

Policy on Decisions on Remuneration for Individual Directors

[1] Basic policy

With a focus on the achievement of the long-term management vision and medium-term management plans, as well as enhancing motivation toward increasing Group corporate value, directors' remuneration is paid in amounts that reflect business performance with consideration for matters that include the levels of remuneration at other companies.

[2] Remuneration levels

The board of directors decides on the amounts and details of individual director's remuneration based on this policy through annual verification employing objective remuneration survey data and other information from outside agencies and with reference to executive remuneration levels at other companies in the same industry, companies of similar size, and other industries in consultation with the Remuneration Committee. This is conducted to ensure that the remuneration is appropriate from the perspectives of job responsibilities and securing human resources.

[3] Remuneration structure

- (1) To enable them to fulfill their responsibilities to improve business performance for each business year and increase corporate value over the medium to long term, the remuneration structure for directors (not including outside directors) consists of base remuneration (fixed remuneration) and incentives (variable remuneration). Incentives (variable remuneration) consist of two types: bonuses (short-term incentives) and stock remuneration (medium-/long-term incentives).
- (2) In light of their perspectives independent of business execution, outside directors are paid only base remuneration (fixed remuneration).
- (3) The total amount of base remuneration (fixed remuneration) and bonuses (short-term incentives/variable remuneration) will not exceed the annual maximum remuneration limit for directors (including outside directors) of up to 400 million yen per year (not including the salary and bonuses of directors serving concurrently in employee positions) approved through a resolution of the 105th ordinary general meeting of shareholders held on June 25, 2019.
- (4) Based on the Program for Restricted Stock Remuneration and Post-paid Performance-Linked Remuneration for Directors (Not Including Outside Directors) (hereinafter "Program")

approved through a resolution of the 108th ordinary general meeting of shareholders held on March 29, 2022, a separate remuneration limit is established for stock remuneration (medium-/long-term incentives) paid to eligible directors under the Program, as an amount separate from the remuneration limit under (3) above.

Type of remuneration	Objectives/summary
[Monetary remuneration/base remuneration] (fixed remuneration)	<ul style="list-style-type: none"> Base remuneration is cash remuneration paid in fixed amounts reflecting the positions and responsibilities of individual directors as fixed remuneration to encourage steady execution of duties.
[Monetary remuneration/bonuses] (performance-linked/short-term incentives)	<ul style="list-style-type: none"> Based on the view that it is preferable for directors' bonuses to be linked to the same indicators as the payout ratio to shareholders, bonuses are linked to net income attributable to owners of the parent. The amount equivalent to 1% of net income attributable to owners of the parent (as the total bonus amount) is paid when the conditions below are satisfied: <ul style="list-style-type: none"> (i) The Company is able to pay annual dividends (for 12 months) of 10 yen or more to shareholders. (ii) The amount of net income attributable to owners of the parent is not a result of a large amount of extraordinary gains. (iii) Consolidated and unconsolidated operating income, ordinary income, and net income, as well as net income attributable to owners of the parent, are being generated properly, and an appropriate payout ratio is maintained. The amount paid to each director is calculated based on the total bonus amount using the coefficient for each position and the coefficient for results of the evaluation of individual performance targets in the table below.

	<table><tr><td>Position</td><td>Chairman and Representative Director</td><td>President and CEO President and Chief Executive Officer</td><td>Director Managing Executive Officer</td></tr><tr><td>Coefficient</td><td>3</td><td>2</td><td>1</td></tr></table>	Position	Chairman and Representative Director	President and CEO President and Chief Executive Officer	Director Managing Executive Officer	Coefficient	3	2	1
Position	Chairman and Representative Director	President and CEO President and Chief Executive Officer	Director Managing Executive Officer						
Coefficient	3	2	1						
<p>[Non-monetary remuneration/stock remuneration] (performance-linked/medium-/long-term incentives)</p>	<p>・ Based on the Program for Restricted Stock Remuneration and Post-paid Performance-Linked Remuneration for Directors (Not Including Outside Directors) (hereinafter "Program") approved through a resolution of the 108th ordinary general meeting of shareholders held on March 29, 2022, directors (not including outside directors) are awarded restricted shares of stock (Company shares) and post-paid performance-linked shares of stock (Company shares) as non-monetary remuneration.</p> <p>(i) Objectives of this Program</p> <p>The objectives of the Company's stock remuneration program are to raise the consciousness of contributions to medium- to long-term improvements in Company financial results and corporate value by providing incentives reflecting the positions and achievement of performance targets of directors and executive officers (hereinafter "directors and executive officers").</p> <p>(ii) Overview of this Program</p> <p>The Company grants directors and executive officers shares of restricted Company stock and post-paid performance-linked stock in exchange for investment in kind by Directors and executive officers of remuneration (claims on monetary remuneration) contributed by the Company. Also, the Company concludes with directors and executive officers an agreement on the allocation of restricted shares.</p>								

	Administrative matter	Summary
	1. Persons eligible for this Program	Directors and executive officers not including outside directors
	2. Total amount of monetary claims	<ul style="list-style-type: none"> • Restricted stock remuneration: Up to 30 million yen/year • Post-paid performance-linked stock remuneration: Up to 20 million yen/year • The board of directors decides on the specific allocation to individual directors and executive officers.
<ul style="list-style-type: none"> • No additional contributions will be made to the trust under the Performance-Linked Stock Remuneration Program (a Board Incentive Plan (BIP) trust) approved through a resolution of the 102nd ordinary general meeting of shareholders held on June 28, 2016. 		

[4] Decisions on individual remuneration

- (1) The Remuneration Committee confirms the conformity to this Policy, reviews the propriety, of details of individual remuneration of directors in each fiscal year, and reports the results of its deliberations to the board of directors.
- (2) The board of directors decides on individual remuneration of directors in each fiscal year based on reports from the Remuneration Committee.

[5] Composition of directors' remuneration

Base amounts are determined based on the roles of individual directors, and additions are made for the portion of executive officer pay for directors serving concurrently as executive officers. The composition of remuneration by position for directors serving concurrently as executive officers is shown below.

Position	Composition of directors' remuneration			Total
	Base remuneration	Performance-linked remuneration		
		Bonuses (short-term)	Stock remuneration (long-term)	
Chairman and Representative Director	47%	40%	13%	100%
President and CEO President and Chief Executive Officer	46%	41%	13%	
Director Managing Executive Officer	49%	40%	11%	
Outside Director	100%	—	—	

[6] Policy for decisions on timing and conditions of payment of remuneration

Administrative procedures related to payment of directors' remuneration are described below:

- (i) The base remuneration portion of directors' remuneration will be paid on the 28th of each month.
- (ii) The bonus portion of directors' remuneration will be paid on a date to be decided by the board of directors in March of each year. The entire amount of this portion will be paid even if the director retired or resigned during the term of office.
- (iii) Outside directors' remuneration will be paid on the 28th of each month.
- (iv) Decisions on setting conditions for payment of directors' remuneration other than those above will be made by the board of directors at the end of the business year.

Record of establishment/revision:

Established and applied February 25, 2021

Revised March 29, 2022

Revised February 22, 2023