

**Notice regarding revision of the
method for tallying shareholder voting forms**

In regard to the handling of tallying shareholder voting forms during busy periods (“forward processing”¹⁾) as reported in the press release dated September 18, 2020 (*Notice regarding the method for tallying shareholding voting forms*), and the press release dated September 24, 2020 (*Notice of findings regarding the method for tallying shareholder voting forms*), in addition to inquiring into the cause of the issue including establishing an internal fact-finding committee and conferring with external legal counsel, Mizuho Trust & Banking Co., Ltd. (President & CEO: Kei Umeda; “Mizuho TB”) has revised the method for tallying shareholder voting forms during busy periods and held discussions on measures to prevent reoccurrence in the future. Below is an overview of our findings. Furthermore, in order to clarify where responsibility lies for this matter, Mizuho TB directors and other associated persons will undergo compensation cuts.

1. Background behind adopting forward processing and cause of the issue

Mizuho TB entrusts stock transfer agency operations, including the tallying of shareholder voting forms, to Japan Stockholders Data Service Company, Limited (“JaSt”). Forward processing was utilized since entrustment to JaSt began in 2009, but the reason that this issue with forward processing went unrealized for many years is the fact that the appropriateness of entrusting Mizuho TB operations to JaSt was not sufficiently confirmed when entrustment of operations began, and, since forward processing was an established practice of many years, it went unquestioned throughout multiple opportunities for verification, such as periodic monitoring.

Tallying of shareholder voting forms is a part of the mechanism for conveying the will of the shareholders to the general meeting of shareholders and for having it reflected in management decisions. It is an operation that supports the foundation of corporate governance, and should have been investigated regardless of existing regulations and practices.

2. Efforts to prevent reoccurrence

(1) Creation of a new shareholder voting form tallying workflow

The forward processing method will be discontinued starting from general meetings of shareholders to convene in March 2021, which is the next busy period. Shareholder voting forms will be tallied based on the date that they are actually received from the post office. In order to conduct a tallying process that does not obstruct the administration of general

meetings of shareholders of companies that entrust us with these operations after discontinuing forward processing, we will revise the method of receiving shareholder voting forms, the tallying workflow, and the tallying system.

- To ensure that shareholder voting forms are received as soon as possible, we will change the method of delivery. Previously the forms were delivered by the post office serving the area surrounding the JaSt processing center. Instead, we will set up a post-office box at Shin-Tokyo Post Office.
- Regarding the tallying workflow after shareholder voting forms are received, in addition to increasing the number of staff assigned to manual tasks such as sorting mail, we will increase the amount of equipment available for digitalizing and categorizing shareholder voting forms.

Furthermore, we have confirmed through a review by external legal counsel the appropriateness of the new tallying method, including the revised method of receiving shareholder voting forms as described above.

(2) Strengthening the management system

In reflection of this issue, we will implement the following items to ensure that we are in strict compliance with the law, and to ensure appropriateness in stock transfer agency operations that are conducted in a precise and timely manner.

1. Receiving support from independent third-party experts (legal counsel and accounting consultants), we will conduct a revision of operational procedures, manuals, etc. related to general stock transfer agency operations other than shareholder vote tallying to re-examine the appropriateness of work execution.
2. When we begin entrusting operations and conduct regular revisions, in addition to verifying the appropriateness of the workflow based on the degree of risk involved in the entrusted work, the impact on clients, etc., we will strengthen structures for appropriate monitoring and guidance to enhance entrustment management.
3. We will clarify and regulate approaches to verification and examination within compliance management, and increase involvement of the compliance division when we begin handling such services, change operations workflows, etc., in order to strengthen the compliance verification system.
4. We will strengthen education and training of employees to improve their knowledge of laws and other pertinent regulations concerning such work.
5. In our internal audits, we will strengthen the system for examining risk, giving consideration to various factors including changes in the external environment, and conduct audits and monitoring with appropriate risk awareness.
6. In addition to coordinating with JaSt, the company entrusted with this work, on efforts to strengthen their legal and compliance related internal management system, we will

implement more stringent inquiries to ensure that JaSt complies with all laws and regulations.

3. Promoting the digitization of shareholder voting forms, and related efforts

For the purpose of conducting shareholder voting form tallying in an appropriate and timely manner, in response to the increased workload in periods when dates of general meetings of shareholders are concentrated, we will undertake efforts such as promoting the digitization of shareholder voting forms (“electronic voting”) while continuing to receive support from companies that entrust us with these services and market participants.

- (1) Adopting electronic voting will give shareholders more options for voting methods, and make the process more convenient, for example making it possible to re-exercise voting rights as many times as desired prior to the voting deadline. This will also make it possible for companies that entrust us with these services to ascertain voting status in a timely manner, and there is the added cost benefit of eliminating the need to mail back voting forms.
- (2) According to the survey conducted by Mizuho TB, of the 2,407 listed companies that held general meetings of shareholders in June of this year, 936 (39%) offered electronic voting, a 15% increase from the same period last year. We believe that demand for electronic voting is increasing as a result of the COVID-19 pandemic.
- (3) We will continue efforts to increase the ratio of companies using electronic voting by appealing to companies that entrust these operations to us about how electronic voting is a fundamental part of infrastructure for general meetings of shareholders during the COVID-19 pandemic, in addition to convenience and cost saving advantages. We will also provide examples of SDG-related initiatives that use part of the cost savings to make donations.
- (4) Among companies that entrust these services to Mizuho TB and have adopted electronic voting, the ratio of shareholders who used electronic voting for general meetings of shareholders in June of this year was 21%. We will coordinate with these companies to include notes and leaflets covering the usage of electronic voting in convocation notices, and other efforts to further raise the rate of electronic voting.
- (5) In recent years there is a trend of general meetings of shareholders being held around the same time, and as a shareholder registry administrator Mizuho TB will continue to support companies that entrust us with these services through the provision of information and other means to encourage companies to spread out the timing of their general meetings of shareholders.

4. Clarification of responsibility

To clarify where responsibility lies for this matter, Mizuho TB directors and other related parties

will undergo pay cuts as per the following.

Mizuho Trust & Banking Co., Ltd.

Name	Details
Kei Umeda, President & CEO (Representative Director)	20% reduction of monthly compensation for 3 months
Shinya Matake, Senior Executive Managing Director (Representative Director)	10% reduction of monthly compensation for 3 months
Masato Tsuruoka, Managing Executive Officer	10% reduction of monthly compensation for 3 months

Reference:

Japan Stockholders Data Service Company, Limited

Name	Details
Ken Hyuga, Representative Director and President	10% reduction of monthly compensation for 3 months
Noriyuki Awano, Representative Director and Deputy President	10% reduction of monthly compensation for 3 months

We wish to once again express our sincere apologies to all companies that have entrusted the provision of stock transfer agency services to Mizuho TB, all shareholders of these companies, and all capital market participants in any way impacted or affected by the matters described herein.

We are keenly aware that the provision of these services plays a central role in corporate governance, and we will continue leveraging our extensive expertise to contribute to the sound development of the capital markets.

Overview of Japan Stockholders Data Service Company, Limited (JaSt)

Trade Name	Japan Stockholders Data Service Company, Limited
Headquarters	2-8-4 Izumi, Suginami-ku, Tokyo
Established	April 1, 2008
Capital	¥2 billion
Investors/ownership Ratio	Sumitomo Mitsui Trust Bank, Limited 50% Mizuho Trust & Banking Co, Ltd. 50%
Business description	Entrusted with stock transfer agency operations (administration of shareholder registries and special accounts) and the development and

	operation of IT systems for the administration of shareholder registries and special accounts.
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Note:

1. Previously, for the shareholder voting form tallying operations during busy periods such as March, May, and June, when a large number of companies hold their general meeting of shareholders, in order to process a large volume of vote tallying operations as smoothly as possible, for shareholder voting forms sent via postal mail JaSt collected the forms directly from the post office the day before the standard delivery date (the date marked as the delivery date on the delivery notice issued by the post office) and began to process the forms. In addition, this year due to the impact of COVID-19, many companies held their general meeting of shareholders in July, and therefore the same operations were conducted in July as well.

When tallying the shareholder voting forms that JaSt collected from the post office on the day prior to the delivery date, JaSt tallied them based on the delivery date on the delivery notice rather than the actual date of collection. As a result, shareholder voting forms for which the delivery date on the delivery notice was past the deadline for the exercise of voting rights were rejected when tallying the shareholder voting forms, even if the actual date of collection was prior to the deadline.

Please direct any inquiries regarding this matter to the following contact.