

The policy for determining the details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members)

(June 15, 2022)

Remuneration, etc. for the Company's Directors are structured at levels commensurate with their role and responsibilities in a manner that motivates them to improve the Company's performance and corporate value and secures outstanding personnel.

The Human Resources Committee, with Outside Directors accounting for at least half of its membership, deliberates the levels and criteria of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members), and reports to the Board of Directors with respect to the appropriateness thereof.

The Representative Director, President & Chief Executive Officer, appointed by the Board of Directors, makes decisions on amounts of remuneration, etc. for Directors (excluding Audit and Supervisory Committee Members) based on reports of the Human Resources Committee.

Remuneration, etc. for Directors serving on the Audit and Supervisory Committee is decided upon discussion involving the Audit and Supervisory Committee Members.

The Human Resources Committee confirms that details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy. The Board of Directors deems that details of remuneration, etc. for individual Directors (excluding Audit and Supervisory Committee Members) are consistent with remuneration policy based on the confirmation results of the Human Resources Committee.

Remuneration, etc. for the Executive Directors consists of fixed compensation (monthly) and performance-based compensation (annually in March). Regarding the remuneration, etc. for Executive Directors who are foreign nationals, the remuneration will be paid by overseas subsidiaries. Although the remuneration is not subject to the Company's remuneration system, it is a combination of fixed compensation and performance-based compensation, and the Company's consolidated operating income is used as one of the criteria for performance-based compensation.

Remuneration, etc. for non-executive Directors shall only consist of fixed compensation (monthly). However, full-time Audit and Supervisory Committee members shall be paid, in addition to fixed compensation, a performance-based compensation (annually in March) as remuneration, etc. in consideration of the contribution to the Company's performance.

While fixed compensation is the main form of remuneration, the ratio of fixed compensation to performance-based compensation paid to Executive Directors (excluding Executive Directors who are foreign nationals) is set to secure outstanding personnel and provide the proper incentive to improve the Company's performance and corporate value. The Human Resources Committee takes the trends with respect to remuneration benchmark company groupings and other factors into consideration and holds regular discussions.

The level of fixed compensation shall be set according to position and considering responsibilities.

The performance-based compensation, for which the key performance indicator is consolidated operating income (excluding one-time income and expenses), is calculated by multiplying the amount on the performance-based compensation calculation table set according to the individual's responsibilities/performance evaluation by a performance coefficient, where that performance coefficient is calculated by multiplying the achievement percentage of the targeted consolidated operating income (excluding one-time income and expenses) by the benchmark consolidated operating income (excluding one-time income and expenses).

The Company chose consolidated operating income (excluding one-time income and expenses) as the key performance indicator because in the Group, importance is placed on consolidated operating income (excluding one-time income and expenses) as an indicator that reflects the results of continuous business activities and because it will incentivize the recipients to improve the Company's performance and corporate value. In addition, the Company does not have a retirement allowance system or a stock option system