

Securities code: 2427

March 10, 2021

To our shareholders:

Haruhiko Doi
Chairman and CEO
OUTSOURCING Inc.
1-8-3 Marunouchi, Chiyoda-ku, Tokyo

Notice of the 24th Ordinary General Meeting of Shareholders

You are cordially informed of the 24th Ordinary General Meeting of Shareholders of OUTSOURCING Inc. (the “Company”), which will be held as described below.

In order to prevent the spread of the novel coronavirus disease (COVID-19), you are kindly requested not to attend the Ordinary General Meeting of Shareholders this year if at all possible, and instead to exercise your voting rights by mail (in writing) or via the internet, etc. Please review the attached Reference Documents for the Ordinary General Meeting of Shareholders and exercise your voting rights by 6:00 p.m. on Wednesday, March 24, 2021 (JST) in accordance with the guidance provided below.

1. Date and Time: Thursday, March 25, 2021, at 10:00 a.m. (Japan Standard Time)
(Reception starts at 9:00 a.m.)

2. Venue: JP TOWER Hall & Conference (4F KITTE)
2-7-2 Marunouchi, Chiyoda-ku, Tokyo

3. Purposes:

Items to be reported:

1. Business Report and Consolidated Financial Statements, as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for the 24th Term (from January 1, 2020 to December 31, 2020)
2. Non-Consolidated Financial Statements for the 24th Term (from January 1, 2020 to December 31, 2020)

Items to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 4:** Revision of Remuneration Amount of Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Reference Documents for the General Meeting of Shareholders

Items to Be Resolved and Reference Documents

Proposal 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Matters related to year-end dividends

The Company proposes the year-end dividends for the 24th Term, in consideration of the performance for this fiscal year and future business plans, as follows:

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
10 yen per common share of the Company
Total amount of dividends: 1,259,088,100 yen
- (3) Effective date of distribution of dividends from surplus
March 26, 2021

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

- (i) In accordance with the revision of the Worker Dispatch Law, “Specified Worker Dispatching Undertakings” was abolished and integrated into “General Worker Dispatching Undertakings,” and the name was unified into “Worker Dispatching Undertakings.” Therefore, the Company proposes to make amendments to Article 2 (Purpose) of the present Articles of Incorporation.
- (ii) In preparation for further expansion of business areas going forward, taking into consideration the business areas of subsidiaries are diversifying within the context of global business expansion based on the Company’s M&A strategy, the Company proposes to amend Article 2 (Purpose) of the current Articles of Incorporation.
- (iii) Regarding Article 19 (Number of directors) of the current Articles of Incorporation, in line with expansion of the OUTSOURCING group, the Company proposes to amend the number of directors (excluding directors who are Audit and Supervisory Committee Members) from “not more than ten (10)” to “not more than fifteen (15)” in preparation for promoting future business development on a global scale, further strengthening corporate governance, and enhancing and strengthening the management base, as well as to promote diversity in the board of directors and to strengthen the management supervisory function.
- (iv) Regarding Article 39 (Accounting auditors’ exemption from liabilities) of the current Articles of Incorporation, the Company proposes a partial correction of words in order to clarify the provisions.

2. Details of the proposed amendments

Details of the proposed amendments are as follows:

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose)</p> <p>Article 2</p> <p>The purpose of this company shall be to conduct the following businesses:</p> <ol style="list-style-type: none"> 1. Dispatch of <u>general and specified</u> workers in accordance with the Worker Dispatch Law 2. – 24. (Omitted) <p>(Newly established)</p> <p>(Newly established)</p> <p><u>25.</u> All kinds of businesses related to the above clauses</p> <p>(Number of directors)</p> <p>Article 19</p> <p>This company shall have not more than <u>ten (10)</u> directors (other than directors who are Audit and Supervisory Committee Members).</p> <ol style="list-style-type: none"> 2. (Omitted) <p>(Accounting auditors' exemption from liabilities)</p> <p>Article 39</p> <p>With regard to the liabilities of accounting auditors (including former accounting auditors) mentioned in Article 423, Section 1 of the Companies Act, if the requirements specified by law are satisfied, this company may exempt said accounting auditors from the liabilities for up to the minimum liability amount specified by law from the liability amount, through a resolution of the board of directors.</p>	<p>(Purpose)</p> <p>Article 2</p> <p>The purpose of this company shall be to conduct the following businesses:</p> <ol style="list-style-type: none"> 1. Dispatch of workers in accordance with the Worker Dispatch Law 2. – 24. (Unchanged) <p><u>25. Other commerce in general</u></p> <p><u>26. Control and manage the business activities of the companies that operate items 1 to 25 above by owning shares or equities of said companies (including foreign companies), partnerships (including overseas organizations equivalent to a partnership) and other similar entities</u></p> <p><u>27.</u> All kinds of businesses related to the above clauses</p> <p>(Number of directors)</p> <p>Article 19</p> <p>This company shall have not more than <u>fifteen (15)</u> directors (other than directors who are Audit and Supervisory Committee Members).</p> <ol style="list-style-type: none"> 2. (Unchanged) <p>(Accounting auditors' exemption from liabilities)</p> <p>Article 39</p> <p>With regard to the liabilities of accounting auditors (including former accounting auditors) mentioned in Article 423, Section 1 of the Companies Act, if the requirements specified by law are satisfied, this company may exempt said accounting auditors from the liabilities for up to <u>the amount obtained by deducting</u> the minimum liability amount specified by law from the liability amount, through a resolution of the board of directors.</p>

Proposal 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all six (6) directors (excluding directors who are Audit and Supervisory Committee Members. The same shall apply hereinafter in this proposal) will expire at the conclusion of this meeting. Accordingly, the Company proposes the election of seven (7) directors, increasing the number of directors by one (1) to enhance the management of the Company.

Regarding this proposal, the Audit and Supervisory Committee has found all candidates to be qualified for Directors.

The candidates for Director are as follows:

No.	Name	Position in the Company	
1	Haruhiko Doi	Chairman and CEO	Reelection
2	Kazuhiko Suzuki	Executive Vice President	Reelection
3	Atsushi Nakamoto	Senior Executive Director	Reelection
4	Anne Heraty	–	New election
5	Masashi Fukushima	Director	Reelection External Independent
6	Hideyo Nakano	Director	Reelection External
7	Atsuko Sakiyama	Director	Reelection External Independent

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	Haruhiko Doi (March 6, 1959) Reelection	May 1987 Founded Chubu Sougou, President and Representative Director Nov. 1989 Founded Real Time, President and Representative Director Apr. 1992 Founded Work System Engineer, President and Representative Director Jan. 1993 Founded Real Time Kanto, President and Representative Director Feb. 1993 Founded Real Time Shizuoka, President and Representative Director Oct. 1995 Founded Real Time Hokuriku, President and Representative Director Jan. 1997 Founded OUTSOURCING Inc., President and Representative Director May 2000 Founded Accent, President and Representative Director Dec. 2000 Director, Accent Nov. 2005 Founded Trillion, President and Director (present position) Mar. 2009 Chairman, OUTSOURCING Inc. Dec. 2010 Chairman and CEO, OUTSOURCING Inc. (present position) [Significant concurrent positions outside the Company] President and Director, Trillion	15,761,400
Reasons for nomination as a candidate for Director Haruhiko Doi has an abundance of experience and deep insight as a corporate manager for long years since the establishment of the Company and has made considerable achievements in the enhancement of the corporate value both in Japan and abroad. The Company believes that his administrative ability is most appropriate for the leader of the Company and its group, and aiming toward its further growth, nominated him as a candidate for Director.			
2	Kazuhiko Suzuki (April 7, 1969) Reelection	Apr. 1993 Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.) Aug. 2001 Joined OUTSOURCING Inc. Mar. 2005 Director Mar. 2007 Managing Director Feb. 2011 Executive Vice President Feb. 2012 Executive Vice President, General Manager in charge of Global Business Division June 2013 Executive Vice President, Head of Business Management Division (present position) [Significant concurrent positions outside the Company] Director, AMERICAN ENGINEERING CORPORATION (OKINAWA) Representative Director, OTTO Holding B.V. Director, OUTSOURCING TALENT IRELAND LIMITED Director, J.B.W. GROUP LIMITED Director, OUTSOURCING UK LIMITED Director, OUTSOURCING OCEANIA HOLDINGS PTY LIMITED Director, OS HRS SDN. BHD.	342,400
Reasons for nomination as a candidate for Director Kazuhiko Suzuki, who has held positions of responsibility in the Company's Business Management Division and Accounting and Finance Division, has an abundance of experience, achievements, and deep insight in management, accounting and finance. He properly conducts decision-making in and supervision of the Company's management. The Company believes that he is an appropriate person for strengthening the management of the Company and its group as a whole and supervising the administrative divisions, and nominated him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
3	Atsushi Nakamoto (June 10, 1976) Reelection	<p>Apr. 2000 Joined ACTIS Corporation</p> <p>Apr. 2002 Joined ACTIS Career Support</p> <p>Nov. 2005 Joined OUTSOURCING Inc., Executive Officer, Fourth Branch Manager</p> <p>Jan. 2011 Executive Officer, Head of Strategic Recruitment Management Division</p> <p>May 2013 Executive Officer, Deputy Head of Sales Division</p> <p>Sept. 2013 Managing Executive Officer, Deputy Head of Sales Division</p> <p>Mar. 2016 Director, Deputy Head of Manufacturing Division and Deputy Head of Strategic Business Division</p> <p>Nov. 2016 Director, Head of Manufacturing Division and Head of Strategic Business Division</p> <p>Jan. 2017 Director, Head of Manufacturing & Service Business Division</p> <p>Mar. 2017 Senior Executive Director, Head of Manufacturing & Service Business Division</p> <p>Mar. 2019 Senior Executive Director, Head of Manufacturing & Service Business Division, and Head of Technology Business Division (present position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Director, PEO Co., Ltd.</p> <p>Director, AVANCE HOLDINGS Co.,Ltd.</p> <p>Director, OTS Inc.</p> <p>Director, ORJ INC.</p> <p>Representative Director, OSI Netherlands Holdings B.V.</p> <p>Representative Director, OSI SOUTH AMERICA HOLDINGS SpA</p> <p>Director, OS (THAILAND) CO., LTD.</p> <p>Director, ALP CONSULTING LIMITED</p> <p>Director, OSI Holding Germany GmbH</p> <p>Director, OTTO Holding B.V.</p> <p>Director, OS HRS SDN. BHD.</p> <p>Director, PEO Construction Machinery Operators Training Center Co., Ltd.</p>	93,300
<p>Reasons for nomination as a candidate for Director</p> <p>Atsushi Nakamoto has engaged in making decisions in important operations concerning the development of manufacturing- and services-related businesses and has accumulated abundant business experience and achievements since he joined the Company. The Company believes that he is an appropriate person as he is expected to contribute to renovating business models and realizing management strategies in various businesses in Japan and abroad toward the growth of the Company and its group, and nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
4	Anne Heraty (April 24, 1960) New election	<p>Sept. 1985 Joined XEROX (EUROPE) LIMITED, Sales Executive</p> <p>June 1987 Joined SAVINGS & INVESTMENTS LIMITED, Sales Executive</p> <p>Aug. 1988 Joined GRAFTON RECRUITMENT, Recruitment Consultant</p> <p>Oct. 1989 Founded COMPUTER PLACEMENT LIMITED, CEO</p> <p>June 1999 Founded CPL RESOURCES PUBLIC LIMITED COMPANY, CEO (present position)</p> <p>Oct. 2012 Non-Executive Director, 4E - FULFILLMENT.COM LIMITED (present position)</p> <p>Aug. 2019 Non-Executive Director, KINGSPAN GROUP PUBLIC LIMITED COMPANY (present position)</p> <p>[Significant concurrent positions outside the Company] CEO, CPL RESOURCES PUBLIC LIMITED COMPANY Non-Executive Director, 4E - FULFILLMENT.COM LIMITED Non-Executive Director, KINGSPAN GROUP PUBLIC LIMITED COMPANY</p>	0
<p>Reasons for nomination as a candidate for Director</p> <p>Anne Heraty possesses excellent corporate administrative ability, having launched a human resources company in Ireland, and listing it on Euronext Dublin and the London Stock Exchange as Ireland's largest human resources company. As a capable corporate manager, she has enhanced corporate value by promoting diversity, especially through the empowerment of women and the employment of foreign workers. Wishing to use such capability, extensive experience, achievements and deep insight in global management, the Company believes that she is an appropriate person as she is expected to contribute to promoting diversity in the group and contribute immensely to expanding the group's global business, and nominated her as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	Masashi Fukushima (December 14, 1943) Reelection External Independent	Apr. 1962 Joined Sony Corporation Nov. 1987 Director, Factory Manager, Taron (currently Sony Global Manufacturing & Operations Corporation) Nov. 1994 Senior Executive Director, Sony Senmaya (currently Sony Global Manufacturing & Operations Corporation) June 1996 President and Representative Director, Sony Senmaya Mar. 2005 Advisor, Yokogawa Rental & Lease Corporation May 2005 Special Advisor, Yokogawa Rental & Lease Corporation Mar. 2014 External Director, OUTSOURCING Inc. Mar. 2016 External Director (Audit and Supervisory Committee Member), OUTSOURCING Inc. Apr. 2017 Advisor, PRIKEN Co., Ltd. Mar. 2018 External Director, OUTSOURCING Inc. (present position) June 2018 Outside Director, Advanex Inc.	25,000
<p>Reasons for nomination as a candidate for External Director</p> <p>Masashi Fukushima, who held the positions of Senior Executive Director and Representative Director at a company he previously served, has professional insight into corporate management.</p> <p>His tenure as External Director of the Company will have been seven years at the conclusion of this meeting, two years of which were as an External Director who is an Audit and Supervisory Committee Member. During his tenure, at the meetings of the Board of Directors he has actively and appropriately provided comments on important management decisions of the Company from an independent standpoint, utilizing his high level of insight on management.</p> <p>The Company believes that he is appropriate for External Director and nominated him as a candidate for External Director, expecting that he will provide the Company with advice and governance based on his profound insight.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
6	Hideyo Nakano (September 13, 1959) Reelection External	<p>Apr. 1982 Joined Sony Corporation</p> <p>Oct. 1986 Joined Swiss Bank Securities Corporation (currently UBS Securities Japan Co., Ltd.)</p> <p>June 1987 Joined SocGen Securities Limited (currently SOCIETE GENERALE SECURITIES JAPAN LIMITED)</p> <p>Apr. 1989 Joined Citibank, N.A. (seconded to Cititrust and Banking Corporation)</p> <p>Nov. 1991 Vice President, Cititrust and Banking Corporation</p> <p>Oct. 1993 Senior Portfolio Manager and Head of Private Investment, Cititrust and Banking Corporation</p> <p>June 1996 Joined Gartmore Asset Management (Japan) Ltd. (currently Janus Henderson Investors (Japan) Limited)</p> <p>Jan. 2000 Director and Head of Investment Division, FuNNeX Asset Management Inc.</p> <p>July 2003 Joined Star Capital Partners Kabushiki Kaisha</p> <p>Mar. 2004 Founded Trias Corporation, CEO (present position)</p> <p>Mar. 2020 External Director, OUTSOURCING Inc. (present position)</p> <p>[Significant concurrent positions outside the Company] CEO, Trias Corporation</p>	0
<p>Reasons for nomination as a candidate for External Director</p> <p>Hideyo Nakano has long been involved in operations closely related to financial markets and capital markets, mainly at foreign-affiliated financial institutions. She also has an abundance of experience and a broad range of insight as a corporate manager.</p> <p>Her tenure as an External Director of the Company will be one year at the conclusion of this meeting, and during that period, she has provided comments to improve the Company's corporate value based on her experience as a corporate manager and her knowledge as a securities analyst with a thorough understanding of the securities and capital markets. The Company believes that the Company's management system can be further strengthened by having her provide advice on the Company's overall management from the perspective of improving corporate value, and that she is appropriate for External Director, and therefore nominated her as a candidate for External Director.</p>			

No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
7	Atsuko Sakiyama (September 19, 1959) Reelection External Independent	<p>Apr. 1983 Joined Meiji Seika Kaisha, Ltd. (currently Meiji Co., Ltd.)</p> <p>Nov. 1985 Joined Yokohama YMCA, a public interest incorporated foundation</p> <p>May 1988 Joined Master Foods Co., Ltd. (currently Mars Japan Limited)</p> <p>July 1993 Joined Cartar Food Science Kabushiki Kaisha (currently Danisco Japan Ltd.)</p> <p>Jan. 1999 Director, Cartar Food Science Kabushiki Kaisha</p> <p>June 2002 Director, Danisco Japan Ltd.</p> <p>Jan. 2006 Director and Vice President, Organo Danisco Food Techno Co., Ltd. (currently Organo Food Tech Corporation)</p> <p>July 2008 Representative Director and Vice President, Genencor Kyowa Co.,Ltd. (currently Danisco Japan Ltd.)</p> <p>Jan. 2010 Representative Director and President, Genencor Kyowa Co.,Ltd.</p> <p>June 2012 Joined Cargill Japan Limited</p> <p>Aug. 2019 Founded Saki Consulting LLC, Representative Member (present position)</p> <p>Mar. 2020 External Director, OUTSOURCING Inc. (present position)</p> <p>[Significant concurrent positions outside the Company] Representative Member, Saki Consulting LLC</p>	0
<p>Reasons for nomination as a candidate for External Director</p> <p>Atsuko Sakiyama has a wealth of broad expertise in corporate management, organizational operations, finance, and human resource development through years of experience in different business fields and other industries. Her tenure as an External Director of the Company will be one year at the conclusion of this meeting, and based on her high level of knowledge, especially in communication with overseas organizations, she has provided comments from an independent standpoint and a viewpoint that is not bound by conventional frameworks.</p> <p>The Company believes that she can play an appropriate role in supervising the Company's business execution and that she is appropriate for External Director, and therefore nominated her as a candidate for External Director.</p>			

- Notes:
- Hideyo Nakano has a concurrent position as CEO of Trias Corporation. Trias Corporation has entered into a consulting agreement, and has certain transactions, with the Company.
None of the other candidates for Director have any special interest in the Company.
 - Masashi Fukushima, Hideyo Nakano, and Atsuko Sakiyama are candidates for External Director.
 - Pursuant to Article 427, paragraph 1 of the Companies Act, the Company has entered into an agreement with Masashi Fukushima, Hideyo Nakano and Atsuko Sakiyama to limit their liabilities for damages under Article 423, paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount set forth in Article 425, paragraph 1 of the Companies Act. If the reelection of Masashi Fukushima, Hideyo Nakano and Atsuko Sakiyama is approved, the Company plans to renew the aforementioned agreement with them.
 - The Company has entered into a liability insurance contract for directors and officers with an insurance company, as stipulated in Article 430-3, paragraph 1 of the Companies Act with Directors (including officers of some domestic consolidated subsidiaries) as the insured, and plans to renew the contract on May 1, 2021.
If the election of each candidate is approved under this proposal, each candidate will become an insured person.
 - Outline of insurance accidents to be covered
The policy covers damages and legal expenses incurred by the insured due to claims for damages made against the insured during the insurance period as a result of acts (including omissions) committed by the insured in relation to his/her duties as an officer of the Company. However, there is an exclusion of liability for claims for damages arising from certain acts, such as acts committed by the insured while in full knowledge that they violate laws and regulations.
 - Insurance premiums
Insurance premiums, including for the special contract portion, are fully paid by the Company.

5. The Company has reported Masashi Fukushima and Atsuko Sakiyama as Independent Officers as provided for by the Tokyo Stock Exchange. If the reelection of Masashi Fukushima and Atsuko Sakiyama is approved, the Company plans for their appointment as Independent Officers to continue.
6. Masashi Fukushima held the office of Auditor in a subsidiary of the Company during the following periods.
 - (1) March 2016 - November 2016: Auditor, Sanshin Electric Co., Ltd. (currently OUTSOURCING TECHNOLOGY Inc.)
 - (2) March 2016 - March 2017: Auditor, Kyodo Engineering Corporation
 - (3) March 2016 - July 2018: Auditor, OS. SEMITEC Inc. (currently OUTSOURCING TECHNOLOGY Inc.)
 - (4) March 2017 - March 2018: Auditor, PEO Co., Ltd.
 - (5) March 2017 - March 2019: Auditor, enable Inc.
 - (6) March 2017 - March 2019: Auditor, ORJ INC.
7. The position and responsibility in the Company and significant concurrent positions outside the Company of each candidate who is currently Director of the Company are described in “1) The Status of Directors” (pages 39 to 40 in the original Japanese version; excluded from this English translation).
8. The numbers of the Company’s shares owned are those owned as of December 31, 2020.

Proposal 4: Revision of Remuneration Amount of Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

At the 19th Ordinary General Meeting of Shareholders held on March 25, 2016, the remuneration limit to Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members, the same shall apply hereinafter) was approved at not more than 600 million yen per year (however, this remuneration limit of monetary claims—hereinafter referred to as “Monetary Remuneration” in this proposal—does not include employee salaries for Directors who are concurrently serving as employees of the Company), and at the 23rd Ordinary General Meeting of Shareholders held on March 25, 2020, a remuneration limit, outside the framework of the aforementioned Monetary Remuneration limit, pertaining to monetary remuneration claims provided for the granting of share-based remuneration with restrictions on transfer (Restricted Share Remuneration) to Directors excluding External Directors was approved at not more than 120 million yen per year.

As background to this proposal, the Company is taking the following matters into consideration: (i) assuming the approval of Proposal 2 “Partial Amendments to the Articles of Incorporation” as originally proposed, the number of Directors will increase to no more than fifteen (15) Directors; (ii) the Company has a policy of hiring non-Japanese Directors from the perspective for strengthening the global management structure; (iii) because it is difficult to grant Restricted Share Remuneration to Directors who are non-residents of Japan, the Company has the policy of granting monetary remuneration linked to the Company’s share price (phantom stock) as a substitute plan; (iv) there are various other considerations such as future changes to the economic situation. In this proposal, the Company is requesting approval to revise the Monetary Remuneration limit that was determined at the 19th Ordinary General Meeting of Shareholders held on March 25, 2016 (the overall monetary remuneration, including phantom stock, will be the upper limit of the amount recorded as cost for each fiscal year) to an amount of no more than 1,500 million yen per year. Note, however, this Monetary Remuneration limit does not include the employee salaries for Directors who are concurrently serving as employees of the Company.

Currently, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is six (6) (three (3) of which are External Directors). However, assuming the approval and adoption of Proposal 3 as originally proposed, there will be seven (7) Directors (three (3) of which will be External Directors). The remuneration for External Directors for the 24th fiscal year is 29 million yen, and the Company does not intend for that amount to be significantly changed as a result of this proposal.

Furthermore, the details of this proposal are in line with the policy for determining the details of individual remuneration, etc. for Directors, and the Company has received an opinion from the voluntarily established Nomination and Remuneration Advisory Committee, consisting of five (5) members and chaired by an External Director who is full-time Audit and Supervisory Committee Member, that the details of this proposal are appropriate. It is therefore the Company’s opinion that the details of this proposal are appropriate for the Company, which is expanding its business globally through active M&A, and essential for hiring excellently qualified non-Japanese Directors and strengthening the governance structure.

Note: An overview of the policy for determining the details of remuneration, etc. of individual Directors is presented in “(3) Remunerations, etc. for Directors, Matters concerning the policy for deciding details of remuneration, etc. for individual Directors” (pages 40 to 41 in the original Japanese version; excluded from this English translation).

<Reference> Phantom stock plan

The Company has adopted a Restricted Share-Based Remuneration plan. However, it uses phantom stock as a substitute plan for non-Japanese Directors who are non-residents of Japan because of the difficulties in opening a share account in Japan.

Phantom stock is different from Restricted Share Remuneration in that rather than granting actual shares, recipients receive a payment of monetary remuneration that is calculated by the number of units that have been deemed to have been granted multiplied by the share price at the time of future payment. Under this plan, the obtained economic value is equivalent to if shares were granted.

Note that the same methods regarding evaluation criteria, etc. for deciding how much to grant are applied as the plan is a substitute system to Restricted Share-Based Remuneration plan.

Remunerations, etc. for Directors

Matters concerning the policy for deciding details of remuneration, etc. for individual Directors

The Company has established a policy for deciding the details of remuneration, etc. for individual Directors. An overview of those details is set forth below.

1. Basic policy

For the remuneration to function as sound incentive for working toward the group's sustainable growth, the basic policy for remuneration for individual Directors is to provide remuneration that is at a level appropriate for the duties performed, that reflects the Company's business performance, and that appropriately incorporates a remuneration component based on the Company's own shares.

2. Composition of remuneration

The composition of remuneration consists of a core remuneration, which is fixed remuneration, and a remuneration based on the Company's own shares, and when determining the amount of the core remuneration, consideration is given to the Company's business performance.

Considering the independence of External Directors with respect to their duties, their remuneration consists of a core remuneration only.

3. Policy for deciding the amounts of remuneration, etc.

Core remuneration is determined as a fixed monthly remuneration amount, and its total amount is based on the Company's business performance, etc. The allocation paid to individual Directors is a fixed amount paid every month determined according to each Director's position, details of duties, results of interview, etc.

The amount paid to External Directors does not take the Company's business performance, etc. into consideration, in light of their independence with respect to their duties.

4. Policy for determining the details of performance-linked remuneration, etc. and non-monetary remuneration, etc. and the calculation method for the respective monetary amount and number of shares, etc.

Regarding non-monetary remuneration, etc., the Company grants Restricted Share Remuneration with a transfer restriction period of three-to-five years.

For the Restricted Shares, the Company grants a number of shares equivalent to a reference amount, which is based on the Company's business performance in the same way as for core remuneration and adjusted with respect to the individual Director's position and details of duties on an annual basis for performance during a fixed period of time. External Directors do not receive Restricted Share Remuneration.

As it is difficult for the Company to grant Restricted Shares to Directors who are non-residents of Japan, the Company grants phantom stock to those Directors as a substitute for the Restricted Shares. The date on which rights are secured, and other conditions for Directors under the phantom stock plan will be established according to the same details as for the Restricted Shares.

5. Policy concerning the determination of ratios for the amounts for individual Directors' remuneration, etc. with respect to monetary remuneration amounts, performance-linked remuneration, etc. amounts or non-monetary remuneration, etc. amounts

The ratio of core remuneration to remuneration based on the Company's shares, excluding External Directors, will be generally determined within 9:1 to 7:3, after taking into consideration the Director's position and the details of duties.

6. Matters concerning determination on details for the remuneration, etc. for individual Directors

Regarding the remuneration for individual Directors, a policy regarding the proposed total amount and the allocation is drafted by the Advisory Committee and following further deliberations at the Audit and Supervisory Committee, it is determined by a resolution of the Board of Directors.