

To all shareholders:

Fumiaki Sato, President and CEO
PCA Corporation
1-2-21 Fujimi, Chiyoda-ku, Tokyo

Notice of Convening of the 41st Annual Shareholders' Meeting

We at PCA Corporation ("the Company") would like to invite you to attend our 41st Annual Shareholders' Meeting, to be held on Friday, June 18, 2021.

If you are not able to attend the meeting in person, you may still exercise your voting rights in writing (by mail) or by electronic means (online). In the event that you cannot be present, we ask that you kindly review the Shareholders' Meeting Reference Document printed below and exercise your voting rights by 6:00 p.m., on Thursday, June 17, 2021.

- 1. Date and time:** Friday, June 18, 2021, at 10:30 a.m. (Reception starts at 10:00 a.m.)
- 2. Place:** 1F, PCA Building
1-2-21 Fujimi, Chiyoda-ku, Tokyo
* Please refer to the Guide Map to the Shareholders' Meeting Venue at the end of this document.

3. Agenda

Matters to be reported:

1. Business Report, Consolidated Financial Statements, and audit results by the Accounting Auditor and the Board of Auditors on the Consolidated Financial Statements for the 41st fiscal year (April 1, 2020 to March 31, 2021)
2. Non-consolidated Financial Statements for the 41st fiscal year (April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Appointment of Eight Directors
- Proposal 3:** Partial Revision to Long-term Incentive Compensation for Directors
- Proposal 4:** Revision to Director Compensation Amount
- Proposal 5:** Revision to Auditor Compensation Amount

Online Disclosure

1. The following items are not included in the documents attached to this notice and can be found on the Company's website, in accordance with laws, ordinances, and the provisions of Article 15 of the Company's Articles of Incorporation.
 - (1) Systems for securing appropriate business practices and their status of implementation
 - (2) Consolidated Statement of Changes in Shareholders' Equity
 - (3) Notes to Consolidated Financial Statements
 - (4) Non-consolidated Statement of Changes in Shareholders' Equity
 - (5) Notes to Non-consolidated Financial Statements

The Consolidated Financial Statements, Non-consolidated Financial Statements, and Business Report attached to this notice are an integral part of the Consolidated Financial Statements, Non-consolidated Financial Statements, and Business Report audited by the Accounting Auditor and Auditors when preparing the accounting audit report and audit report.

2. In the event of any revisions to the Shareholders' Meeting Reference Document, Business Report, Nonconsolidated Financial Statements, or Consolidated Financial Statements, we will publish this information on our website.

- If you attend as scheduled, we ask that you present your voting form to reception at the meeting place.
- If you attend as scheduled, we ask that, in order to conserve paper, you bring this document with you as reference for the meeting's proceedings.

Please note that souvenirs for shareholders attending the meeting will not be provided. Thank you for your understanding.

Shareholders' Meeting Reference Document

Proposal 1: Appropriation of Surplus

On the basis of striving to increase return on equity (ROE) and maintain stable dividends through efficient management, the Group's policy is to return profits to our shareholders by increasing the dividend level after comprehensively considering factors such as business results and the dividend payout ratio.

The Company determines our dividends based on results for the full year. Therefore, we do not issue midterm dividends. Our basic policy is to appropriate any surplus through year-end dividends issue once per year.

While aiming to strengthen and preserve its business structure and to maintain an appropriate amount of internal reserves, the Company proposes ordinary dividends for the 41st fiscal year at 34 yen per share.

1	Type of dividend property Cash
2	Allocation of dividend property to shareholders and total amount thereof 34 yen per share of the Company's common stock. Total dividends will be 226,655,764 yen.
3	Effective date of distribution of surplus June 21, 2021

Proposal 2: Appointment of Eight Directors

The terms of service of all seven Directors will expire upon conclusion of this Shareholders' Meeting. For this reason, we request the appointment of eight Directors, including one additional Director to further strengthen our management system.

Candidates for appointment as Directors are as follows.

No.	Name (age)	Attributes as candidate for Director	Current position in the Company	No. of years serving as Director	Attendance record for BOD meetings
1	Fumiaki Sato (57)	Reappointment	President and CEO	10 years	100% (12/12 meetings)
2	Manabu Mizutani (63)	Reappointment	Director of the Board & Senior Advisor (CISO)	27 years	100% (12/12 meetings)
3	Yutaka Mizutani (59)	Reappointment	Director	15 years	100% (12/12 meetings)
4	Fumio Tamai (57)	Reappointment	Director	8 years	100% (12/12 meetings)
5	Tetsuo Sakuma (52)	New appointment	Director	-	-
6	Kumiko Arai (67)	Reappointment External Director Independent Officer	Director	6 years	100% (12/12 meetings)
7	Hiroshi Kumamoto (53)	Reappointment External Director	Director	6 years	100% (12/12 meetings)
8	Shin Kusunoki (62)	Reappointment External Director Independent Officer	Director	1 year	100% (10/10 meetings)

- (Notes)
1. The age listed for the candidate is his age upon conclusion of this meeting.
 2. Kumiko Arai, Hiroshi Kumamoto, and Shin Kusunoki are candidates for appointment as External Directors. Additionally, based on rules defined by the Tokyo Stock Exchange, Kumiko Arai and Shin Kusunoki are specified as Independent Officers by the Company and registered with the Tokyo Stock Exchange.

1

Fumiaki Sato

Date of Birth: July 10, 1963 (57)

Reappointment

Number of shares held in the Company:
6,200

No. of years serving as Director:
10 years

Attendance record for BOD meetings:
100% (12/12 meetings)



Profile, and Positions and Responsibilities at the Company

July 2003	Joined the Company
Apr. 2006	Manager, Accounting Division, Administration Department of the Company
July 2006	Manager, General Affairs Division and Human Resources Division, Administration Department of the Company
June 2007	General Manager, Administration Department of the Company
June 2011	Director of the Company
June 2015	Executive Director; General Manager, Administration Department of the Company
Oct. 2015	Executive Director; General Manager, Administration Department, and Manager, General Affairs Division of the Company
Apr. 2017	Executive Director; General Manager, Administration Department of the Company
Sep. 2017	Director and Vice President of the Company
June 2018	President and CEO of the Company (current position)

Status of Important Concurrent Position

No important concurrent positions.

Reason for Nomination as Candidate for Director

Fumiaki Sato supervises management appropriately in his role as President and CEO. At Board of Directors meetings, he provides sufficient and appropriate explanation for important management items, thus heightening the decision-making function of the Board of Directors. Furthermore, Sato exhibits leadership in management and works to increase sustainable corporate value by executing the corporate philosophy. For the reasons discussed above, Sato is judged as an appropriate leader for achieving the long-term vision of the Company. Therefore, we have designated him as a Director candidate once again.

Commitment

Over the last two years, based on our Medium-term Management Plan, I have worked on establishing a business foundation through reinforcement of our stock business and reforming our business structure. Going forward, too, I will work to bring PCA closer to the customers who use our products and services, and promote a growth strategy from a stance that will contribute to customer success, striving to become a "management support company."

2

Manabu Mizutani

Date of Birth: March 6, 1958 (63)

Reappointment

Number of shares held in the Company:

56,300

No. of years serving as Director:

27 years

Attendance record for BOD meetings:

100% (12/12 meetings)



Profile, and Positions and Responsibilities at the Company

Dec. 1989	Joined the Company; General Manager, System Planning Office of the Company
June 1994	Director of the Company
June 1999	Executive Director of the Company
May 2000	General Manager, Systems Development Department of the Company
June 2003	General Manager, Administration Department of the Company
Apr. 2006	Senior Managing Director of the Company
June 2006	Director and Vice President of the Company
June 2007	President and CEO of the Company
June 2018	Director of the Board & Senior Advisor (CISO) of the Company (current position)

Status of Important Concurrent Position

Senior Vice-Chairman of the Computer Software Association of Japan (CSAJ)

Reason for Nomination as Candidate for Director

During the fifteen years since he entered the Company, Manabu Mizutani has fulfilled a leading role in the development of products such as Windows software, ERP software, cloud services, and other core products of the Company. He served as President and CEO from 2007, and he has served as Director of the Board & Senior Advisor (CISO) from 2018. Mizutani possesses many years of experience in product development at the Company, as well as knowledge and experience in overall management gained during his former occupation as a CPA.

For the reasons discussed above, Mizutani is judged to be sufficiently capable of making important decisions related to improving the corporate value of the Company in the future, conducting management of the Company, and supervising the execution of business. Therefore, we have designated him as a Director candidate once again.

Commitment

Since the year that the Company was founded, I have been involved in software development as an engineer. My contributions include devising architecture for cloud services. As an expert in accounting and IT, I have continued to provide advice on manufacturing at PCA, as well as on the accumulation of operational expertise in cloud services.

Currently, I am mainly in charge of support for industry groups and handling of internal security. I serve as the Senior Vice-Chairman of the Computer Software Association of Japan (CSAJ), and I am involved in numerous projects including electronic invoices (expected to transfer from the Cabinet Secretary to the Agency for Digital Affairs), shared EDI standards for small- and medium-sized corporations (The Small and Medium Enterprise Agency), and electronic applications (MHLW, MIC). In addition to serving as a coordinator to ensure that industry can contribute to society in the aforementioned fields, I am committed to giving my utmost effort so that PCA products and services can fulfill a leading role. Furthermore, based on my recognition for the significant risk that security incidents pose to corporations providing cloud services, I will take extreme caution and implement continual reforms.

3

Yutaka Mizutani

Date of Birth: July 3, 1961 (59)

Reappointment

Number of shares held in the Company:

38,200

No. of years serving as Director:

15 years

Attendance record for BOD meetings:

100% (12/12 meetings)

**Profile, and Positions and Responsibilities at the Company**

Sep. 1984	Joined the Company
Apr. 2000	Manager, CA Center Division, Sales Department of the Company
May 2006	General Manager, Systems Development Department of the Company
June 2006	Director of the Company (current position)
Mar. 2013	General Manager, Quality Management Department of the Company
Jan. 2018	General Manager, Management Planning Office of the Company (current position)
Apr. 2021	General Manager, Management Department of the Company (current position)

Status of Important Concurrent Position

No important concurrent positions.

Reason for Nomination as Candidate for Director

Yutaka Mizutani has served as a manager in fields such as end user support, product development, and quality control at the Company for many years. He possesses extensive technical knowledge, in-depth on-site experience, high-level expertise, and a wealth of experience. From June 2006, he has participated in management of the Company as a Director, and has worked to improve the quality of the Company's products.

For the reasons discussed above, Mizutani is judged to be sufficiently capable of making important decisions related to improving the corporate value of the Company in the future, conducting management of the Company, and supervising the execution of business. Therefore, we have designated him as a Director candidate once again.

Commitment

As part of President Sato's management team, I created the initial Medium-term Management Plan. This year will be the third year of the plan. As General Manager of the Management Planning Office, I have monitored the initiatives of the various sections of the Company, and provided support when necessary. The reinforcement of the stock business, with a focus on cloud computing, has been growing steadily, and while the coronavirus pandemic has affected us when it comes to the development of peripheral businesses as new business chances, trends in the new personnel system to support our growth strategy and the revision of our internal system, these have also been moving forward steadily. With goals such as connecting and strengthening our measures toward existing customers, and strengthening our development efficiency and product competitiveness, I have also promoted large-scale reforms in our organizational structure. On the other hand, as General Manager of the Quality Management Department I have taken appropriate measures, setting up call centers for the revised consumption tax and establishing a system for product inspection.

Going forward, as General Manager of the Management Department, I will work closely with the managers of the various related departments and move forward with the preparations for the next step in growth. Specifically, it is my intention to appropriately promote such efforts as the stabilization of earnings by strengthening our stock business, strengthening our development system in order to realize the provision of services peripheral to our existing products, internal revitalization and efficiency improvement through the increasing of system availability, strengthening of security, full-scale operation of the new personnel system, and updating of internal systems. I also hope that, in the Medium-term Management Plan that will start in April 2022, I will be able to incorporate the elements of measures toward the SDGs, etc., and move forward with preparations.

4

Fumio Tamai

Date of Birth: October 27, 1963
(57)

Reappointment

Number of shares held in the Company:
8,300
No. of years serving as Director:
8 years
Attendance record for BOD meetings:
100% (12/12 meetings)



Profile, and Positions and Responsibilities at the Company

Mar. 1987	Joined the Company
Oct. 2003	Manager, West Japan Sales Division of the Company
June 2005	Manager, East Japan Sales Division of the Company
Apr. 2010	Deputy General Manager, Sales Department of the Company
Nov. 2010	Manager, West Japan Sales Division of the Company
June 2013	Director of the Company (current position)
Apr. 2018	Manager, Strategic Planning Division of the Company
Apr. 2019	General Manager, Sales Department of the Company
Apr. 2021	General Manager, Business Department of the Company (current position)

Status of Important Concurrent Position

Director of Xronos Inc.

Reason for Nomination as Candidate for Director

For many years, Fumio Tamai has performed outstandingly as a manager of sales divisions at the Company. He possesses extensive technical expertise with in-depth knowledge of on-site conditions, as well as a broad range of knowledge.

From June 2013, Tamai has served as a Director overseeing management at the Company. He works to formulate business strategy and improve sales capability.

For the reasons discussed above, Tamai is judged to be a desirable person for providing on-site leadership to increase the corporate value of the Company in the future. Therefore, we have designated him as a Director candidate once again.

Commitment

While this has been a turbulent two-year period, with the consumption tax change, Windows EOS, and the COVID-19 pandemic, I believe that I have achieved results as expected in the stabilization of our revenue base for our main businesses, which I was committed to. As for the creation of new business chances, I think there is still some way to go, and I am committed to further promoting continuous efforts.

For our existing business, I will aim for further stocking up, and promote business in new areas, from creation to materialization.

I will strive to initiate a new work "style," and promote further developments, with an eye on the kind of diversity that can respond to the age of the new normal.

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Tetsuo Sakuma

Date of Birth: December 23,
1968 (52)

New appointment

Number of shares held in the Company:
2,800

No. of years serving as Director:

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Attendance record for BOD meetings:

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Profile, and Positions and Responsibilities at the Company

Apr. 1991	Joined the Company
Apr. 2017	Manager, Cloud Business Center of the Company (current position)
Apr. 2019	General Manager, Systems Development Department
Apr. 2021	General Manager, Development Department (current position)

Status of Important Concurrent Position

No important concurrent positions.

Reason for Nomination as Candidate for Director

Tetsuo Sakuma has for many years shown leadership throughout our development sector, and possesses a wealth of experience in both R&D and application development. He has applied his leadership to the benefit of the upper management of the Company. As General Manager of the Development Department, he has played a central role in the development of cloud services. For this reason, we have requested his appointment as a Director.

Commitment

I will ensure that we provide a stable supply of safe and secure products and services that support our customers' management. I will make every effort possible to use our technology to bring our customers not only peace of mind but also the joy and happiness that come beyond that. Improvements to PCA's products and services that support the management of customers will bring about an increase in the customers' corporate value. I believe that this is the value of PCA. For this, it is imperative that we provide quality products and services in a constant, timely manner, and toward that end, I will set up a development system. On top of that, in those fields where our existing lineup has not sufficiently satisfied our customers, I will provide new services. I am committed to raising PCA's corporate value by supplementing our range of products and services in this way.

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Kumiko AraiDate of Birth: March 26, 1954
(67)

Reappointment
External Director
Independent Officer

Number of shares held in the Company:
1,000No. of years serving as External Director:
6 yearsAttendance record for BOD meetings:
100% (12/12 meetings)**Profile, and Positions and Responsibilities at the Company**

June 1977 Joined Nitto Boseki Co., Ltd.
June 1984 Completed studies at Hammer Smith & West London College
Apr. 1985 Joined Merrill Lynch Japan Securities Co., Ltd.
Jan. 1995 Joined KPMG ASAHI LLC
June 1997 Joined CA Japan, Ltd.
Feb. 2014 Left CA Japan, Ltd.
May 2015 External Auditor of Webrage Co., Ltd.
 (current position)
June 2015 Director of the Company (current position)

Status of Important Concurrent Position

External Auditor of Webrage Co., Ltd.

Reason for Nomination as Candidate for External Director and Outline of Expected Role

Kumiko Arai possesses extensive business experience and knowledge as a supervisor at the finance division of a business firm, and has, as an External Director since June 2015, been providing appropriate supervision of our management. The Company evaluates the said experience and skills highly, and it is expected that Arai will, if appointed as an External Director, provide advice and recommendations for ensuring the legality and validity of decision-making at the Board of Directors of the Company. Therefore, we have requested her appointment as an External Director once again.

Overview of Contract for Limitation of Liability

Based on Article 427, paragraph (1) of the Companies Act and the rules stated in the Articles of Incorporation of the Company, the Company and Kumiko Arai have executed a contract for limitation of liability for damages as stated in Article 423, paragraph (1) of the Companies Act. Based on said contract, the liability amount for damage compensation shall be the minimum liability amount stated in Article 425, paragraph (1) of the Companies Act. If her reappointment is approved, the Company plans to continue said contract with Arai.

Term of Service as an External Director

The term of service as an External Director for Kumiko Arai shall be six years at the conclusion of this meeting.

Commitment

As an independent Director, I have worked to monitor PCA's management from an objective standpoint. April 2022 will see the beginning of application of a new market segment in the Tokyo Stock Exchange, and we must aim for a higher level of governance. In order to make corporate governance work practically, I am committed to continuing to contribute to PCA's creation of social value from a standpoint independent of the company itself.

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Hiroshi Kumamoto

Date of Birth: December 16,
1967 (53)

Reappointment External Director

Number of shares held in the Company:
1,600

No. of years serving as External Director:
6 years

Attendance record for BOD meetings:
100% (12/12 meetings)



Profile, and Positions and Responsibilities at the Company

Apr. 1993 Joined NEC Corporation
Oct. 2000 Joined Systems Design Co., Ltd.
June 2007 Director of Systems Design Co., Ltd.
June 2013 President of Systems Design Co., Ltd. (current position)
June 2015 Director of the Company (current position)

Status of Important Concurrent Position

President of Systems Design Co., Ltd.
Director and Advisor of Aicam Co., Ltd.
Director and Advisor of Shared System Inc.
Director and Chairman of For Co., Ltd.

Reason for Nomination as Candidate for External Director and Outline of Expected Role

Hiroshi Kumamoto is involved in management in the information services industry, the same industry in which the Company does business, and has, as an External Director since June 2015, been providing appropriate supervision of our management. The Company evaluates the said experience and skills highly, and it is expected that Kumamoto will, if appointed as an External Director, supervise the management of the Company by utilizing his experience and knowledge related to management. Therefore, we have requested his appointment as an External Director once again. Kumamoto is involved in the execution of business at Systems Design Co., Ltd., a specified related entity (main business partner) of the Company.

Overview of Contract for Limitation of Liability

Based on Article 427, paragraph (1) of the Companies Act and the rules stated in the Articles of Incorporation of the Company, the Company and Hiroshi Kumamoto have executed a contract for limitation of liability for damages as stated in Article 423, paragraph (1) of the Companies Act. Based on said contract, the liability amount for damage compensation shall be the minimum liability amount stated in Article 425, paragraph (1) of the Companies Act. If his reappointment is approved, the Company plans to continue said contract with Kumamoto.

Term of Service as an External Director

The term of service as an External Director for Hiroshi Kumamoto shall be six years at the conclusion of this meeting.

Facts Pertaining to Violations of Laws and the Articles of Incorporation at Company where Kumamoto was Employed as an Officer during the Past Five Years

Hiroshi Kumamoto serves as President of Systems Design Co., Ltd. During his term as President, it was discovered that Systems Design violated laws and the Articles of Incorporation in its data entry business for data received from multiple customers. Specifically, Systems Design subcontracted the entry of personal information containing specified personal information to an outside vendor. Following discovery of the incident, Kumamoto recognized the importance of the matter and implemented a cause investigation by an Investigation Committee which included external lawyers. He works ceaselessly to thoroughly implement required measures such as educating employees and strengthening/revising internal cooperation.

Commitment

I have participated in the management of comprehensive information service corporations, accumulated sales experience in information systems, and built an extensive personal network. From the perspective of

an External Director, I have utilized my background in order to provide appropriate opinions and advice mainly for management but also including sales and development, with the ultimate goal of further increasing the corporate value of PCA. I will continue to take part in the planning of both the Board of Directors and venues for informal discussions regarding management strategy, and provide both opinions and advice, from a wide-ranging, diverse viewpoint over the medium-to-long term, in order to accommodate the sustainable growth of PCA and the medium-to-long-term improvement of its corporate value. I will also, to the extent that is acceptable, create opportunities to gain an understanding of the site and gather information.

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Shin Kusunoki

Date of Birth: July 13, 1958 (62)

Reappointment

External Director

Independent Officer

Number of shares held in the Company:
100

No. of years serving as Director:
1 year

Attendance record for BOD meetings:
100% (10/10 meetings)



Profile, and Positions and Responsibilities at the Company

Apr. 1983	Joined Nomura Research Institute, Ltd.
Apr. 2003	Senior Managing Director of Nomura Research Institute, Ltd.
Apr. 2011	Senior Corporate Managing Director of Nomura Research Institute, Ltd.
Apr. 2015	Counselor of Nomura Research Institute, Ltd.
June 2019	Representative Director of Tokyo Digital Ideas Co., Ltd. (current position)
Apr. 2019	Corporate Adviser of Mitsubishi UFJ Trust and Banking Corporation
June 2020	Director of the Company (current position)

Status of Important Concurrent Position

Representative Director of Tokyo Digital Ideas Co., Ltd.
Senior Partner of Minerva Club LLC

Reason for Nomination as Candidate for External Director and Outline of Expected Role

Shin Kusunoki has served as Senior Corporate Managing Director at Nomura Research Institute, Ltd. Kusunoki has leveraged his wealth of knowledge and experience in fields such as fintech and AI to provide, as an External Director since June 2020, appropriate supervision of our management. The Company evaluates the said experience and skills highly, and it is expected that Kumamoto will, if appointed as an External Director, provide general supervision and advice on the Company's technology development. Therefore, we have requested his appointment as an External Director once again.

Overview of Contract for Limitation of Liability

Based on Article 427, paragraph (1) of the Companies Act and the rules stated in the Articles of Incorporation of the Company, the Company and Shin Kusunoki have executed a contract for limitation of liability for damages as stated in Article 423, paragraph (1) of the Companies Act. Based on said contract, the liability amount for damage compensation shall be the minimum liability amount stated in Article 425, paragraph (1) of the Companies Act. If his reappointment is approved, the Company plans to continue said contract with Kusunoki.

Term of Service as an External Director

The term of service as an External Director for Shin Kusunoki shall be one year at the conclusion of this meeting.

Commitment

With the ever-accelerating expansion of digitalization and the shift to cloud computing, these are having a growing impact on PCA's business. PCA initiated cloud services before the rest of the industry, and has led the industry as a cloud service pioneer. In order to strengthen our future cloud strategy and digital strategy, I will, as an independent External Director, give my support to strong decision-making toward the next generation of PCA's business.

- (Notes)
1. Hiroshi Kumamoto is President of Systems Design Co., Ltd. The Company and Systems Design have a business relationship in which the Company outsources development and assembly of our products, as well as customer support services by telephone.
 2. Kumiko Arai serves as External Auditor for Webrage Co., Ltd. There is no significant relationship between the Company and Webrage.
 3. Shin Kusunoki serves as Representative Director of Tokyo Digital Ideas Co., Ltd. and Senior Partner of Minerva Club LLC. There is no significant relationship between the Company and either of these companies.
 4. Kumiko Arai, Hiroshi Kumamoto, and Shin Kusunoki are candidates for appointment as External Directors. Additionally, based on rules defined by the Tokyo Stock Exchange, Kumiko Arai and Shin Kusunoki are specified as Independent Officers by the Company and registered with the Tokyo Stock Exchange.
 5. Fumiaki Sato and Hiroshi Kumamoto are shareholders in Kawashima Co., Ltd., which is a major shareholder of the Company (holds 41.04% of shares in the Company).
 6. 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. The details of the insurance policy are described on page 30 of the Business Report. If the appointments of the Director candidates are approved, the said candidates will continue to be covered under the said contract as insured parties. In addition, when the insurance policy is renewed, the Company plans to renew the policy with the same terms.
 7. There are no significant interests between the Company and the other candidates.

Reference: Skill Matrix of the Board of Directors and Board of Auditors

If Proposal 2 is approved, the structure of the Board of Directors and the Board of Auditors, and the major skills, experience, and knowledge of the officers thereof, will be as indicated below.

By tapping the expertise of each member and balancing them as a whole, we will maintain the diversity of both the Board of Directors and the Board of Auditors, and strive for a structure that can respond flexibly to shifts in the business environment.

Name / Position (in charge of)	Corporate Management	Finance and Accounting	Legal Affairs	R&D	Sales	Diversity
Board of Directors						
Fumiaki Sato President and CEO	○					
Manabu Mizutani Director of the Board & Senior Advisor (CISO)	○	○		○		
Yutaka Mizutani Director (General Manager, Management Department; General Manager, Management Planning Office)	○					
Fumio Tamai Director (General Manager, Business Department)	○				○	
Tetsuo Sakuma General Manager, Development Department; Manager, Cloud Business Center				○		
Kumiko Arai External Director	○	○				○
Hiroshi Kumamoto External Director	○				○	
Shin Kusunoki External Director	○			○		
Board of Auditors						
Munekazu Akaike Full-time Auditor			○			
Kimihito Fukasawa External Auditor		○				
Miyako Ikuta External Auditor			○			○
Takuya Kitagawa External Auditor		○				

Proposal 3: Partial Revision to Long-term Incentive Compensation for Directors

Approval is sought for this proposal for partial amendment of the restricted stock contents for Directors of the Company (excluding External Directors) that were approved at the 38th Annual Shareholders' Meeting held on June 22, 2018.

At the 38th Annual Shareholders' Meeting held on June 22, 2018, maximum yearly Director compensation was approved at ¥200 million (not including salaries paid to Directors simultaneously serving as employees). The same Annual Shareholders' Meeting saw approval granted for treasury stock being granted as restricted stock to Directors of the Company (excluding External Directors) within the aforementioned compensation limits, with the value of the said restricted stock (the amount recorded as expenses) being no greater than ¥50 million per fiscal year and the limit on the number of shares of restricted stock hereby granted being set as 50,000 shares per year. In addition, if Proposal 4 is approved as originally proposed, the maximum yearly Director compensation will be ¥300 million (not including salaries paid to Directors simultaneously serving as employees).

Recently, to comply with amendments to laws and regulations, the Company made revisions regarding restricted stock to issue or dispose of common stock in the Company without the requirement for either payment of money or provision of property contributed in kind as Directors' compensation. In addition, in line with the increase in the Director compensation amount in Proposal 4, the value of the treasury stock (the amount recorded as expenses) to be granted as restricted stock to Directors of the Company (excluding External Directors) must be revised to being no greater than ¥75 million per fiscal year. Therefore, the Company requests approval for this proposal.

In accordance with the restricted stock revision, we would also like to be able to grant shares of restricted stock already-granted before this year's Annual Shareholders' Meeting by the means indicated in "e." below.

This proposal is based on the decision of the Company's Compensation Advisory Board and aims to increase the sharing of long-term interests with shareholders by encouraging officers to hold stock in the Company. The restricted stock revisions based on this proposal were judged to be appropriate because 1) the limit of restricted stock shares to be granted is not changed and the level of dilution will be the same as before, 2) the purpose of the stock compensation plan, fluctuations in the Company's stock price and other circumstances are considered, and the compensation amount related to restricted stock is increased, in line with the increase in the Director compensation amount in Proposal 4, and 3) the revisions are consistent with the policy for determining contents such as the compensation amounts for individual Directors (details are described on page 30 of the Business Report), which was decided at the Board of Directors' meeting held on February 22, 2021.

Note that the current number of Directors (excluding External Directors) is four, but if Proposal 2 is approved as originally proposed, there will be five Directors (excluding External Directors).

a. Method of granting restricted stock

The method of granting restricted stock shall be by means of a pledge to grant a certain number of shares of common stock in the Company after the passage of a certain length of time (this method shall be hereinafter referred to as "post hoc restricted stock"). While we do not intend to grant restricted stock by pledging a fixed period on transfer restrictions and then granting common stock in the Company ("ex ante restricted stock"), in the event that ex ante restricted stock is to be granted, we intend to seek the approval of the shareholders in advance.

b. Recipients of restricted stock

Directors of the Company (excluding External Directors) will receive restricted stock.

c. Compensation amount for restricted stock

The compensation amount related to restricted stock (amount recorded as expenses) will be limited to ¥75 million per fiscal year.

d. Number of shares pledged as restricted stock

The number of shares pledged as restricted stock will be limited to 50,000 shares per fiscal year.

Note: If the total number of pledged shares changes due to the consolidating or splitting of shares (including gratis allotment of new shares), the limit of restricted stock shares per fiscal year will be rationally adjusted based on its ratio to the total number of shares.

e. Method of granting shares

The method of granting shares shall be by means of issuing or disposing of common stock in the Company without the requirement for either payment of money or provision of property contributed in kind as Directors' compensation.

We plan, in principle, to grant shares through disposal of treasury stock. Furthermore, in relation to the compensation limits, regardless of the timing of granting of stock, we will apply the compensation limit of the fiscal year that corresponds to the related recording of restricted stock compensation expense in each case.

f. Content of grant agreement (conditions of granting of stock)

The Company shall, each year (in principle), as compensation for providing services for a specified period (in principle, this shall be the period from the date of conclusion of one Annual Shareholders' Meeting to the date of conclusion of the following Annual Shareholders' Meeting), within the scope of the upper limit per "c." and "d." above, pledge to grant, to any recipients of restricted stock who are ending their terms of office as Directors of the Company, a certain number of shares, determined in advance, of common stock in the Company, and grant to the recipient(s) of restricted stock, without delay following the abdication of the recipient(s) of restricted stock from their post(s) as Director(s) of the Company, the cumulative number of such pledged number(s) of shares of common stock in the Company. However, in the event of a reason deemed by the Board of Directors of the Company to be appropriate for the revocation of the right to receipt of share grants (such as violation of laws and regulations), the said recipient(s) of restricted stock shall lose their right to receipt of share grants in full or in part.

In the event of the term of office of a recipient of restricted stock being terminated as a result of the said recipient's death, or of approval being granted at the Annual Shareholders' Meeting for specified organizational restructuring of the Company, or of another reason that is deemed justifiable by the Board of Directors of the Company, the Company shall have the ability to, at the Company's choosing, either (a) grant common stock in the Company or (b) pay an amount of money logically deemed to be appropriate instead of common stock in the Company.

Proposal 4: Revision to Director Compensation Amount

At the 38th Annual Shareholders' Meeting held on June 22, 2018, a limit on maximum yearly Director compensation was approved at ¥200 million. (However, treasury stock shall be granted as restricted stock to Directors of the Company [excluding External Directors], with the value of the said restricted stock [the amount recorded as expenses] being no greater than ¥50 million per fiscal year and the limit on the number of shares of restricted stock hereby granted being set as 50,000 shares per year.) This limit has lasted to the present time, but with subsequent shifts in the economic climate, changes in board composition, and so on, we hope to make a revision to the Director compensation amount.

With regard to the compensation amount, we would like to change the maximum yearly amount to ¥300 million. However, on condition that Proposal 3 "Partial Revision to Long-Term Incentive Compensation for Directors" is approved as originally proposed, treasury stock will be granted as restricted stock to Directors of the Company (excluding External Directors) within the aforementioned compensation limits, with the value of the said restricted stock (the amount recorded as expenses) being no greater than ¥75 million per fiscal year and the limit on the number of shares of restricted stock hereby granted being set as 50,000 shares per year. This shall, as before, not include the employee salary of Directors simultaneously serving as employees.

This proposal was decided upon and judged to be appropriate by the Board of Directors after deliberation by the Compensation Advisory Board, comprehensively taking into consideration a variety of factors including the scale of the Company's business operations, the officer compensation system and the payment level thereof, and the current number of officers and anticipated future trends.

The policy for determining contents such as the compensation amounts for individual Directors of the Company is as indicated on page 30 of the Business Report.

Note that the current number of Directors is seven (of whom three are External Directors), but if Proposal 2 is approved as originally proposed, the number of Directors will be eight (of whom three will be External Directors).

Proposal 5: Revision to Auditor Compensation Amount

At the 12th Annual Shareholders' Meeting held on June 8, 1992, a limit on maximum yearly Auditor compensation of the Company was approved at ¥25 million. This limit has lasted to the present time, but with massive shifts in the economic climate, expansion of Auditor responsibilities associated with shifts in the management climate, levels of compensation at other companies, and so on, we hope to make a revision to the Auditor compensation amount.

With regard to the compensation amount, we would like to change the maximum yearly amount to ¥40 million.

Auditor compensation shall consist solely of basic compensation paid as a set amount each month.

There are currently four Auditors (of whom three are External Auditors).