

Individual Director Compensation Etc. Determination Policy

Overview of the Compensation System for Directors

We have designed the compensation system for officers of the Company to function as a sound incentive to improve mid- to long-term performance and to increase corporate value.

We determine the amount of compensation for the Directors of the Company (not including Directors Who Are Audit and Supervisory Committee Members; hereinafter the same) within a range of 250 million yen a year (not including the employee salary portion of directors who serve concurrently as employees) based on a resolution at the 15th Annual General Meeting of Shareholders held on June 20, 2021.

Structure for Determination of the Content of the Compensation Etc. for Directors

The Company has established a discretionary Nomination and Compensation Committee. The committee is comprised of all independent Outside Directors and one (1) Representative Director chaired by the independent Outside Directors. The purpose of the committee is to strengthen the independence, objectivity and accountability of the functions of the Board of Directors relating to the nomination and compensation etc. for Directors and to design an officer compensation system etc.

The Board of Directors of the Company shall determine the content of the compensation etc. for individual Directors after the deliberations at the discretionary Nomination and Compensation Committee.

Determination of the Type and Ratio of Compensation

The compensation for the Directors of the Company (not including Directors Who Are Audit and Supervisory Committee Members and Outside Directors; hereinafter "Eligible Directors") comprises basic compensation as fixed compensation, performance-linked compensation that is linked to short-term performance etc. and restricted stock compensation aimed at a continuous improvement in corporate value. The compensation for Outside Directors comprises only of basic compensation.

We shall determine the appropriate ratio of basic compensation, performance-linked compensation and restricted stock compensation for Eligible Directors so that it functions as a sound incentive.

Basic Compensation (Fixed compensation)

We shall determine the amount of compensation for individual Directors based on a third-party investigation on the compensation level of corporate executive managers in Japan in consideration of the work areas and range of responsibilities of each Director. We shall pay the compensation monthly in cash.

Performance-linked Compensation

We have introduced a performance-linked compensation system with the goal of rewarding contributions to single-fiscal year performance. The system contribute to aligning the officer compensation system with management policy and raising awareness of the Eligible Directors to improve performance and increase corporate value.

The amount of performance-linked compensation is determined according to the level of achievement of targets in a single fiscal year under the premise of a standard amount of performance-linked compensation calculated based on the amount of base compensation. We shall use financial indicators (the indicator of the Company's corporate value improvement etc.) and non-financial indicators (the customer satisfaction etc.) set by the Board of Directors.

We shall pay performance-linked compensation yearly in cash.

Restricted Stock Compensation

The Company has introduced a restricted stock compensation system to give an incentive to continuously improve corporate value and to further share value with our shareholders. This is so-called advance grant restricted stock compensation as consideration for the provision of services in the current fiscal year (and the future). We shall set the number of shares to be granted to Eligible Directors at the number of shares (within 200,000 shares a year) obtained by dividing the standard amount of restricted stock compensation calculated based on the amount of basic compensation by the closing price of the Company's ordinary shares on the business day before the day of the allocation resolution by the Board of Directors. The transfer restrictions will be released when eligible directors resign or retire from any position of director, executive officer, or corresponding position, or the position of employee in the Company or the Company's subsidiary or when determined by the Board of Directors based on the restricted transfer stock allocation agreement.