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Securities identification code: 1973
June 2, 2021

To our shareholders:

Yushi Ushijima
President and Representative Director
NEC Networks & System Integration Corporation
2-6-1, Koraku, Bunkyo-ku, Tokyo, Japan

NOTICE OF THE 89th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 89th Ordinary General Meeting of Shareholders of NEC Networks & System Integration Corporation (the “Company”) will be held as described below.

In order to prevent the spread of the COVID-19 pandemic, we request that shareholders exercise their voting rights before the meeting by postal mail or via the Internet, and refrain from attending the meeting in person if at all possible. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:15 p.m., Wednesday, June 23, 2021 (Japan Standard Time).

Meeting Outline

1. Date and Time: Thursday, June 24, 2021 at 10:00 a.m. (Japan Standard Time)
(Reception will begin at 9:00 a.m.)

2. Venue: Bellesalle Iidabashi First
B1F, Iidabashi First Tower
2-6-1, Koraku, Bunkyo-ku, Tokyo, Japan

3. Agenda:

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 89th Term (from April 1, 2020 to March 31, 2021), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 89th Term (from April 1, 2020 to March 31, 2021)

Items to be resolved:

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|--------------------|---|
| Proposal 1: | Election of nine (9) Directors |
| Proposal 2: | Election of one (1) Substitute Corporate Auditor |
| Proposal 3: | Revision of Remuneration Amount for Directors |
| Proposal 4: | Revision of Remuneration System for Granting Restricted Shares to Directors |

Any revisions that should be made to this document will be posted on the Company’s website.

Company’s website: <https://www.nesic.co.jp>

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of nine (9) Directors

The terms of office of all nine (9) present Directors will expire at the conclusion of this General Meeting of Shareholders. The Company proposes to elect nine (9) Directors.

The candidates for Directors are as follows:

No.	Name	Position and responsibilities at the Company	
1	Yushi Ushijima	President and Representative Director	[Reelection]
2	Osamu Noda	Senior Vice President and Member of the Board Executive General Manager, Business Design Operations Unit	[Reelection]
3	Hiroyuki Sekizawa	Senior Vice President and Member of the Board	[Reelection]
4	Kazuhiko Takeuchi	Senior Vice President and Member of the Board Executive General Manager, Network Infrastructure Business Unit	[Reelection]
5	Michiko Ashizawa	Outside Director	[Reelection] [Candidate for Outside Director] [Independent Director]
6	Kuniko Muramatsu	Outside Director	[Reelection] [Candidate for Outside Director] [Independent Director]
7	Mamoru Yoshida	Outside Director	[Reelection] [Candidate for Outside Director] [Independent Director]
8	Junji Ashida	Member of the Board	[Reelection]
9	Toru Kawakubo	Member of the Board	[Reelection]

Policy in the nomination of candidates for Directors

[Policy]

In nominating candidates for Directors, the Board of Directors of the Company has a basic policy of selecting individuals who have skills and experience to lead management and can contribute to the development of the Company's businesses, while giving consideration to the following and making comprehensive consideration from the standpoint of placing the right person in the right place.

(Aptitude for Directors)

- A person who has a high level of knowledge about management, objective judgment ability, foresight and insight
- A person who has a high level of dignity and high ethical standards
- A person who has ability, knowledge, experience and track records in his/her special fields
- A person who is unbiased and decisive
- A person who understands the overall business activities of the Company

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	<p data-bbox="389 423 549 479">Yushi Ushijima (April 29, 1960)</p> <p data-bbox="408 510 529 539">[Reelection]</p> <p data-bbox="331 562 608 618">Years of service as Director: 7 years</p> <p data-bbox="357 645 582 725">Attendance at Board of Directors meetings: 14/14 meetings</p>	<p data-bbox="628 288 979 318">Apr. 1984 Joined the Company</p> <p data-bbox="628 327 1187 407">Apr. 2011 General Manager, Nakanihon Regional Division, Regional Operations Unit of the Company</p> <p data-bbox="628 416 1214 524">Apr. 2013 Associate Senior Vice President, General Manager of Higashinihon Regional Division of Marketing & Sales Development Unit of the Company</p> <p data-bbox="628 533 1219 640">June 2014 Member of the Board, Associate Senior Vice President of the Company Senior Executive Vice President and Member of the Board, Q&A Corporation</p> <p data-bbox="628 649 1214 730">Apr. 2015 Member of the Board, Associate Senior Vice President of the Company President and CEO, Q&A Corporation</p> <p data-bbox="628 739 1155 804">Apr. 2016 Member of the Board of the Company President and CEO, Q&A Corporation</p> <p data-bbox="628 813 1214 869">June 2017 President and Representative Director of the Company (present position)</p>	18,600
<p data-bbox="323 882 810 904">[Reasons for selection as a candidate for Director]</p> <p data-bbox="323 909 1406 1149">Mr. Yushi Ushijima has accumulated an abundance of knowledge and experience regarding the business environment and industries of the Company from having served as General Manager of branch divisions and performing other duties. Since 2014, he successively has served as Senior Executive Vice President and President and CEO of a Group company, and President of the Company. He has acquired considerable knowledge and experience on business management and has contributed to business expansion of the Company. The Company believes he is a suitable candidate to further progress and develop the Company's businesses, such as by increasing the Group's corporate value and coping with drastic changes in the environment in Japan and overseas, making use of his track record of accomplishments and experience. In light of these reasons, the Company proposes his election as Director.</p>			
2	<p data-bbox="400 1267 541 1323">Osamu Noda (May 1, 1958)</p> <p data-bbox="408 1350 529 1379">[Reelection]</p> <p data-bbox="331 1402 608 1458">Years of service as Director: 3 years</p> <p data-bbox="357 1485 582 1565">Attendance at Board of Directors meetings: 13/14 meetings</p>	<p data-bbox="628 1167 1187 1247">Oct. 2010 General Manager, 1st Enterprise Solution Division, Enterprise Solutions Operations Unit, NEC Corporation</p> <p data-bbox="628 1256 1219 1312">Jan. 2013 Executive General Manager, Enterprise Solutions Operations Unit, NEC Corporation</p> <p data-bbox="628 1321 1198 1402">Apr. 2015 Associate Senior Vice President, Assistant Executive General Manager, Enterprise Solutions Operations Unit of the Company</p> <p data-bbox="628 1411 1198 1491">Apr. 2016 Senior Vice President (present position), Executive General Manager, Enterprise Solutions Operations Unit of the Company</p> <p data-bbox="628 1500 1155 1556">June 2018 Member of the Board of the Company (present position)</p> <p data-bbox="628 1565 1225 1673">Apr. 2019 Executive General Manager, Business Design Operations Unit (present position) and Executive General Manager, Digital Solutions Business Unit of the Company</p>	8,400
<p data-bbox="323 1688 810 1711">[Reasons for selection as a candidate for Director]</p> <p data-bbox="323 1715 1406 1901">Mr. Osamu Noda has a track record of establishing a base system for global information sharing in the area of business solutions undertakings, and leading business expansion in the enterprise telephony market as the person responsible at NEC Corporation. As an executive officer of the Company since 2015, he has contributed to business expansion of the Company, including the growth of the enterprise network business, the track record in profitability improvement and initiatives as an officer responsible for DX*. The Company believes he is a suitable candidate to increase the Group's corporate value by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p> <p data-bbox="323 1906 1398 1984">* DX: Abbreviation of "digital transformation." This refers to significantly transforming activities of business and industries, as well as city management, by making use of cutting-edge technologies such as Artificial Intelligence (AI), Internet of Things (IoT), and Robotic Process Automation (RPA).</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)		Number of the Company's shares owned
3	Hiroyuki Sekizawa (July 6, 1960) [Reelection] Years of service as Director: 2 years Attendance at Board of Directors meetings: 14/14 meetings	July 2009	Assistant General Manager, Corporate Controller Division, NEC Corporation	11,400
		July 2011	General Manager, Corporate Controller Division, NEC Corporation	
		May 2015	General Manager, Corporate Controller Division, NEC Corporation (change in Japanese only; English title unchanged)	
		June 2017	Associate Senior Vice President of the Company	
		Apr. 2019	Senior Vice President of the Company (present position)	
		June 2019	Member of the Board of the Company (present position)	
[Reasons for selection as a candidate for Director] Mr. Hiroyuki Sekizawa has accumulated an abundance of knowledge and experience regarding accounting and finance, having served in responsible positions in the accounting divisions at NEC Corporation, as well as a track record as a chief financial officer and senior vice president at an overseas associated company. He was appointed an Associate Senior Vice President of the Company in 2017. Since June 2019, as Senior Vice President and Member of the Board, he has been working to improve the Group's corporate value and strengthen the management foundation as the person responsible for the corporate staff divisions in addition to overseeing accounting and finance strategies. The Company believes he is a suitable candidate to increase the Group's corporate value by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Director.				
4	Kazuhiko Takeuchi (November 10, 1962) [Reelection] Years of service as Director: 1 year Attendance at Board of Directors meetings: 14/14 meetings	Apr. 1985	Joined the Company	5,400
		Apr. 2011	General Manager, 1st Enterprise Solution Marketing & Sales Division, Marketing & Sales Development Unit of the Company	
		Apr. 2014	Associate Senior Vice President, Assistant Executive General Manager, Technical Services Operations Unit of the Company	
		Oct. 2016	Associate Senior Vice President, Assistant Executive General Manager, Public Infrastructures Solutions Operations Unit of the Company	
		Apr. 2019	Associate Senior Vice President, Assistant Executive General Manager, Marketing & Sales Operations Unit of the Company	
		Apr. 2020	Senior Vice President, Executive General Manager, Network Infrastructure Business Unit of the Company (present position)	
June 2020	Member of the Board of the Company (present position)			
[Reasons for selection as a candidate for Director] Mr. Kazuhiko Takeuchi has accumulated an abundance of knowledge and experience regarding the business environment surrounding the Company and in both technical and marketing aspects through his service in business and marketing divisions as well as his achievement while he was a General Manager of Marketing & Sales Development Unit. After his appointment as Associate Senior Vice President in 2014, he continued playing a role in business growth over wide areas by serving in responsible positions in support service business, public infrastructure business, as well as marketing and sales operation to establish the Company's business platform. The Company believes he is a suitable candidate to increase the Group's corporate value by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Director.				

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
5	<p>Michiko Ashizawa (October 23, 1972)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p> <p>Years of service as Outside Director: 3 years</p> <p>Attendance at Board of Directors meetings: 13/14 meetings</p>	<p>Oct. 1996 Joined Century Audit Corporation (currently KPMG AZSA LLC), International Department (left in May 2001)</p> <p>Sept. 2003 Joined Industrial Revitalization Corporation of Japan (resigned in January 2006)</p> <p>Feb. 2006 Joined Advantage Partners LLP (currently Advantage Partners, Inc.) (resigned in January 2007)</p> <p>Apr. 2013 Associate Professor, International College of Arts and Science (currently School of Economics and Business Administration), Yokohama City University (present position) Associate Professor, Graduate School of International Management, Yokohama City University (present position)</p> <p>Sept. 2016 Part-time instructor at Graduate School of Business Administration, Keio University (present position)</p> <p>June 2018 Outside Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Outside Director (Audit and Supervisory Committee Member), Netyear Group Corporation Outside Corporate Auditor of NHK SPRING Co., Ltd.</p>	0
<p>Reasons for selection as Outside Director and overview of expected role Ms. Michiko Ashizawa has an abundance of experience, including business experience as a certified public accountant at an audit firm and engaging in revitalization projects of major companies at Industrial Revitalization Corporation of Japan. She also possesses expertise in business administration as a whole, mainly researching M&A for corporate restructuring and serving as an instructor at a graduate school. The Company believes she will continue to be capable of playing an appropriate role in matters such as giving advice and providing supervision relating to management of the Company from an objective standpoint by making use of her extensive experience in finance and management. In light of these reasons, the Company proposes her election as Outside Director.</p>			
6	<p>Kuniko Muramatsu (September 1, 1958)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p> <p>Years of service as Outside Director: 2 years</p> <p>Attendance at Board of Directors meetings: 14/14 meetings</p>	<p>Nov. 2003 Officer, Ethics Office, Texas Instruments Japan Limited (resigned in September 2009)</p> <p>Oct. 2009 Chief Researcher, Business Ethics Research Center</p> <p>Jan. 2010 Representative Director, Wellness Systems Institute (present position)</p> <p>Apr. 2016 Chair of the board, NPO GEWEL (resigned in March 2019)</p> <p>Apr. 2018 Senior Researcher, Business Ethics Research Center (present position)</p> <p>June 2019 Outside Director of the Company (present position)</p> <p>[Significant concurrent positions outside the Company] Outside Director, YOKOWO CO., LTD. Outside Director of Kyushu Railway Company</p>	0
<p>Reasons for selection as Outside Director and overview of expected role Ms. Kuniko Muramatsu joined a foreign-affiliated semiconductor manufacturer and served in positions including Officer of Ethics Office as well as a responsible role for promoting diversity. She subsequently established Wellness Systems Institute with the aim of laying a foundation for sustainable society, and has been acting as an advisor in sustainability management while managing the business. She also has experienced various positions such as a chair of the board of a non-profit organization and a university lecturer. The Company believes she will continue to be capable of playing an appropriate role in giving advice and providing supervision relating to management of the Company from an objective standpoint by making use of her global mindset and deep insight on compliance matters and ESG related areas such as the promotion of diversity. In light of these reasons, the Company proposes her election as Outside Director.</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned
7	<p>Mamoru Yoshida (May 21, 1956)</p> <p>[Reelection] [Candidate for Outside Director] [Independent Director]</p> <p>Years of service as Outside Director: 1 year</p> <p>Attendance at Board of Directors meetings: 11/12 meetings</p>	<p>June 2009 Officer, Panasonic Corporation (Vice President Panasonic AVC Networks Company, in charge of Consumer Business)</p> <p>June 2012 Director, Managing Executive Officer, Panasonic Corporation (President, Panasonic AVC Networks Company)</p> <p>Apr. 2013 Director, Managing Executive Officer, Chief Technology Officer (CTO), Panasonic Corporation</p> <p>Apr. 2015 Director, Managing Executive Officer, Panasonic Corporation (Senior Vice President, Appliances Company, President, Air-con Company, in charge of TV Business)</p> <p>June 2015 Managing Executive Officer, Panasonic Corporation (Senior Vice President, Appliances Company, President, Air-con Company, in charge of TV Business)</p> <p>June 2016 Senior Audit & Supervisory Board Member, Panasonic Corporation (resigned in June 2020)</p> <p>June 2020 Outside Director of the Company (present position)</p>	0
<p>Reasons for selection as Outside Director and overview of expected role</p> <p>After joining a major electrical appliance manufacturer, Mr. Mamoru Yoshida demonstrated broad management skills and strategy building ability through his career as manager of various areas. He also served as CTO and gained extensive knowledge and experience in technology management, manufacturing, marketing, etc. Since 2016, he had promoted corporate management governance reform as Senior Audit & Supervisory Board Member. The Company believes he will continue to be capable of playing an appropriate role in matters such as giving advice and providing supervision relating to management of the Company from an objective standpoint by making use of his manufacturing knowledge and extensive experience in corporate management. In light of these reasons, the Company proposes his election as Outside Director.</p>			
8	<p>Junji Ashida (March 12, 1969)</p> <p>[Reelection]</p> <p>Years of service as Director: 4 years</p> <p>Attendance at Board of Directors meetings: 14/14 meetings</p>	<p>Apr. 2009 Senior Manager, Information Technology & Services Planning Division, NEC Corporation</p> <p>Apr. 2013 Senior Manager, System Integration & Services Planning Division, NEC Corporation</p> <p>Apr. 2014 General Manager, Corporate Planning Division, NEC Solution Innovators, Ltd.</p> <p>Apr. 2016 Associate Senior Vice President, General Manager, Corporate Planning Division, NEC Solution Innovators, Ltd.</p> <p>Apr. 2017 General Manager, Corporate Strategy Division, NEC Corporation (present position)</p> <p>June 2017 Member of the Board of the Company (present position)</p>	0
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Junji Ashida is the General Manager of the Corporate Strategy Division of NEC Corporation. He possesses knowledge and experience on corporate governance and strengthening internal controls, as well as in corporate strategies and planning as expected of a Director. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of this knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p>			

No.	Name (Date of birth/other notes)	Career summary, position and responsibilities (Significant concurrent positions outside the Company)	Number of the Company's shares owned	
9	Toru Kawakubo (April 19, 1965) [Reelection] Years of service as Director: 1 year Attendance at Board of Directors meetings: 12/12 meetings	Apr. 2009	Department Manager, NTT Systems Division, NEC Corporation	0
		Apr. 2014	Deputy General Manager, NTT Systems Division, NEC Corporation	
		Apr. 2015	General Manager, NTT Sales Division, NEC Corporation	
		Apr. 2017	General Manager, NTT Sales Division, NEC Corporation	
		June 2020	Member of the Board of the Company (present position)	
		Apr. 2021	Senior Vice President, NEC Corporation (present position)	
<p>[Reasons for selection as a candidate for Director] Mr. Toru Kawakubo served as General Manager of NTT Sales Division of Network Service Business Unit, NEC Corporation, which is closely related to the Company's business. He possesses an abundance of knowledge and experience of telecommunication carrier business that is essential for expanding service and business areas of the Company. The Company believes he will continue to contribute to increasing the Group's corporate value by making use of this knowledge and experience. In light of these reasons, the Company proposes his election as Director.</p>				

- Notes:
- There is no special interest between the Company and any of above candidates.
 - Messrs. Osamu Noda and Hiroyuki Sekizawa were executing persons at NEC Corporation, which is the parent company of the Company, within the past ten years. Their positions while working for NEC Corporation are as described in "Career summary and position (Significant concurrent positions outside the Company)."
 - Liability limitation agreement with candidates for Directors
The Company has entered into liability limitation agreements with Mss. Michiko Ashizawa and Kuniko Muramatsu and Messrs. Mamoru Yoshida, Junji Ashida, and Toru Kawakubo that shall limit the maximum amount of their liability to compensate for damages due to a failure to perform their duties as set forth in the provisions of Article 423, paragraph 1 of the Companies Act. The limit of liability under these agreements is 1,200,000 yen or the minimum liability amount prescribed in the laws and regulations, whichever is the higher.
If their reelections are approved at this General Meeting of Shareholders, the Company will continue to enter into this agreement with each of them.
 - Directors and officers liability insurance policy, with candidates for Directors
NEC Corporation, the parent company of the Company, has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. An overview of the details of the insurance policy is described in the Business Report 2. (2) "① Status of Directors and Corporate Auditors."
Each candidate will be insured under this policy if his/her reelection is approved.
 - Messrs. Junji Ashida and Toru Kawakubo serve as executing persons of NEC Corporation, the parent company of the Company.
 - The Company has filed declarations naming Mss. Michiko Ashizawa and Kuniko Muramatsu and Mr. Mamoru Yoshida as independent directors, as prescribed by the Tokyo Stock Exchange. If their reelection is approved at this General Meeting of Shareholders, the Company will continue to designate them as independent directors.

[About Independence Standards]

In selecting candidates for Independent Outside Directors and Independent Outside Corporate Auditors, the Company considers the requirements for Outside Directors and Outside Corporate Auditors stipulated in laws and regulations, the Independence Standards set by the Tokyo Stock Exchange and other criteria.

Proposal 2: Election of one (1) Substitute Corporate Auditor

The effective tenure of Mr. Hirohisa Ryu as Substitute Corporate Auditor will expire at the commencement of this General Meeting of Shareholders. We therefore propose the election of one Substitute Corporate Auditor in the case that the number of Outside Corporate Auditors does not meet the requirements stipulated in laws and regulations.

In addition, before being appointed, the validity of the nomination in this proposal is subject to approval from the Board of Corporate Auditors, and the nomination may be revoked by a resolution of the Board of Directors.

The candidate for Substitute Corporate Auditor is as follows:

The Board of Corporate Auditors has given its consent to this proposal.

Name (Date of birth/other notes)	Career summary and position (Significant concurrent positions outside the Company)	Number of the Company's shares owned
Hirohisa Ryu (August 4, 1964)	Apr. 1994 Registered as an attorney at Sakano / Seo / Hashimoto Law Office (currently, Tokyo Hatchobori Law Office)	0
[Reelection] [Candidate for Outside Corporate Auditor] [Independent Auditor]	Apr. 2001 Assistant Manager, Financial Crisis Response Office, General Affairs Division, Supervision Bureau of Financial Services Agency (fixed-term official)	
Years of service as Corporate Auditor: – years	Apr. 2003 Returned to Tokyo Hatchobori Law Office	
Attendance at Board of Directors meetings: –/– meetings	Apr. 2004 Partner, Tokyo Hatchobori Law Office (present position)	
Attendance at Board of Corporate Auditors meetings: –/– meetings	[Significant concurrent positions outside the Company] Outside Corporate Auditor of eGuarantee, Inc.	
Reason for selection as Substitute Outside Corporate Auditor Mr. Hirohisa Ryu has knowledge of corporate legal affairs as an attorney, and an abundance of practical experience, such as serving as a fixed-term official in the Financial Services Agency. Although he has not been directly involved in business management, the Company judges he is qualified to audit the legitimacy of its business operations from a fair and objective standpoint, by making use of his knowledge and experience. In light of these reasons, the Company proposes his election as Substitute Outside Corporate Auditor.		

- Notes:
- There is no special interest between the Company and the above candidate.
 - Mr. Hirohisa Ryu is a candidate for Substitute Outside Corporate Auditor.
 - Liability limitation agreement with candidate for Substitute Corporate Auditor
If Mr. Hirohisa Ryu is elected as an Outside Corporate Auditor, the Company plans to enter into a liability limitation agreement with him as set forth in the provisions of Article 423, Paragraph 1 of the Companies Act.
The limit of liability under this agreement is 1,200,000 yen or the minimum liability amount prescribed in the laws and regulations, whichever is the higher.
 - Directors and officers liability insurance policy, with candidate for Substitute Corporate Auditor
NEC Corporation, the parent company of the Company, has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. An overview of the details of the insurance policy is described in the Business Report 2. (2) “① Status of Directors and Corporate Auditors.”
Mr. Hirohisa Ryu will be insured under this policy if he is elected as an Outside Corporate Auditor.
 - Mr. Hirohisa Ryu meets the requirements for independence set forth in the listing rules of the Tokyo Stock Exchange. If he is elected as an Outside Corporate Auditor, the Company will file a declaration naming him as an independent director with the Tokyo Stock Exchange.

Overview of Proposal 3 and Proposal 4

Our remuneration systems reflect work responsibilities and results. Remunerations for Directors of the Company are set at an appropriate level and linked with the business performance, etc., in order to maintain competitiveness in the industry and function as an incentive to improve business performance.

We have decided to review the remuneration level in light of the increasing roles and responsibilities of Directors in response to the rapidly changing business environment and the need to maintain a remuneration level appropriate for securing excellent personnel to further strengthen corporate governance.

Remunerations for Directors of the Company (excluding directors not involved in business execution) includes the following components:

- i) Monthly remuneration (fixed remuneration based on role and performance),
- ii) Performance-based bonuses as short-term incentive,
- iii) The granting of restricted shares as a long-term incentive.

Remunerations for Directors not involved in business execution are paid as a monthly fixed amount that is not linked to business performance due to their role of supervising business execution.

This revision proposes increasing the total amount of remunerations for Directors of the Company from not more than 300 million yen per year to not more than 350 million yen per year, and the amount of remunerations for Outside Directors from not more than 30 million yen per year to not more than 50 million yen per year. In addition, we propose setting the restricted share-based remuneration which is currently paid within the amount of remunerations for Directors of the Company apart from the remunerations for Directors, and increasing the amount of Monetary Remuneration Claims for the purpose of granting restricted shares from not more than 30 million yen to not more than 60 million yen per year.

At the Board of Directors meeting held on February 22, 2021, the Company established a policy regarding the details of individual remuneration for Directors, an overview of which is described in 2. (2) “② Remunerations for Directors and Corporate Auditors” of the Business Report. The revision of the amount of remunerations for Directors based on Proposal 3 “Revision of Remuneration Amount for Directors” and the revision of the remuneration system for granting restricted shares based on Proposal 4 “Revision of Remuneration System for Granting Restricted Shares to Directors” (hereinafter “the Proposals”) in the Reference Documents for the General Meeting of Shareholders, are in line with the aforementioned policy, and we do not plan to change the policy even if the Proposals are approved. The Proposals were decided based on the results of deliberation at the Advisory Panel, of which the majority of members are Independent Outside Directors and which is chaired by an Independent Outside Director.

Item	Current	After proposed revision
The amount of remunerations for Directors (of which Outside Directors)	Not more than 300 million yen per year (Not more than 30 million yen per year)	Not more than 350 million yen per year (Not more than 50 million yen per year)
The amount of restricted share-based remuneration	Not more than 30 million yen per year * Included in the remunerations for Directors above	Not more than 60 million yen per year * Separate from the remunerations for Directors above

Proposal 3: Revision of Remuneration Amount for Directors

At the 83rd Ordinary General Meeting of Shareholders held on June 23, 2015, the total amount of remunerations for Directors was approved to be not more than 300 million yen per year as set out in the “Revision of Remuneration for Directors and Corporate Auditors” (of which, 30 million yen per year for Outside Directors). We propose increasing this to not more than 350 million yen per year (of which, not more than 50 million yen per year for Outside Directors) in light of the increasing roles and responsibilities of Directors in response to the rapidly changing business environment and the need to maintain a remuneration level appropriate for securing excellent personnel to further strengthen corporate governance.

This revision aims to raise the level of remuneration to a level that is competitive with industry peers, and we believe that it is appropriate.

As before, the total amount of remunerations for Directors does not include employee salaries for Directors who also serve as employees. The Company does not provide employee salaries (including bonuses) to Directors who also serve as employees.

In addition, if Proposal 1 is approved and adopted in its original form, the number of Directors after the conclusion of this General Meeting of Shareholders will be nine (including three Outside Directors).

Proposal 4: Revision of Remuneration System for Granting Restricted Shares to Directors

1. Reasons for Revision of this System

At the 87th Ordinary General Meeting of Shareholders held on June 21, 2019, we received approval of its proposed “Determination of Remuneration for Granting Restricted Shares to Directors” (hereinafter, resolutions regarding the proposal at the meeting will be referred to as the “Initial Resolution”). We introduced this system for Directors of the Company (excluding Directors who are not involved in business execution and, hereinafter, will be referred to as “Applicable Directors”) with the aim of providing incentives for the sustainable improvement of our corporate value and promoting further value sharing between our Directors and shareholders.

This time, we propose that the Initial Resolution be partially revised as follows to increase the total amount of Monetary Remuneration Claims to be paid to the Applicable Directors of the Company for the granting of restricted shares.

This revision comprehensively considers factors such as the progress of the medium-term management plan and changes in the Company’s stock price since the Initial Resolution, and has no impact on the dilution rate because it does not change the upper limit of the number of shares granted to Directors under this system. We therefore consider the revision to be appropriate.

2. Overview of Revision of this System

The 83rd Ordinary General Meeting of Shareholders held on June 23, 2015 approved that the amount of remunerations for Directors of the Company shall be not more than 300 million yen per year (of which, 30 million yen for Outside Directors) as set out in the “Revision of Remuneration for Directors and Corporate Auditors.” In addition, the Initial Resolution specified that Monetary Remuneration Claims for the purpose of granting restricted shares shall be provided within that limit, and the total amount of Monetary Remuneration Claims was approved to be not more than 30 million yen per year.

Under this system, based on a resolution of the Board of Directors, in order to grant restricted shares to Applicable Directors, Monetary Remuneration Claims will be provided to Applicable Directors who will deliver all such Monetary Remuneration Claims to the Company in the form of property contributed in kind and receive the Company’s common shares which the Company issues or disposes. The total amount of Monetary Remuneration Claims to be paid to the Applicable Directors of the Company based on this system will be revised to not more than 60 million yen per year, separately from the above remuneration limit.

There are no changes to the Initial Resolution other than the above revision. A 3-for-1 share split of common shares was conducted on June 1, 2020, and we have adjusted for this by changing the maximum number of common shares of the Company to be issued or disposed of for the granting of restricted shares to 60,000 shares per year.

If Proposal 1 is approved and adopted in its original form, the number of Directors after the conclusion of this General Meeting of Shareholders will be nine (of which, five Directors, including three Outside Directors, are not involved in business execution), meaning there will be four Applicable Directors.

<Reference>

The outline of the Remuneration System for Granting Restricted Shares approved at the 87th Ordinary General Meeting of Shareholders held on June 21, 2019 is as follows.

Directors of the Company (excluding Directors not involved in business execution; hereinafter, Applicable Directors) shall provide all of the Monetary Remuneration Claims generated by this system in the form of property contributed in kind, in accordance with the resolution of the Board of Directors of the Company, and in return will receive common shares of the Company that shall be issued or disposed of by the Company, and the total number of common shares of the Company to be issued or disposed of thereby shall be not more than 60,000 shares per year. However, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its common shares, or any other reason arises necessitating an adjustment to the total number of common shares of the Company to be issued or disposed of as restricted shares, the relevant total number shall be reasonably adjusted. The amount to be paid in per allotted share shall be determined by the Board of Directors based on the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day) and within the extent that would not be particularly advantageous to Applicable Directors.

For such issuance or disposal of the common shares of the Company, an agreement on allotment of restricted shares (the "Allotment Agreement") shall be entered into between the Company and each Applicable Director, which shall include the provisions as summarized below:

- (1) An Applicable Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the "Allotted Shares") during the period from the issue date of the Allotted Shares to the date on which he/she loses his/her Director or other positions defined by the Board of Directors of the Company (the "Restriction Period") (the "Transfer Restrictions").
- (2) In the event that an Applicable Director loses his/her Director or other positions defined by the Board of Directors of the Company before the expiration of the period specified by the Board of Directors (the "Service Provision Period"), the Company shall automatically acquire the Allotted Shares without contribution, unless there is a reason that the Board of Directors deems justifiable.
- (3) The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon expiration of the Restriction Period, on the condition that the Applicable Director has remained in the position of Director or other positions defined by the Board of Directors of the Company continuously throughout the Service Provision Period specified by the Board of Directors of the Company. However, if the Applicable Director loses his/her position as set forth in (2) above before the expiration of the Service Provision Period, for the reason that the Board of Directors deems justifiable as set forth in (2) above, the Company shall rationally adjust the number of the Allotted Shares and the timing of lifting the Transfer Restrictions as necessary.
- (4) The Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted at the expiration of the Restriction Period in accordance with the provision of (3) above.
- (5) Notwithstanding the provision of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions on the Allotted Shares with the number of shares that is reasonably determined considering the period from the payment date to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors of the Company.
- (6) In cases specified in (5) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted as of the time immediately after the Transfer Restrictions were lifted in accordance with the provision of (5) above.

- (7) The method for expressing intentions and giving notifications in the Allotment Agreement, the method for amending the Allotment Agreement, and other matters to be determined by the Board of Directors shall be laid out in the Allotment Agreement.