

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Securities Code: 4768)

March 11, 2021

To our shareholders:

Yuji Otsuka,  
President & Chief Executive Officer  
**OTSUKA CORPORATION**  
2-18-4 Iidabashi, Chiyoda-ku, Tokyo

## NOTICE OF THE 60TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 60th Annual General Meeting of Shareholders of OTSUKA CORPORATION (the “Company”), which will be held as indicated below.

If you are unable to attend the Meeting, you can exercise your voting rights using any of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and **exercise your voting rights by no later than 5:30 p.m., Thursday, March 25, 2021 (JST).**

### [Voting in writing (by mail)]

Please indicate your approval or disapproval of each proposal on the enclosed voting form, and return it so that your vote is received by the above deadline.

### [Voting via the internet, etc.]

Please access the voting website designated by the Company (<https://www.web54.net>) using the voting code and password printed on the enclosed voting form, and enter your approval or disapproval of each proposal following the instructions on your screen by the above deadline.

- 1. Date and Time:** Friday, March 26, 2021, at 10:00 a.m. (JST)  
(The reception desk will open at 9:00 a.m.)
- 2. Venue:** **Large Conference Room, 3rd floor, Head Office of the Company**  
2-18-4 Iidabashi, Chiyoda-ku, Tokyo

### 3. Purpose of the Meeting:

#### *Items to be reported:*

1. The Business Report and the Consolidated Financial Statements for the 60th fiscal year (from January 1, 2020 to December 31, 2020), and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 60th fiscal year (from January 1, 2020 to December 31, 2020)

#### *Items to be resolved:*

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Appropriation of Surplus  |
| <b>Proposal 2:</b> | Election of 10 Directors  |
| <b>Proposal 3:</b> | Election of One Audit & Supervisory Board Member                            |
| <b>Proposal 4:</b> | Payment of Retirement Benefits to Retiring Directors                        |
| <b>Proposal 5:</b> | Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member |

#### **4. Matters Prescribed for Convocation**

- (1) In the event that your approval or disapproval of each proposal is not indicated on the voting form, it shall be considered as an indication of approval.
- (2) When voting rights are exercised via the internet, etc. more than once, the last vote shall be deemed effective.
- (3) When voting rights are exercised in duplicate, both in writing and via the internet, etc., the vote via the internet, etc. shall be deemed effective.
- (4) If you diversely exercise your voting rights, you are requested to notify the Company in writing of your intention to do so and state the reason for this no later than three days before the Meeting.

---

When you attend the Meeting, you are kindly requested to present the enclosed voting form at the reception.

If any changes are made to items in the Reference Documents for the General Meeting of Shareholders and the Business Report, or to Non-consolidated Financial Statements and Consolidated Financial Statements, such changes will be posted on the Company's website (<https://www.otsuka-shokai.co.jp>) (in Japanese only).

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

#### Year-end dividends

The Company considers the return of profit to shareholders to be one of the most important management issues and its basic policy is to continually pay stable dividends based on its business performance while considering business foundation enhancement and the soundness of the financial structure.

In accordance with this policy, the Company proposes to pay ¥115 per common share of the Company as year-end dividends for the 60th fiscal year, an increase of ¥5 compared to the previous fiscal year's ordinary dividend of ¥110 as follows:

- (1) Type of dividend property  
To be paid in cash.
- (2) Allotment of dividend property and their aggregate amount  
¥115 per common share of the Company  
Total dividends: ¥21,804,139,380
- (3) Effective date of dividends of surplus  
March 29, 2021

## Proposal 2: Election of 10 Directors

The terms of office of all 12 Directors will expire at the conclusion of this Meeting. Therefore, the Company proposes the election of 10 Directors.

The candidates for Director are as follows:

No.	Name		Current position in the Company	Attendance at Board of Directors meetings (Attendance rate)	Tenure as Director
1	Yuji Otsuka	Reelection	President & Chief Executive Officer	17/17 (100%)	29 years
2	Kazuyuki Katakura	Reelection	Managing Director & Senior Executive Operating Officer	17/17 (100%)	24 years
3	Toshiyasu Takahashi	Reelection	Managing Director & Senior Executive Operating Officer	12/17 (70%)	19 years
4	Hironobu Tsurumi	Reelection	Managing Director & Executive Operating Officer	16/17 (94%)	11 years
5	Hironobu Saito	Reelection	Managing Director & Senior Operating Officer	17/17 (100%)	14 years
6	Katsuhiro Yano	Reelection	Managing Director & Operating Officer	17/17 (100%)	19 years
7	Minoru Sakurai	Reelection	Managing Director & Operating Officer	17/17 (100%)	10 years
8	Jiro Makino	Outside Independent Reelection	Director	17 / 17 (100%)	6 years (as outside Director)
9	Tetsuo Saito	Outside Independent Reelection	Director	17 / 17 (100%)	5 years (as outside Director)
10	Makiko Hamabe	Outside Independent New election	–	– (-%)	– years (as outside Director)

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Independent officer stipulated by the Tokyo Stock Exchange

Note: Attendance at Board of Directors meetings during the fiscal year ended December 31, 2020 indicates the attendance of candidates for reelection.

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
1	Yuji Otsuka (February 13, 1954)  Tenure as Director 29 years  Attendance at Board of Directors meetings 17/17 (100%)  Reelection	Nov. 1981    Joined the Company Mar. 1992    Director Mar. 1993    Operating Director Mar. 1994    Executive Operating Director Mar. 1995    Director & Vice President (Representative Director) Aug. 2001    Director & President (Representative Director) Mar. 2006    President & Chief Executive Officer Apr. 2011    President & Chief Executive Officer, General Manager of Marketing Headquarters (current position)  [Significant concurrent positions outside the Company] President & Chief Executive Officer of Otsuka Sobi Co., Ltd.	5,681,880 shares
	[Reasons for nomination as candidate for Director] The Company nominated Yuji Otsuka for another term as a candidate for Director because he has served as President & Chief Executive Officer for many years and, as a corporate manager, has abundant experience and knowledge regarding the Company's overall management as well as excellent insight.		
2	Kazuyuki Katakura (June 11, 1952)  Tenure as Director 24 years  Attendance at Board of Directors meetings 17/17 (100%)  Reelection	Mar. 1976    Joined the Company Mar. 1997    Director Mar. 1999    Operating Director Jul. 2003    Operating Director & Senior Managing Officer Mar. 2006    Managing Director & Senior Operating Officer Mar. 2008    Managing Director & Executive Operating Officer Mar. 2018    Managing Director & Senior Executive Operating Officer, General Manager of Sales Headquarters, and Deputy General Manager of Marketing Headquarters (current position)  [Significant concurrent positions outside the Company] -	50,300 shares
	[Reasons for nomination as candidate for Director] The Company nominated Kazuyuki Katakura for another term as a candidate for Director because he has been in charge of the entire sales division for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.		

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
3	<p>Toshiyasu Takahashi (November 7, 1950)</p> <p>Tenure as Director 19 years</p> <p>Attendance at Board of Directors meetings 12/17 (70%)</p> <p>Reelection</p>	<p>Mar. 1973    Joined the Company</p> <p>Mar. 2002    Director</p> <p>Jul. 2003    Director &amp; Senior Managing Officer</p> <p>Mar. 2006    Managing Director &amp; Operating Officer</p> <p>Mar. 2010    Managing Director &amp; Senior Operating Officer</p> <p>Mar. 2011    Managing Director &amp; Executive Operating Officer</p> <p>Mar. 2018    Managing Director &amp; Senior Executive Operating Officer</p> <p>Mar. 2019    Managing Director &amp; Senior Executive Operating Officer, Executive Division Manager of Tanomail Business Division, General Manager of Tanomail Information Department, General Manager of Tanomail Marketing Department, General Manager of Logistics Promotion Department, in charge of Marketing Automation Center and Customer Personalized Pages Promotion Center (current position)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President of LION OFFICE PRODUCTS CORP.</p>	96,000 shares
		<p>[Reasons for nomination as candidate for Director]</p> <p>The Company nominated Toshiyasu Takahashi for another term as a candidate for Director because he has led office supply sales business for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.</p>	
4	<p>Hironobu Tsurumi (July 23, 1955)</p> <p>Tenure as Director 11 years</p> <p>Attendance at Board of Directors meetings 16/17 (94%)</p> <p>Reelection</p>	<p>Mar. 1979    Joined the Company</p> <p>Jul. 2004    Managing Officer</p> <p>Mar. 2006    Senior Managing Officer</p> <p>Mar. 2010    Director &amp; Senior Managing Officer</p> <p>Mar. 2013    Managing Director &amp; Operating Officer</p> <p>Mar. 2018    Managing Director &amp; Senior Operating Officer</p> <p>Mar. 2019    Managing Director &amp; Executive Operating Officer, Deputy General Manager of Sales Headquarters, Executive Department Head of CAD Department, and General Manager of CAD Promotion Department (current position)</p> <p>[Significant concurrent positions outside the Company] Chairman of Otsuka Information Technology Corp.</p>	30,000 shares
		<p>[Reasons for nomination as candidate for Director]</p> <p>The Company nominated Hironobu Tsurumi for another term as a candidate for Director because he has been in charge of CAD division, which handles products related to CAD based design support tools, for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.</p>	

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
5	Hironobu Saito (July 17, 1949)  Tenure as Director 14 years  Attendance at Board of Directors meetings 17/17 (100%)  Reelection	Aug. 1968    Joined the Company Jul. 2003    Managing Officer Mar. 2005    Senior Managing Officer Mar. 2007    Director & Senior Managing Officer Mar. 2011    Managing Director & Operating Officer Mar. 2018    Managing Director & Senior Operating Officer, in charge of Project Promotion Office, Audit Office, Marketing Automation Center and Customer Personalized Pages Promotion Center (current position)  [Significant concurrent positions outside the Company] —	185,900 shares
	[Reasons for nomination as candidate for Director] The Company nominated Hironobu Saito for another term as a candidate for Director because he has been in charge of corporate planning and Audit Office for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.		
6	Katsuhiro Yano (June 18, 1955)  Tenure as Director 19 years  Attendance at Board of Directors meetings 17/17 (100%)  Reelection	Mar. 1979    Joined the Company Mar. 2002    Director Jul. 2003    Director & Senior Managing Officer Mar. 2010    Director & Executive Managing Officer Mar. 2011    Managing Director & Operating Officer Jan. 2021    Managing Director & Operating Officer, in charge of Complex Solutions Promotion, Executive Department Head of Regional Department, General Manager of Complex Solutions Promotion Office, General Manager of Major Customers Special Sales Department, in charge of Area Promotion Department (current position)  [Significant concurrent positions outside the Company] —	41,900 shares
	[Reasons for nomination as candidate for Director] The Company nominated Katsuhiro Yano for another term as a candidate for Director because he has been in charge of the entire regional sales including copiers for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.		

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
7	<p>Minoru Sakurai (March 27, 1957)</p> <p>Tenure as Director 10 years</p> <p>Attendance at Board of Directors meetings 17/17 (100%)</p> <p>Reelection</p>	<p>Mar. 1979    Joined the Company</p> <p>Mar. 2005    Managing Officer</p> <p>Mar. 2010    Senior Managing Officer</p> <p>Mar. 2011    Director &amp; Senior Managing Officer</p> <p>Mar. 2013    Managing Director &amp; Operating Officer</p> <p>Mar. 2018    Managing Director &amp; Operating Officer, General Manager of Technology Headquarters, Executive Department Head of AP Solution Department, and Executive Department Head of TC Solution Department (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>–</p>	19,700 shares
	<p>[Reasons for nomination as candidate for Director]</p> <p>The Company nominated Minoru Sakurai for another term as a candidate for Director because he has been in charge of technology division and support division for many years, served as a director and an executive officer, and has abundant experience and knowledge regarding the Company's overall management.</p>		
8	<p>Jiro Makino (May 14, 1953)</p> <p>Tenure as outside Director 6 years</p> <p>Attendance at Board of Directors meetings 17/17 (100%)</p> <p>Outside Independent Reelection</p>	<p>Apr. 1983    Registered as an attorney at law</p> <p>Aug. 1990    Established MAKINO legal professional office (currently MAKINO legal professional corporation) Director (current position)</p> <p>Mar. 2004    Outside Audit &amp; Supervisory Board Member of the Company</p> <p>Mar. 2015    Outside Director (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director of MAKINO legal professional corporation</p>	– shares
	<p>[Reasons for nomination as candidate for outside Director]</p> <p>The Company nominated Jiro Makino for another term as a candidate for outside Director because, although he has not been engaged in corporate management in the past, except through his activities as an outside officer, he has knowledge and experience as an attorney at law and has been engaged for many years in practical business pertaining to corporate law, which leads the Company to deem that he can suitably fulfill his duties as an outside Director.</p>		

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
9	<p>Tetsuo Saito (March 25, 1954)</p> <p>Tenure as outside Director 5 years</p> <p>Attendance at Board of Directors meetings 17/17 (100%)</p> <p>Outside Independent Reelection</p>	<p>Apr. 1977    Joined Tokyo Stock Exchange (currently Japan Exchange Group, Inc.)</p> <p>May 1997    Representative Director of Work Two Co., Ltd. (current position)</p> <p>May 2009    Outside Audit and Supervisory Board Member of Diamond Dining Co., Ltd. (currently DD Holdings Co., Ltd.) (current position)</p> <p>Jun. 2012    Outside Audit and Supervisory Board Member of DM Solutions Co., Ltd. (current position)</p> <p>Dec. 2015    Outside Director of Career Design Center Co., Ltd. (current position)</p> <p>Mar. 2016    Outside Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director of Work Two Co., Ltd.</p> <p>Outside Audit and Supervisory Board Member of DD Holdings Co., Ltd.</p> <p>Outside Audit and Supervisory Board Member of DM Solutions Co., Ltd.</p> <p>Outside Director of Career Design Center Co., Ltd.</p>	<p>– shares</p>
<p>[Reasons for nomination as candidate for outside Director]</p> <p>The Company nominated Tetsuo Saito for another term as a candidate for outside Director because he has long-standing experience of having numerous engagements in corporate management pertaining to numerous industry sectors, which leads the Company to deem that he can suitably fulfill his duties as an outside Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
10	Makiko Hamabe (August 28, 1964)  Tenure as outside Director – years  Attendance at Board of Directors meetings – (–%)  Outside Independent New election	<p>Apr. 1988    Joined Tokyo Office of Central Bank of Chile (Financial Department of Embassy of Chile)</p> <p>Sep. 1992    Joined Tokyo Branch of J.P. Morgan Securities Asia Pte. Limited (currently JP Morgan Securities Japan Co., Ltd.)</p> <p>Apr. 1995    Joined Tokyo Office of Company Information Division, Department of Trade and Industry of Catalonia, Spain</p> <p>Jun. 1998    Joined Thomson Financial Investor Relations</p> <p>Mar. 2000    Joined Yahoo Japan Corporation (currently Z Holdings Corporation)</p> <p>Apr. 2009    Head of IR (Investor Relations) Office of Yahoo Japan Corporation</p> <p>Apr. 2014    General Manager of SR (Stakeholder Relations) Division of Yahoo Japan Corporation</p> <p>Apr. 2018    Head of President's Office and Corporate Evangelist of Yahoo Japan Corporation</p> <p>Sep. 2019    Joined DIP Corporation Executive Officer, General Manager of Corporate Communication Department, Management Administration Division of Dip Corporation</p> <p>Mar. 2021    Outside Director of SoldOut, Inc (schedule to assume office) [Significant concurrent positions outside the Company] Outside Director of SoldOut, Inc (schedule to assume office in March 2021)</p>	– shares
<p>[Reasons for nomination as candidate for outside Director]</p> <p>The Company nominated Makiko Hamabe as a candidate for outside Director because she has a high level of knowledge regarding corporate governance and ESG, and has been engaged for many years in corporate communication and IR-related activities, which leads the Company to deem that she can be expected to provide diverse opinions and advice based on the viewpoints of various stakeholders, and that she is a human resource who is necessary for increasing the corporate value of the Company and can suitably fulfill her duties as an outside Director.</p>			

- (Notes) 1. LION OFFICE PRODUCTS CORP., at which Toshiyasu Takahashi serves as Representative Director and President, and Otsuka Information Technology Corp., at which Hironobu Tsurumi serves as Chairman, are affiliates of the Company accounted for under the equity method.  
There is no special interest between the other candidates and the Company.
2. Jiro Makino, Tetsuo Saito, and Makiko Hamabe are candidates for outside Director. The Company has entered into agreements with Jiro Makino and Tetsuo Saito to limit their liability for damages set forth in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. According to these agreements, the limit of liability for damages shall be the amount stipulated by laws and regulations, and if they are elected as per the original proposal, the Company plans to continue these agreements with them. If Makiko Hamabe is elected as per the original proposal, the Company plans to enter into the same agreement with her.
3. The Company has concluded a directors and officers liability insurance policy with an insurance agency, as set forth in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. Each candidate for reelection in this proposal will be included as an insured person under this insurance policy, and each candidate to be newly elected will also be included as an insured person under this insurance policy if this proposal is approved as proposed. The Company plans to renew the insurance policy with the same details as above during the terms of office of the Directors in this proposal.
4. The Company has submitted notification as to Jiro Makino's and Tetsuo Saito's statuses as independent officers as defined by the Tokyo Stock Exchange, and if they are elected as per the original proposal, the Company plans to once again submit notification as to their statuses as independent officers, and if Makiko Hamabe is elected as per the original proposal, the Company plans to submit notification as to their statuses as independent officers as defined by the Tokyo Stock Exchange.

### Proposal 3: Election of One Audit & Supervisory Board Member

At the conclusion of this Meeting, Audit & Supervisory Board Member Naoto Minai will retire. Therefore, the Company proposes the election of one Audit & Supervisory Board Member.

The candidate for Audit & Supervisory Board Member, Tatsumi Murata, will be elected as a substitute for Audit & Supervisory Board Member Naoto Minai, who will retire from office before the expiration of the term of office. Accordingly, his term of office will be, pursuant to Article 32, Paragraph 2 of the Company's Articles of Incorporation, until the term of office of the retiring Audit & Supervisory Board Member expires. The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and position in the Company, and significant concurrent positions outside the Company	Number of the Company's shares held
Tatsumi Murata (November 2, 1957) Term as Audit & Supervisory Board Member: – years	Mar. 1981    Joined the Company Jan. 2013    General Manager of Operation Administration Department Apr. 2016    General Manager of Audit Office Mar. 2020    Operating Officer, General Manager of Audit Office (current position)	1,100 shares
Attendance at Board of Directors meetings: – (–%)	[Significant concurrent positions outside the Company] –	
Attendance at Audit & Supervisory Board meetings: – (–%)		
New election		
[Reasons for nomination as candidate for Audit & Supervisory Board Member] Tatsumi Murata has been involved in operation administration of the Company for many years. The Company nominated him as a candidate for Audit & Supervisory Board Member because he has been in charge of internal audits as General Manager of Audit Office, he has abundant experience and knowledge related to internal control, he has knowledge and ability related to auditing through the regular exchange of information between the Audit & Supervisory Board and the audit corporation, and he can be expected to perform highly effective audits, which leads the Company to deem that he can suitably fulfill his duties as an Audit & Supervisory Board Member.		

- (Notes)
1. There is no special interest between the candidate and the Company.
  2. If the candidate is elected as per the original proposal, the Company plans to enter into an agreement with him to limit his liability for damages set forth in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the same Act. According to the agreement, the limit of liability for damages shall be the amount stipulated by laws and regulations.
  3. The Company has concluded a directors and officers liability insurance policy with an insurance agency, as set forth in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages arising from liability borne by the insured persons in the course of execution of their duties as an officer, etc. or claims pertaining to the pursuit of such liability. If this proposal is approved as proposed, the candidate will be included as an insured person under this insurance policy. The Company plans to renew the insurance policy with the same details as above during the terms of office of the Audit & Supervisory Board Member in this proposal.

#### **Proposal 4: Payment of Retirement Benefits to Retiring Directors**

At the conclusion of this Meeting, Directors Norihiko Moriya, Mitsuya Hirose and Yasuhiro Wakamatsu will retire due to the expiration of their terms of office. To compensate them for their efforts while in office, the Company wishes to pay retirement benefits within the range of the suitable amount prescribed by criteria established by the Company and requests that the actual amount, timing of payment, method of payment, etc. be entrusted to the discretion of the Board of Directors.

This proposal requests an approval regarding the payment of retirement benefits as stated above in line with the policy for determining Directors' remuneration, etc. determined by the Company's Board of Directors that is presented on page 14 of this notice of convocation.

The career summary of the retiring Directors is as follows:

Name	Career summary
Norihiko Moriya	Mar. 2013 Director & Senior Managing Officer Mar. 2017 Managing Director & Operating Officer (current position)
Mitsuya Hirose	Mar. 2011 Director & Senior Managing Officer (current position)
Yasuhiro Wakamatsu	Mar. 2008 Director & Senior Managing Officer Mar. 2011 Managing Director & Operating Officer Mar. 2017 Director (current position)

**Proposal 5: Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member**

At the conclusion of this Meeting, Audit & Supervisory Board Member Naoto Minai will retire. To compensate him for his efforts while in office, the Company wishes to pay retirement benefits within the range of the suitable amount prescribed by criteria established by the Company and requests that the actual amount, timing of payment, method of payment, etc. be determined through deliberation by the Audit & Supervisory Board Members.

The career summary of the retiring Audit & Supervisory Board Member is as follows:

Name	Career summary
Naoto Minai	Mar. 2016 Standing Audit & Supervisory Board Member (current position)

## Reference

[Policies for Determining Directors' Remuneration, Etc.]

Remuneration for Directors (excluding outside Directors) is monetary remuneration and consists of basic remuneration, bonuses, earnings bonuses, retirement benefits for officers (saving-type remuneration at time of retirement), and defined contribution corporate pension plan (for full-time Directors under 60 years old), within the limit approved by the General Meeting of Shareholders. In addition, Directors who concurrently serve as Managing Officers shall also receive a component of their Director remuneration for their position and performance as a Managing Officer. The remuneration levels and the composition ratios for each of the following remunerations in the individual remuneration for Directors are set according to the responsibilities and level of contribution, etc. after referencing survey data, etc. provided by an external specialist body.

- i) Basic remuneration is paid on a monthly basis at an amount determined by the President & Chief Executive Officer, who is entrusted to do so by the Board of Directors, after giving comprehensive consideration to evaluation of the performance of the division that the individual director is responsible for over prior fiscal years, and considering the balance between the level of remuneration at other companies and the salary of employees.
- ii) Bonuses are paid in July and December of each year at an amount decided by the President & Chief Executive Officer, who is entrusted to do so by the Board of Directors. In order to ensure they are linked to the level of contribution to the operation of the Company, they are based on the Company's overall performance over the period covered by the bonus, the performance of the division the Director is in charge of, and each individual Director's level of contribution to the performance, while ensuring transparency with regard to the bonus's correlation with performance and keeping within a level of payment decided beforehand that corresponds to the level of achievement of the target value of the operating profit, which has a strong correlation with the share price.
- iii) Earnings bonuses are paid around February and August of each year as determined by the Board of Directors to an amount corresponding to the rate of achievement of the operating profit target at the second quarter closing and at the fiscal year closing, and their payment is in accordance with the fiscal year closing and second-quarter closing system for employees.
- iv) Retirement benefits for officers are paid in accordance with the provisions of rules on retirement benefits to officers as a consideration for the performance of duties, and an annual basic amount set for each rank of full-time Director is accrued, and the cumulative amount is calculated at the time of the Director's retirement based on a resolution of the General Meeting of Shareholders after the amount has been determined by the President & Chief Executive Officer, who is entrusted to do so by the Board of Directors.
- v) The defined contribution corporate pension plan is the highest amount awarded to employees and contributed at a constant amount every month for full-time Directors under 60 years old in accordance with the defined contribution pension rules that have been established by a resolution of the Board of Directors.

Concerning the remuneration paid to outside Directors, from the perspective of maintaining independence, remuneration consists of only a fixed basic remuneration. The basic remuneration is up to a limit that has been approved at the General Meeting of Shareholders, and determined by the President & Chief Executive Officer, who has been entrusted to do so by the Board of Directors, based on the remuneration level of other companies and that of full-time Directors of the Company.