. In accordance with the above criteria, as a shareholder, the Company will sell policy stocks that do not result in a medium- to-long-term increase in corporate value upon carrying out sufficient dialogue with its partner company.

At the Board of Directors meeting for the current fiscal year, the Company pursued a return on investment of all strategically held shares that is calculated from dividends and business profits obtained from the company as well as the acquisition price of the shares and compared and verified the return on investment with the Company's cost of capital. As a result, the Company deliberated on the suitability of holding stocks for which return on investment was lower than the Company's cost of capital. As a result of this deliberation, although some of these stocks have a low direct relation to business profits, the Company has confirmed the benefits of maintaining cooperative relationships in undertaking its business operations that include alliances in financing and fund settlement fields and has determined the appropriateness of holding these stocks. On the other hand, the Company has resolved to proceed with

the sale of stocks for which the appropriateness of these holdings has not been recognized.

b) Criteria for Exercising Voting Rights for Holdings of Policy Stocks

Regarding the exercise of voting rights of policy stocks, the Company determines advantages and disadvantages of a resolution upon close examination by individual stock to determine whether these contribute to the enhancement of medium-to-long-term corporate value of the relevant company and the Company.

c) Number of issues and balance sheet amount

	Number of issues	Total balance sheet amount (millions of yen)
Unlisted stocks	23	443
Stocks other than unlisted stocks	29	13,771

(Issues for which the number of shares increased this fiscal year)

	Number of issues	Total amount of acquisition price for the increase in the number of shares (millions of yen)	Reason for increase in number of shares
Unlisted stocks	2	174	New investment for developing services in the document solution and IoT fields
Stocks other than unlisted stocks*	2	18	Regular purchases by business partner holding company

\* In addition to the above, the number of shares increased for two issues due to the new listing of Cybertrust Japan Co., Ltd. and the change of classification from affiliated company of SIOS Corporation.

(Issues for which the number of shares decreased this fiscal year)

	Number of issues	Total amount of sales price for the decrease in the number of shares (millions of yen)
Unlisted stocks*	—	—
Stocks other than unlisted stocks	5	33

\* In addition to the above, the number of shares decreased for one issue due to the new listing of Cybertrust Japan Co., Ltd.

d) Information on the number of shares for each issue of specified investment stocks and deemed stocks held and balance sheet amounts

Specified investment stocks

Name	Current business year	Previous business year	Purpose of holding, quantitative holding effect and reason number of shares increased	Holds Company stock
	Number of shares	Number of shares		
	Balance sheet amount (millions of yen)	Balance sheet amount (millions of yen)		
PERSOL HOLDINGS CO., LTD.	3,000,000	3,000,000	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No Note 4
	10,020	5,583		
SIOS Corporation	1,593,300	*	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares. The increase in the number of shares is due to the change of classification from affiliated company shares to specified investment shares.	No
	928	*		
Uchida Esco Co., Ltd.	180,000	180,000	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	Yes
	742	531		

Name	Current business year	Previous business year	Purpose of holding, quantitative holding effect and reason number of shares increased	Holds Company stock
	Number of shares	Number of shares		
	Balance sheet amount (millions of yen)	Balance sheet amount (millions of yen)		
GiG Works Inc.	1,080,000	360,000	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares. The increase in the number of shares is due to a stock split.	Yes
	548	1,177		
Ricoh Company, Ltd.	398,877	381,938	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares. The increase in the number of shares is due to fixed-amount purchases by the business partner holding company for the purpose of strengthening relationships.	Yes
	427	258		
Daiwa House Industry Co., Ltd.	100,000	100,000	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	330	306		
Daito Trust Construction Co., Ltd.	13,100	13,100	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	172	126		
Concordia Financial Group, Ltd.	382,204	382,204	The purpose of holding the company's shares is to enhance financial transactions and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	159	138		
Cybertrust Japan Co., Ltd.	32,000	*	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares. The increase in the number of shares is due to the new listing of unlisted shares held.	No
	101	*		
NAMUCO BANDAI Holdings Inc.	9,504	9,504	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	85	84		
Credit Saison Co., Ltd.	50,000	50,000	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	60	59		
Zeon Corporation	35,200	35,172	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares. The increase in the number of shares is due to fixed-amount purchases by the business partner holding company for the purpose of strengthening relationships.	No
	46	52		
Meiko Network Japan Co., Ltd.	60,000	60,000	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	34	33		
Kyowa Kirin Co., Ltd.	8,000	8,000	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	25	22		
Nippon Kayaku Co., Ltd.	20,000	20,062	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	23	19		
Mitsubishi UFJ Financial Group, Inc.	29,110	29,110	The purpose of holding the company's shares is to enhance financial transactions and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No Note 5
	18	13		
HYPER Inc.	24,000	24,000	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	12	13		
Dai-ichi Life Holdings, Inc.	4,300	4,300	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No Note 6
	9	6		
Rengo Co., Ltd.	7,600	7,600	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	6	6		
Maruzen Co., Ltd.	2,000	2,000	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	4	3		
Mizuho Financial Group, Inc.	2,152	2,152	The purpose of holding the company's shares is to enhance financial transactions and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No Note 7
	3	2		

Name	Current business year	Previous business year	Purpose of holding, quantitative holding effect and reason number of shares increased	Holds Company stock
	Number of shares	Number of shares		
	Balance sheet amount (millions of yen)	Balance sheet amount (millions of yen)		
Canon Marketing Japan Inc.	1,155	1,155	The purpose of holding the company's shares is to ensure stable supplies of products and services and to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	Yes
	2	2		
Tsuchiya Holdings Co., Ltd.	13,600	13,689	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	2	2		
Autobacs Seven Co., Ltd.	1,500	1,500	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	2	2		
LIXIL Corporation.	331	331	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	1	0		
KOIKE SANSEI KOGYO Co., LTD.	133	133	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	0	0		
TOKYO THEATRES COMPANY Inc.	200	245	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	0	0		
Kurimoto, Ltd.	100	100	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	0	0		
NIPPON KINZOKU CO., LTD.	100	100	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company uses the method described in a) above and confirmed the rationality of its holdings of the company's shares.	No
	0	0		
Iino Kaiun Kaisha, Ltd.	—	37,682	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company has comprehensively considered the items described in a) above and sold the company's shares in the current fiscal year.	No
	—	16		
Morinaga & Co., Ltd.	—	3,284	The purpose of holding the company's shares is to strengthen the sales cooperation systems. The Company has comprehensively considered the items described in a) above and sold the company's shares in the current fiscal year.	No
	—	12		

Notes:

- All stocks, including stocks with recorded balance sheet amounts of 1/100 or less of their capital amounts, are listed.
- The - symbol indicates the Company does not hold that stock.
- The symbol (\*) indicates that the listing is omitted because it was not a specified investment stock in the previous fiscal year.
- Although PERSOL HOLDINGS CO., LTD. does not hold Company shares, its subsidiary, PERSOL TEMPSTAFF CO., LTD., holds Company shares.
- Although Mitsubishi UFJ Financial Group, Inc. does not hold Company shares, its subsidiaries, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and au Kabucom Securities Co., Ltd., hold Company shares.
- Although Dai-ichi Life Holdings, Inc. does not hold Company shares, its subsidiary, The Dai-ichi Life Insurance Company, Limited, holds Company shares.
- Although Mizuho Financial Group, Inc. does not hold Company shares, its subsidiaries, Mizuho Bank, Ltd. and Mizuho Securities Co., Ltd., hold Company shares.

Deemed stocks

Not applicable

3. Investment Stocks Held for the Purpose of Pure Investment

Not applicable