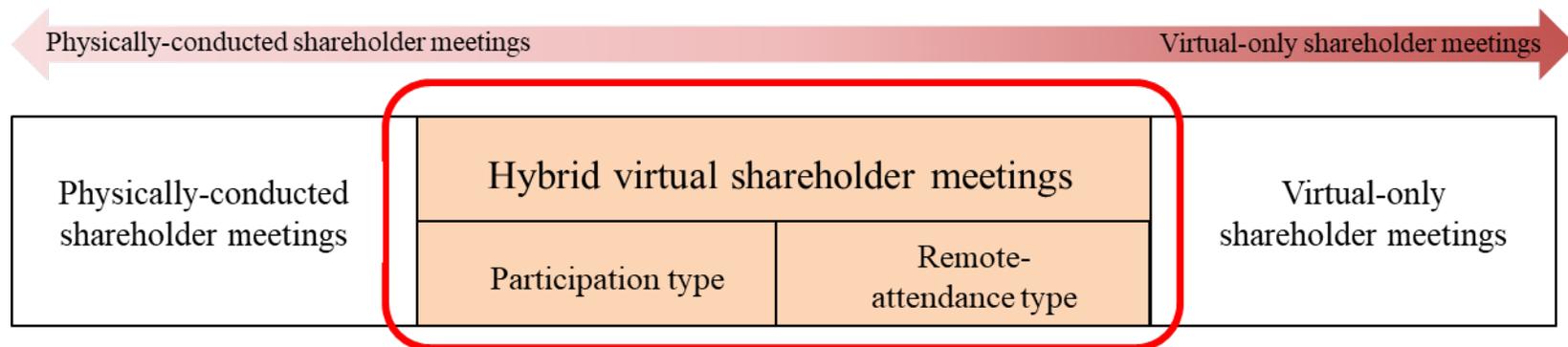


Overview of the Guidelines on Approaches to Hybrid Virtual Shareholder Meetings

Corporate Accounting, Disclosure and CSR Policy Office,
Economic and Industrial Policy Bureau,
Ministry of Economy, Trade and Industry

Scope and Purpose of the Guidelines on Approaches to Hybrid Virtual Shareholder Meetings

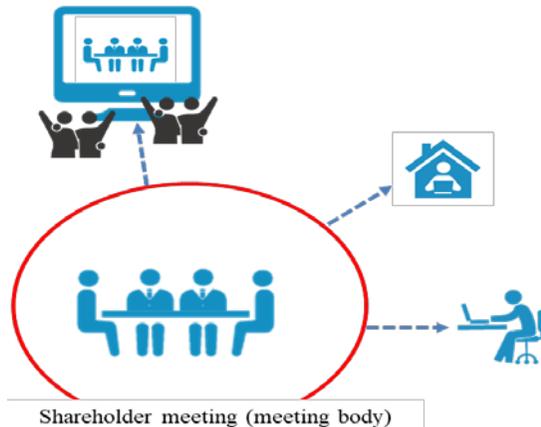
- The term “‘hybrid’ virtual shareholder meetings” refers to physically-conducted shareholder meetings in which shareholders who are not physically present at the meetings are allowed to virtually participate or attend over the internet or through other methods from remote locations.
- Companies’ utilization of the Internet or other methods may further expand opportunities for shareholders to participate in or attend shareholder meetings.
- The guidelines explain specific approaches to legal and practical issues related to “hybrid virtual shareholder meetings” in order to provide additional options to companies in selecting methods for holding shareholder meetings.
- The guidelines present two categories of hybrid virtual shareholder meetings: “hybrid participation-type” and “hybrid remote attendance-type” based on whether or not the participation of shareholders in shareholder meetings over the Internet or through other methods is considered to constitute “attendance” under the Companies Act.



Hybrid Participation-type Shareholder Meetings

- These shareholder meetings are held in the following manner. Shareholders who are not physically present at physically-conducted shareholder meetings, but who have access from remote locations, are permitted to watch a live video broadcast of the physical meetings through a website or other means, if they input their own unique ID or password provided by the target companies in order to identify the shareholders.
- At such hybrid participation-type shareholder meetings, shareholders who participate in such meetings over the internet or using other methods are basically not permitted to ask questions or lay motions under the Companies Act since they do not physically “attend” the meetings. However, it is possible for companies to implement systems so that such meetings, at the chairs’ own discretion, may introduce comments and other opinions that companies have received from such shareholders, for discussion and deliberation.
- Moreover, shareholders who participate in shareholder meetings over the internet or through other methods cannot physically vote at such shareholder meetings held on the predetermined date. Accordingly, companies need to encourage such shareholders to exercise their voting rights prior to the shareholders meetings when the companies make the announcement, through a notice, an official call, or through other written documents, and to indicate that such shareholders are able to participate in the specific shareholder meeting as observers.

Hybrid participation-type shareholder meetings



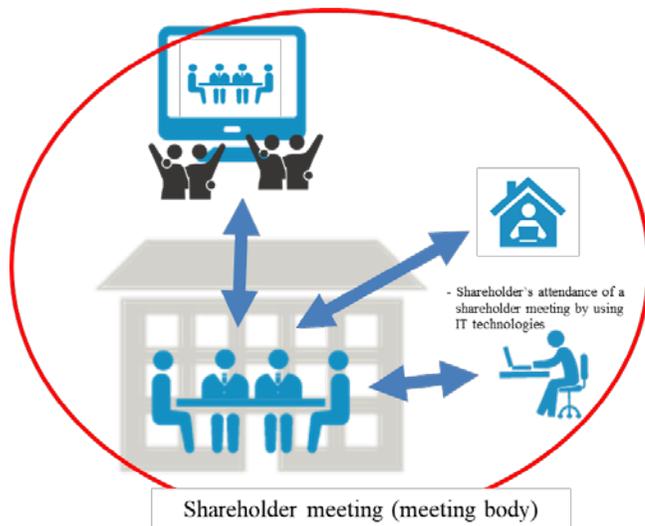
Approaches to handling comments and other opinions

- ✓ Explaining such comments and providing responses during physically-conducted shareholder meetings;
- ✓ Explaining them and providing responses after finishing shareholder meetings;
- ✓ Explaining them and providing responses on companies’ websites at a later date.

Hybrid Remote Attendance-type Shareholder Meetings

- These shareholder meetings are held in the following manner. Shareholders who are not physically present at physically-conducted shareholder meetings, but who have access from remote locations, are permitted to “attend” such meetings under the Companies Act over the internet or through other means.
- Pursuant to interpretations of the existing Companies Act, companies are allowed to hold such remote attendance-type shareholder meetings on the premise that “they secure interactive and simultaneous communication between shareholders and the venues in which target shareholder meetings are physically held.”
- Maintaining conventional practices generally conducted at physically-conducted shareholder meetings, the guidelines take into consideration the novelty of shareholders attending shareholder meetings over the internet or through other methods and, based on this, present new “ideal practices” and legal approaches that support such practices on the premise of currently available technologies for companies.

Hybrid remote attendance-type shareholder meetings



Major issues

- ✓ Adequate technical ability as a condition for holding such meetings (approaches to avoiding communication failures);
- ✓ Relationship between shareholders' attendance of shareholder meetings and the effects of their exercising voting rights prior to the shareholders meetings;
- ✓ Approaches to handling questions asked or motions laid by shareholders;

etc.