

**English Translation of Original Japanese**

This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

Securities code number: 2432

June 5, 2020

To Our Shareholders

DeNA Co., Ltd.

21-1, Shibuya 2-chome

Shibuya-ku, Tokyo

President & CEO: Isao Moriyasu

## **Notice of the Convocation of the 22nd Ordinary General Meeting of Shareholders**

You are hereby notified that DeNA will convene its 22nd annual ordinary general meeting of shareholders (the “Annual Meeting”) as indicated below.

**We strongly recommend that you refrain from coming to the venue on the day of the Annual Meeting regardless of your health condition in light of the recent spread of the novel coronavirus infection, and cast your proxy vote in advance either by sending the enclosed proxy voting ballot or electronically (via the Internet). After reviewing the Reference Documents for the Annual Meeting accompanying this Notice, please cast your proxy vote no later than 6 p.m. on Friday, June 19, 2020 (JST).**

Thank you.

**The details of the Annual Meeting are as follows:**

- 1. Time:** Saturday, June 20, 2020, at 3 p.m. (reception starts at 2 p.m.)
- 2. Place:** Hikarie Hall, Shibuya Hikarie (9th floor)  
21-1, Shibuya 2-chome, Shibuya-ku, Tokyo

**3. Objectives of the Annual Meeting**

**Matters to be reported:**

- a. The contents of the Business Report for the 22nd period (April 1, 2019 to March 31, 2020), the Consolidated Financial Statements, and the audit reports of the Accounting Auditor as well as the Company’s Board of Corporate Auditors regarding the Consolidated Financial Statements
- b. The contents of the Financial Statements for the 22nd period (April 1, 2019 to March 31, 2020)

**Matters to be resolved:**

Proposal 1: Allocation of Surplus

Proposal 2: Appointment of Five (5) Directors

- Please note that if you decide to attend the Annual Meeting, please bring the enclosed proxy voting ballot to the meeting and present it at the entrance to the meeting hall. In order to assist us in reducing the amount of paper used, please also bring this Notice of Convocation.

# Reference Documents for the Annual Meeting

## Proposals and Reference Documents

### **Proposal 1:** Allocation of Surplus

The proposed allocation of surplus is as follows:

The Company regards as important management priorities the continuing enhancement of its corporate value through business growth and strengthening of its management structure and contributing to shareholders' earnings.

With respect to allocating profit for the year to shareholders through dividend payments, after taking into account such matters as the Company's performance for each fiscal year, the Company adopts as its objective the basic principle of minimum dividend payment equal to a consolidated payout ratio of 15% or an annual dividend of ¥20 per share of the Company's common stock, whichever is higher. At the same time, the Company will continue to aim for the basic principle of dividend payments at a consolidated payout ratio of 30% in the future.

Regarding the final dividend for the 22nd period, in accordance with the above-mentioned basic principle, taking into account such factors as the Company's financial results for the fiscal year ended March 31, 2020, the future business environment, and retained earnings necessary for continuing growth, the Company proposes ¥20 per common share of the Company.

1. Type of dividend: Cash dividend
2. Matters related to the allocation of the assets to be paid as dividends and the total amount of dividends:  
¥20 per common share of the Company  
A total amount of ¥2,514,231,960  
Note: The above amount includes dividends in the amount of ¥4,231,660 be paid on the Company's shares held by the Stock Grant ESOP Trust account. The total amount of dividends excluding the above amount shall be ¥2,510,000,300.
3. Effective date of distribution of dividends from surplus: June 22, 2020

(Reference)

The amount of final dividends per share for the last four fiscal years

	Final dividend per share			Proposed allocation
Period	19th period	20th period	21st period	22nd period (fiscal year ended March 31, 2020)
Amount	¥32	¥32	¥40	¥20

(The 21<sup>st</sup> period included a one-time special dividend of ¥20 for the Company's 20th anniversary)

**Proposal 2: Appointment of Five (5) Directors**

The term of all the Directors (five in number) will end at the closing of this Annual Meeting. Accordingly, the Company hereby proposes to elect four incumbent Directors (one of which is Outside Director) and one new Director listed below. The nomination of candidates for Director has been decided by the Board of Directors, upon deliberations and recommendations by the Nomination Committee, which was voluntarily established by the Company with the majority of its members comprised of Independent Outside Directors, based on the analysis and evaluation of the Board's effectiveness as a whole conducted in the fiscal year ended March 31, 2020. All candidates for Outside Director meet the independence standards set forth by the Company, and upon approval of this proposal as originally proposed, one third or more of Directors will be Independent Outside Directors.

See also Pages 13 to 17, "Board Policies in the Nomination of Director and Corporate Auditor Candidates," "Independence Standards for Independent Board Members," "Corporate Governance and Internal Control System," and "Analysis and Evaluation of the Board's Effectiveness as a Whole" for reference.

The candidates for Director are as follows:

The candidates for Director are as follows.					
Candidate number	Name		Current position and areas of responsibility at the Company	Number of the Board of Directors' meetings attended	
1	Reappointment	Tomoko Namba	Representative Director & Executive Chairman	18 times out of 18 meetings (100%)	
2	Reappointment	Isao Moriyasu	Representative Director, President & Chief Executive Officer (CEO) Head of Game & Entertainment Business Unit	18 times out of 18 meetings (100%)	
3	Reappointment	Shingo Okamura	Director and Chief Operating Officer (COO) Head of Sports Business Unit and Deputy Head of Game & Entertainment Business Unit	15 times out of 15 meetings (100%)	
4	Reappointment	Koji Funatsu	Outside Independent Board Member	Outside Director	15 times out of 15 meetings (100%)
5	New Appointment	Hiroyasu Asami	Outside Independent Board Member	—	—

Outside

Candidate for Outside Director

Independent Board Member

Candidate for Independent Board Member

Number of Company shares held	Summary background, position and areas of responsibility
19,786,061 shares	<p>April 1986: Entered McKinsey &amp; Co., Inc. (Japan)</p> <p>June 1990: Graduated from Harvard Business School (MBA)</p> <p>December 1996: Partner of McKinsey &amp; Co., Inc. (Japan)</p> <p>March 1999: Established the Company and became Director</p> <p>August 1999: Reorganized the Company to <i>Kabushiki Kaisha</i> and became Representative Director</p> <p>September 2004: Representative Director and President of the Company</p> <p>June 2005: Representative Director and President of Mobaoku Co., Ltd.</p> <p>April 2009: Representative Director, President, and Chief Executive Officer (CEO) of the Company</p> <p>June 2011: Director of the Company</p> <p>June 2013: Director and Executive Officer of the Company</p> <p>January 2015: Director and Owner of YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC. (present)</p>
Number of the Board of Directors' meetings attended	<p>June 2015: Director, Executive Chairman, and Executive Officer of the Company</p> <p>March 2017: Representative Director, Executive Chairman and Executive Officer of the Company (present)</p>
18 times out of 18 meetings (100%)	<p>September 2019: Representative Director of Delight Ventures Inc. (present)</p> <p>[Important concurrent posts]</p> <p>Director and Owner of YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC.</p> <p>Representative Director of Delight Ventures Inc.</p>
<p>[Reasons for nomination as Director]</p> <p>As founder of the Company, Ms. Tomoko Namba led the management and continued to contribute to the development of the businesses of the Company as Representative Director and President with her deep understanding of the Group's business and excellent managerial capability until 2011. Since June 2017, she has made efforts to further enhance discussions at Board meetings as Chairperson of the Board in order to improve the effectiveness of the Board of Directors, which in turn contributes to the enhancement of the supervisory functions of the Board of Directors. Furthermore, she contributed to launching in 2019 a venture fund where the Company makes investments of about ¥10 billion. As Managing Partner, she challenges herself to provide new value to society through venture investments. The Company judges that her outstanding talent in negotiations and communication with a wide range of domestic and overseas stakeholders and her desire to provide new value as well as her supervision of management based on her vast experience in organization management, will remain indispensable for the Company to continue realizing its management policy of bringing delight to society. The Company therefore has proposed her for the position of Director.</p>	

Number of Company shares held	Summary background, position and areas of responsibility
353,376 shares	<p>April 1998: Entered Oracle Corporation Japan</p> <p>November 1999: Entered the Company</p> <p>June 2006: Director and General Manager of Mobile Business Division and in charge of the Web-Commerce Business Division of the Company</p> <p>April 2009: Director and Chief Operating Officer (COO) of the Company</p> <p>May 2009: Director and General Manager of the Portal Business Head Office and COO of the Company</p> <p>April 2010: Director and General Manager of the Social Media Business Head Office and COO of the Company</p>
Number of the Board of Directors' meetings attended	<p>June 2011: Representative Director, President, Executive Officer, and General Manager of the Social Media Business Head Office of the Company</p> <p>April 2013: Representative Director, President &amp; Chief Executive Officer (CEO) of the Company</p>
18 times out of 18 meetings (100%)	<p>July 2016: Representative Director &amp; President of PFDēNA Inc. (present)</p> <p>April 2018: Representative Director, President &amp; Chief Executive Officer (CEO), and Head of Game &amp; Entertainment Business Unit of the Company</p> <p>April 2019: Representative Director, President &amp; Chief Executive Officer (CEO), Head of Game &amp; Entertainment Business Unit, and Head of AI Unit of the Company</p> <p>April 2020: Representative Director, President &amp; Chief Executive Officer (CEO), and Head of Game &amp; Entertainment Business Unit of the Company (present)</p> <p>[Important concurrent posts] Representative Director &amp; President of PFDēNA Inc.</p>
<p>[Reason for nomination as Director]</p> <p>Mr. Isao Moriyasu has continued to be responsible for the launch and development of the DeNA Group's core businesses since the Company's foundation, amid business development to bring delight without limiting the domains based on changes in social circumstances and the business environment. In all phases of such businesses, he has constantly been at the center of the planning and execution of strategy, and has continued to drive and promote businesses. Additionally, as Head of the Game &amp; Entertainment Business Unit from 2018, he has undertaken the analysis and response to issues aiming to strengthen the game business, which is the Company's core business, and strategy planning and other initiatives to create new hit products. In addition, he has taken the lead in strategy planning and other initiatives to strengthen each business and develop new businesses utilizing AI (artificial intelligence). Furthermore, in light of the present condition of the Company, he has worked to strengthen the management base of the Company by promoting expense reduction and structure optimization. The Company judges that his broad knowledge, considerable experience and excellent management capabilities are vital for the further development of the DeNA Group, and therefore has proposed him for the position of Director.</p>	

Number of Company shares held	Summary background, position and areas of responsibility
250 shares	April 1995: Entered Ministry of Posts and Telecommunications (currently Ministry of Internal Affairs and Communications) August 2015: Senior Planning Officer, Planning Division, Postal Services Policy Department, Information and Communication Bureau of Ministry of Internal Affairs and Communications April 2016: Entered the Company, Head of Sports Promotion Office Representative Director & President of Yokohama Stadium Co., Ltd. October 2016: Head of Sports Business Unit of the Company Representative Director & President of YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC. (present)
Number of the Board of Directors' meetings attended	July 2017: Executive Officer, Head of Sports Business Unit of the Company April 2019: Managing Executive Officer, Chief Operating Officer (COO) and Head of Sports Business Unit of the Company Chairman of Yokohama Stadium Co., Ltd. (present)
15 times out of 15 meetings (100%)	June 2019: Director and Chief Operating Officer (COO) and Head of Sports Business Unit of the Company April 2020: Director and Chief Operating Officer (COO), Head of Sports Business Unit, and Deputy Head of Game & Entertainment Business Unit of the Company (present) [Important concurrent posts] Representative Director & President of YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC. Chairman of Yokohama Stadium Co., Ltd.
[Reasons for nomination as Director] Since joining the Company in 2016, Mr. Shingo Okamura has contributed to the promotion of the DeNA Group's business based on his talent in negotiating with and promoting business for a wide range of stakeholders by undertaking the important responsibility of serving as Representative Director & President of YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC. and Yokohama Stadium Co., Ltd. as well as being the person in charge of the Sports Business Unit, Chief Operating Officer (COO), and Deputy Head of the Game & Entertainment Business Unit, and his talent in creating organizations to bring out as much as possible the capability of personnel and the organization itself. He has also played an important role as Director of the Company from June 2019 for enhancing and encouraging lively discussions and for managing corporate business, mainly by providing the Company with valuable comments from which the DeNA Group can benefit greatly from a multidimensional perspective rooted in his diverse business experience. The Company believes that his broad experience, insight, and qualities are vital for the DeNA Group's business to grow further and to strengthen the capability of personnel and the organization, and therefore has proposed him for the position of Director.	

Number of Company shares held	Summary background, position and areas of responsibility
0 shares	April 1981: Entered Japan Recruit Center Co., Ltd. (currently Recruit Holdings Co., Ltd.) December 1995: Director of Recruit Hokkaido Jalan Co., Ltd.
Number of the Board of Directors' meetings attended	April 1998: Entered transcosmos inc. June 1998: Managing Director of transcosmos inc. June 1999: Senior Managing Director of transcosmos inc. April 2000: Vice President of transcosmos inc.
15 times out of 15 meetings (100%)	September 2002: President & CEO of transcosmos inc. June 2003: Chairman & CEO of transcosmos inc. (present) October 2014: Outside Director of KADOKAWA DWANGO CORPORATION (currently KADOKAWA CORPORATION) (present)
No. of years as director	June 2019: Outside Director of the Company (present) [Important concurrent posts] Chairman & CEO of transcosmos inc. Outside Director of KADOKAWA CORPORATION
1 year (As of date of conclusion of the Annual Meeting)	
<p>[Reasons for nomination as Outside Director]</p> <p>Mr. Koji Funatsu has extensive management experience and broad insight as a representative director of listed companies providing mainly various IT-related services. After being appointed as an Outside Director of the Company in June 2019, with his high-level understanding of the dynamic IT market, he has given valuable advice on management based on a mid to long-term perspective, important advice on the function of the Board of Directors and how discussions at Board of Directors' meetings should be, as well as well-balanced, valuable advice on improving the corporate culture, etc. Also, given his extensive management experience and insight in fields related to IT and the China business, as well as his experience as an outside director of other listed companies, he has played an important role to supervise management from an objective position independent from management engaged in business execution. The Company judges that his broad experience and qualities are vital for the Company's corporate value to improve and grow over the mid to long-term, and therefore the Company has proposed him for the position of Outside Director of the Company. In the event that he is appointed as Director of the Company, the Company intends to appoint him as the chairperson of the Nomination Committee of the Company.</p> <p>[Concurrent posts]</p> <p>Mr. Koji Funatsu is a Representative Director of transcosmos inc., and also concurrently serves as an Outside Director of KADOKAWA CORPORATION. He has attended all meetings of the Company's Board of Directors held since his appointment, including extraordinary meetings. Furthermore, even when a resolution of the Board of Directors is made by written consent, he checked the materials and indicated his approval or disapproval without any delay, thereby contributing to prompt decision-making. In addition, he attended all meetings of the Nomination Committee, Compensation Committee, offsite meetings, executive sessions, and other such meetings held since his appointment, and played an important role as indicated above at all meetings. He acted actively as the Chairperson of the Nomination Committee, conducting individual interviews with candidates as part of the selection process for Director and Executive Officer candidates, and promptly performing duties other than attending meetings as well. The Company also judges that he is fully capable of performing duties as an Outside Director of the Company following his explanation on his position, responsibilities and burden of duty of these concurrent posts. If this proposal is approved, he will attend all meetings of the Board of Directors, Nomination Committee, and Compensation Committee planned to be held from the time of his appointment until the Annual Meeting of the Company to be held during the fiscal year ending March 2022. For this reason as well, the Company judges that the concurrent posts will not prevent him from fulfilling his duty as an Outside Director of the Company.</p>	

Candidate number 5: Hiroyasu Asami

Date of birth: September 8, 1956

[New Appointment]

[Outside] [Independent]

Number of Company shares held	Summary background, position and areas of responsibility
0 shares	April 1980: Entered Nippon Telegraph and Telephone Corporation June 2009: Executive Officer of NTT DOCOMO, INC. March 2013: Executive Vice President of NTT DOCOMO INC. June 2014: Executive Vice President and Member of the Board of Directors of NTT DOCOMO INC. June 2016: Senior Executive Vice President, Representative Member of the Board of Directors of NTT DOCOMO INC. June 2019: Representative Director and President of DOCOMO CS, Inc. (present) [Important concurrent posts] Representative Director and President of DOCOMO CS, Inc.
Number of the Board of Directors' meetings attended	
—	
No. of years as director	
—	
<p>[Reasons for nomination as Outside Director]</p> <p>Mr. Hiroyasu Asami worked for listed companies providing various services, primarily the communications business, for many years. As an executive of such companies, he has extensive business experience serving as the person in charge of consumer services and multimedia services, and corporate planning, as well as the person responsible mainly for technology, device and information strategy. In addition, he has management experience as a representative director of a company that engages in network maintenance, operates call centers, and operates stores that sell communication devices, etc., and broad insight based on such experience. As such, the Company expects him to give well-balanced, flexible, and valuable advice on business and management from a mid- to long-term perspective. The Company judges that his broad experience and qualities are vital for the Company's corporate value to improve and grow over the mid to long-term, and therefore the Company has proposed him for the position of Outside Director of the Company. In the event that he is appointed as Director of the Company, the Company intends to appoint him as the chairperson of the Compensation Committee of the Company.</p> <p>[Concurrent posts]</p> <p>Mr. Hiroyasu Asami concurrently serves as a Representative Director of one unlisted company (DOCOMO CS, Inc.). The Company judges that he is fully capable of performing his duties as an Outside Director of the Company following his explanation on his position, responsibilities and burden of duty of this concurrent post. If this proposal is approved, Mr. Asami will attend all meetings of the Board of Directors, Nomination Committee, and Compensation Committee planned to be held during the fiscal year ending March 2022. For this reason as well, the Company judges that the concurrent post will not prevent him from fulfilling his duty as an Outside Director of the Company.</p>	

- Notes:
1. The Company has business transactions with YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC., in which Ms. Tomoko Namba serves as Director and Owner and Mr. Shingo Okamura serves as Representative Director and President, including loans, advertisement, outsourcing of system operation, maintenance, and corporate administration.
  2. The Company has business transactions with Delight Ventures Inc., in which Ms. Tomoko Namba serves as Representative Director, including system operation and maintenance.
  3. The Company has business transactions with PFDeNA Inc., in which Mr. Isao Moriyasu serves as Representative Director and President, including outsourcing of system operation and maintenance, and corporate administration.
  - 4 The DeNA Group has business transactions relating to outsourcing of advertisement and various other businesses with transcosmos inc., in which Mr. Koji Funatsu serves as Chairman and CEO. Since he fulfills the Company's Independence Standards for Independent Board Members, considering the circumstance that the total annual transaction amount between transcosmos inc. and the DeNA Group was neither 1% or more of the consolidated net sales of the DeNA Group nor 1% or more of the consolidated net sales of transcosmos inc., the Company judges that he is sufficiently independent as an Outside Director. In addition, no personnel relationship exists between the Company and transcosmos inc., and there are no such relationships in which transcosmos inc. can influence the management, setting of policies for financial strategy or other decision-making of the Company.
  5. The DeNA Group has business transactions with NTT DOCOMO INC. in which Mr. Hiroyasu Asami served as Representative Director from June 2016 to June 2019, including introduction of settlement service for mobile devices and business alliance at the Company's subsidiaries. In addition, NTT DOCOMO INC. and the Company established a joint venture, Everystar Co., Ltd. (hereinafter the "Joint Venture"). Since he fulfills the Company's Independence Standards for Independent Board Members, considering the circumstance that the total annual transaction amount between NTT DOCOMO INC. and the DeNA Group was neither 1% or more of the consolidated net sales of the DeNA Group nor 1% or more of the consolidated net sales of NTT DOCOMO INC., the Company judges that he is sufficiently independent as an Outside Director. Although directors and corporate auditors from NTT DOCOMO INC. have assumed office at the Joint Venture, such appointments aim at supervising and auditing business at the Joint Venture. No personnel relationship exists between the Company and NTT DOCOMO INC., and there are no such relationships in which NTT DOCOMO INC. can influence the management, setting of policies for financial strategy or other decision-making of the Company.
  6. Mr. Hiroyasu Asami served as an Independent Director at Everystar, Co., Ltd., a subsidiary of the Company, from April 2010 to June 2014.
  7. In addition to items 1. to 6. above, there are no special interest relationships between the candidates for Director and the Company.
  8. The Company has registered Mr. Koji Funatsu and Mr. Hiroyasu Asami as Independent Directors as defined by Tokyo Stock Exchange, Inc. In the event that Mr. Koji Funatsu is reappointed as Director, the Company intends to register him as Independent Director as defined by the Tokyo Stock Exchange, Inc. In addition, in the event that Mr. Hiroyasu Asami is appointed as Director, the Company intends to register him as Independent Director. The Company's Independence Standards for Independent Board Members are described on page 14.
  9. The Company has executed a liability limitation agreement with Mr. Koji Funatsu in order to limit liability under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 26, Paragraph 2 of the Company's Articles of Incorporation. The maximum amount of liability for each of them will be the higher of ¥10 million or the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act. If he is reappointed, the liability limitation agreement will be extended. In addition, in the event that Mr. Hiroyasu Asami is appointed as Director, the Company intends to execute such agreement with him.
  10. The number of Company shares held by candidates for Director are current as of March 31, 2020.
  11. The number of Company shares held by Ms. Tomoko Namba, Mr. Isao Moriyasu, and Mr. Shingo Okamura include their Company shares held through the DeNA Directors' Shareholders Association.
  12. The number of the Board of Directors' meetings attended by Mr. Shingo Okamura and Mr. Koji Funatsu represents the number of meetings attended by them after their appointments as Director on June 22, 2019.

(For reference)

#### Board Policies in the Nomination of Director and Corporate Auditor Candidates

The Company believes that candidates for Director and Corporate Auditor at a minimum must have the sophistication and qualification to satisfy and promote the following objectives:

- continuous increase in the Company's corporate value;
- ensuring transparency and fairness in the Company's management; and
- establishing and maintaining a system of compliance.

In addition to the above, and consistent with the criteria below for the composition of the Board of Directors and Board of Corporate Auditors, candidates for Director and Corporate Auditor must be persons of excellence with sound judgment and insight, and individual characteristics such as gender and age are not considered.

#### [Board of Directors]

- in order to ensure transparency and fairness, the Board must include Outside Directors with a high level of independence;
- in order to allow for active discussion and prompt decision-making, the Board should consist of an appropriate number of members; and
- there should be an appropriate balance in the experience and background of Outside Directors, who should include persons with a wide range of considerable management experience and insight.

#### [Board of Corporate Auditors]

- in addition to persons with a wide range of considerable management experience, Corporate Auditors should include persons with background and insight in legal, finance and labor matters; and
- at least one Corporate Auditor should have considerable experience in finance and accounting.

(The above content is available in the Company's "Corporate Governance Report" (dated March 31, 2020))

## Independence Standards for Independent Board Members

The Company judges independence of Outside Directors and Outside Corporate Auditors in accordance with the following standards set forth by the Company itself in addition to the criteria defined by Tokyo Stock Exchange, Inc.:

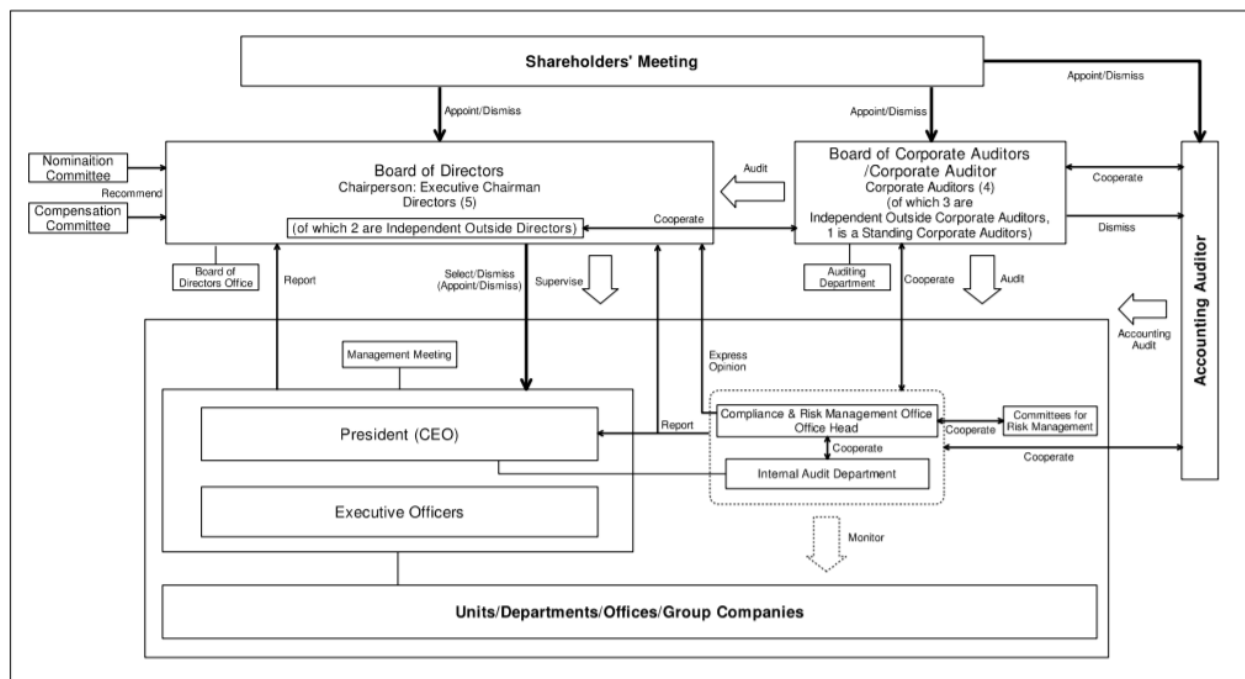
- (1) he/she is not, and has not been for the past three (3) years, an executive officer or employee of a business counterparty that is either:
  - a business counterparty the aggregate amount of whose business transactions with the Company in the fiscal year exceeded 1% of the annual consolidated sales of the Company or such business counterparty (group);
- (2) if he/she or any of his/her close relatives provides legal, accounting, consulting or other professional services to the DeNA Group, he/she or any of his/her close relatives does not receive, and has not received in the past three (3) years, remuneration from the DeNA Group (other than in the form of executive compensation) in excess of ¥5 million (or its equivalent) per year;
- (3) if a firm, etc. in which he/she serves provides legal, accounting, consulting or other professional services to the DeNA Group, the firm, etc. does not receive, and has not received in the past three (3) years, remuneration from the DeNA Group (other than in the form of executive compensation) in excess of ¥12 million (or its equivalent) per year, or in an amount that exceeds 1% of the annual consolidated sales of such firm, etc.; and
- (4) he/she does not fall under, and has not fallen under in the past ten (10) years, any of the conditions listed below:
  - he/she is a representative or employee of the Company's accounting auditor;
  - he/she serves or has served for the law firm, auditing firm or tax accounting firm, etc., which has or had an advisory contract with the Company;
  - he/she works at any of the major lenders of the Company; or
  - he/she is a major shareholder of the Company holding 10% or more of the Company's issued shares, or works at any of the entities which are major shareholders of the Company, its parent company, subsidiaries or fellow subsidiaries thereof.

## Structure for Corporate Governance and Internal Control System

### 1. Nomination Committee and Compensation Committee

The Company has established a Nomination Committee and a Compensation Committee as voluntary advisory bodies to its Board of Directors. Ensuring that Outside Directors appropriately participate in the nomination and compensation processes not only for Directors, but also executive officers and others who play an important role in the Company's business will ensure transparency and objectivity in management. Both these committees are comprised of a majority of Independent Outside Directors, and are chaired by either of the Independent Outside Directors.

## 2. Outline



\* The number of Directors will be as shown on the above chart assuming that the Proposal 2 above is approved at this Annual Meeting.

## Analysis and Evaluation of the Board's Effectiveness as a Whole

The Company has a policy of analyzing and evaluating the Board's effectiveness as a whole (including the voluntary advisory committees, offsite meetings, etc.) at least once per year.

The summary of the evaluation of effectiveness conducted from September to December 2019 is as follows. (The two most recent previous evaluations were conducted from January to March 2018 and from September to November 2018. For more information about the results of previous evaluations of effectiveness, please see the Company's "Corporate Governance Report" dated April 11, 2018 and December 20, 2018 respectively.)

### 1. Method for Analysis and Evaluation

#### ▪ Means and Implementation Structure for Analysis and Evaluation

The Chairperson for the Board Meetings was the director in charge of this evaluation of effectiveness.

The method for analysis and evaluation and the questionnaire questions were discussed and finalized at the Board meeting, with consideration for the opinion of outside legal counsel.

The Company provided a questionnaire based on the above finalized content to all its directors and corporate auditors, and based on those responses, the director in charge held individual meetings as appropriate. Afterwards at the Board meeting each director raised particular improvement points, and discussions were held evaluating the effectiveness of the Board as a whole and about future issues and measures.

- Summary of the Questionnaire Questions

There were four broad categories of questions, listed below, and evaluation comments were sought through a five-tier rating system and free response.

An additional free response section was added for points to evaluate and improve regarding the Board meetings.

- (1) Sufficiency of Board meeting discussions to leading the Company for the mid to long-term
  - Proposals, time, content, and quality, frequency, and depth, etc.
- (2) Composition of the Board and functions it ought to provide
  - Whether the Board has a sufficient number of directors, specialist knowledge, experience, and understanding of the Company in order to discuss and make decisions on a high level
  - Degree of frankness of speech and constructiveness of debate, and whether functioning as a single team
- (3) Status of initiatives implemented based on raised in the previous evaluation of the Board's effectiveness
  - Clarifying the importance of proposals, and focusing discussion on important topics
  - Ensuring there is sufficient information provided and consultation regarding business execution in the free discussion
  - Having the offsite meetings (discussion by non-Board officers) focus on mid to long-term growth and the business plan & strategyetc.
- (4) Progress towards external commitments\* to strengthen corporate governance and internal controls, made available in May 2017

\* These commitments are comprised of strengthening top management, oversight of business execution by the Board of Directors, strengthening compliance systems and management structure, and corporate culture reform.

For more details, please see the disclosure of May 23, 2017, titled "Notice Regarding Strengthening Corporate Governance and Internal Controls" (URL below).

<https://ssl4.eir-parts.net/doc/2432/announcement1/36168/00.pdf>

The discussion in the Board meetings placed more emphasis on the free response section rather than the difference in evaluation marks from each respondent.

## 2. Summary of the Results of Analysis and Evaluation

The Company has determined through its analysis and evaluation that the following in particular are contributing to the effectiveness of the Board.

- There has been improvement in securing time for mid to long-term perspective discussions, and the actual holding of these discussions
- There is a consistent vision shared by the Board meeting
- The clarification of the importance of proposals and free discussion, etc., which were strengthened based on the previous evaluation of the Board's effectiveness, are functioning effectively
- Making progress in the establishment and spread of a management structure for compliance risks and monitoring thereby

Meanwhile, the analysis and evaluation showed that there was scope for further improvement in the following areas.

- Further clarifying and keeping in mind the role of the Board meetings and business execution, and the role of each director and corporate auditor
- Further strengthening discussion from a mid to long-term perspective

As a result, the Company decided to pursue multiple initiatives, including the following.

- Before presenting a proposal to the Board meeting, having the business execution side further deepen exploration and strengthen visibility for the Board into the explored content
- In reporting about the status of business execution to the Board meeting, further clarifying the future outlook and measures taken at appropriate timings, and the progress in previous proposals
- Implementing multiple initiatives for operating meetings to enable the Board to operate effectively

The Company will continue to implement the evaluation of effectiveness for the Board overall, thereby aiming to improve the effectiveness of the Board meetings.

(The above content is available in the Company's "Corporate Governance Report" (dated March 31, 2020))