

# Corporate Governance Report

**WILL GROUP, INC.**

Last Update: June 22, 2021

**WILL GROUP, INC.**

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<https://willgroup.co.jp/en/>

The corporate governance of WILL GROUP, INC. ("WILL GROUP," or the "Company") is described below.

## **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

### **1. Basic Views**

In order to ensure management transparency and compliance, the Company will build a system that can respond quickly and flexibly to changes in the business environment of the entire Group while enhancing corporate governance. In addition, the Company develops company-wide activities through various measures in order to permeate corporate ethics and corporate philosophy throughout the entire Group.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code] Updated**

The Company implements each principle of the Corporate Governance Code.

#### **[Disclosure Based on the Principles of the Corporate Governance Code] Updated**

[Principle 1.4 Cross-shareholdings]

##### **(i) Policies for strategic shareholdings**

The Company does not hold listed shares as cross-shareholdings. It is its policy not to hold listed shares as cross-shareholdings in the future either, unless the Company judges that it will contribute to the enhancement of the corporate value over the medium to long term, taking into consideration the creation of business opportunities and the establishment, maintenance, and strengthening of business and cooperative relationships.

In the case that the Company holds cross-shareholdings, its policy is to reduce these shares as quickly as possible when the Company judges that the significance of holding these shares is diluted in light of the above policy.

##### **(ii) Details of verification related to cross-shareholdings**

In respect to shares held as cross-shareholdings, the Board of Directors periodically evaluates the merits, risks, economic rationale such as return on investment against the cost of capital, and future prospects of holding the shares, and makes a decision to continue holding.

##### **(iii) Standards for voting rights in cross-shareholdings**

In exercising its voting rights, the Company will evaluate each individual proposal to make the decision on whether to approve or disapprove, rather than making a uniform decision. Each proposal will be considered from the perspective of improving corporate value and shareholder returns over the medium to long term, while fully respecting the management policies and strategies of the investee company.

[Principle 1.7 Related Party Transactions]

When there are transactions between related parties, in accordance with the Company rules, the Representative Director deliberates the transaction and for significant transactions, the Company will obtain approval from the Board of Directors. The Company regularly checks and monitors the officers of our group companies regarding related party transactions.

The conditions and policies for transactions are disclosed with the convocation notices for general meetings of shareholders, the securities report, etc.

(Securities report: <https://willgroup.co.jp/ir/library/sr.html>)

(Internet disclosure items: <https://willgroup.co.jp/ir/library/report.html>)

[Principle 2.6 Roles of Corporate Pension Fund as Asset Owner]

The Company does not fall under the category of asset owner as it has not introduced a fund-type or contract-type defined benefit pension plan or welfare pension fund, as envisioned by the Corporate Governance Code.

[Principle 3.1 Full Disclosure]

- (i) The Company discloses its corporate philosophy, management strategies and medium-term management plan on its website.

(Corporate philosophy: <https://willgroup.co.jp/profile/policy.html>)

(Medium-term management plan: <https://willgroup.co.jp/ir/strategy.html>)

- (ii) This is as written in Section I-1 titled “Basic Views” of this document. For the detailed policies and initiatives, please refer to the respective sections of this document.

- (iii) The policy for determining the remunerations of directors is written in Section II-1 “Organizational Composition and Operation, Director Remuneration” of this document.

- (iv) When appointing executives and nominating candidates for directors, the Company comprehensively considers the right person for the right position, taking into consideration the balance between accurate and prompt decision-making, appropriate risk management, oversight of business execution, and the ability to cover the various functions of the Company and the various business divisions of group companies, in accordance with internal rules. When nominating candidates for Audit & Supervisory Board members, the Company comprehensively considers the right person for the right position, while ensuring the balance between the knowledge of finance and accounting, the familiarity with the company's business field, and diverse perspectives regarding business management.

Based on these policies, the Selection Committee, which includes outside directors, deliberates in advance and will be decided by a resolution of the Board of Directors

For the dismissal of executives, an advisory committee consisting mainly of outside directors and Audit & Supervisory Board members is formed on a case-by-case basis for deliberations in accordance with internal rules, and will be decided by a resolution of the Board of Directors

- (v) The Candidates for directors and Audit & Supervisory Board members, the reasons for their election, as well as their career summaries, are provided in the reference materials for the general meeting of shareholders, which are described in the convocation notice for a general meeting of shareholders in the Company's website. In the event of dismissal, appropriate disclosure will be made in accordance with the Company's policies and procedures.

(Convocation notice for a general meeting of shareholders: <https://willgroup.co.jp/ir/library/report.html>)

[Supplementary Principle 4.1.1 Summary of Scope of Matters Delegated by the Board of Directors to the Management]

The Company's Board of Directors regulations specify the items to be discussed and decided by the Board of Directors in accordance with laws and regulations. In addition, the regulations for delegation of authority specify the scope of management's authority.

[Principle 4.9 Independence Criteria and Qualification for Independent Directors]

In selecting candidates for independent outside directors, the Company ensures that they satisfy the requirements for independence set forth by the Tokyo Stock Exchange and the Company's Criteria for Independence of Outside Directors/Audit & Supervisory Board Members as described below.

Criteria for Independence of Outside Directors/Audit & Supervisory Board Members (hereinafter "Outside Officers"):

The Company judges Outside Officers or candidates for Outside Officers as independent if, as a result of the investigation conducted by the Company as far as reasonably possible, they do not fall under any of the following items:

- 1) An executive <sup>Note 1</sup> of the Company and its affiliates (hereinafter collectively referred to as the "Group");
- 2) A party that regards the Group as major client <sup>Note 2</sup>, or an executive thereof;
- 3) A major client of the Group <sup>Note 3</sup>, or an executive thereof;
- 4) A major shareholder of the Company (holding directly or indirectly 10% or more of total voting rights) or an executive thereof;
- 5) A party of which the Group directly or indirectly holds 10% or more of the total voting rights or an executive thereof;
- 6) A person who belongs to an audit firm appointed as Accounting Auditor of the Group;
- 7) An attorney, certified public accountant, licensed tax accountant, consultant and the like who receives a large amount <sup>Note 4</sup> of monetary or other property benefits other than officers' remuneration from the Group;
- 8) A person who belongs to corporations, cooperatives, and the like including law firms, auditing firms, tax accountant corporations, and consulting firms, which receive a large amount <sup>Note 4</sup> of monetary or other property benefits from the Group;
- 9) A person, or a council member or other executive of a corporation or cooperative, which receives a large amount <sup>Note 4</sup> of donations or assistance from the Group;
- 10) A person who serves as executive director, executive officer (shikko-yaku), executive officer (shikko-yakuin), manager or other important employee of such company in cases where Executive Directors, or full-time Audit & Supervisory Board Members concurrently serve as Outside Directors or Outside Audit & Supervisory Board Members of other companies;
- 11) A person who falls under the definition of the above (ii) to (x) in the last ten years; and
- 12) In cases where a person falling under the definition of the above (i) to (x) is an important person <sup>Note 5</sup>, their spouse or relative within the second degree of kinship.

Notes:

1. An "executive" refers to a director, executive officer (shikko-yaku), executive officer (shikko-yakuin), employee with executive powers, council member, or party or employee equivalent thereto of corporations and other bodies, as well as a party who belonged to the Group in the past even once.
2. A "party regarding the Group as major client" refers to a party who has received from the Company the payment of 2% or more of their consolidated annual sales in the most recent fiscal year.
3. A "major client of the Group" refers to a party who pays the Company 2% or more of its consolidated annual sales in the most recent fiscal year, or who loaned the Company 2% or more of its consolidated total assets at the end of the most recent fiscal year.
4. A "large amount" refers to, in terms of the average for the past three fiscal years, 10 million yen or more for individuals, or for entities including corporations and cooperatives, more than 2% of the consolidated sales or total revenues.
5. An "important person" refers to a director (excluding outside director), audit & supervisory board member (excluding outside audit & supervisory board member), executive officer (shikko-yakuin) and an employee who is senior manager in the position of general manager or higher.

[Supplementary Principle 4.11.1 Preconditions for Board and Audit & Supervisory Board Effectiveness]

When nominating candidates for directors, the Company comprehensively considers the right person for the right position, taking into consideration the balance between accurate and prompt decision-making, appropriate risk management, oversight of business execution, and the ability to cover the various functions of the Company and the various business divisions of group companies, in accordance with internal rules. Based on these policies, the Selection Committee, which includes outside directors, deliberates in advance and will be decided by a resolution of the Board of Directors.

[Supplementary Principle 4.11.2 Preconditions for Board and Audit & Supervisory Board Effectiveness]

In the business report and reference materials for the general meeting of shareholders, the status of concurrent positions held by each director and Audit & Supervisory Board member, including those at other listed companies, is disclosed.

(Convocation notice for a general meeting of shareholders: <https://willgroup.co.jp/ir/library/report.html>)

[Supplementary Principle 4.11.3 Preconditions for Board and Audit & Supervisory Board Effectiveness]

In January 2021, the Board of Directors conducted an evaluation of the effectiveness of the Board of Directors for all directors (five) and all Audit & Supervisory Board members (three) in accordance with the Company's Basic Policy on Corporate Governance.

The method used for this evaluation and the results are as follows.

1. Evaluation method

- Conduct a survey involving all directors and Audit & Supervisory Board members
- 5-point scale evaluation and open-ended questions (20 items in 4 categories)

Evaluation categories

- 1) Composition of the board
- 2) Operation of the board
- 3) Support system for Outside Officers
- 4) Overall evaluation

2. Results of evaluation

As a result of the above implementation, the following information was confirmed regarding the effectiveness of the Board of Directors.

- 1) The frequency of meetings of the Board of Directors and the management of its proceedings are appropriate.
- 2) Materials are distributed or explained in advance, and sufficient time is set aside for active discussion, so that management issues can be sufficiently examined.
- 3) The Board of Directors has a well-balanced composition of people with diverse knowledge and experience, and is able to consider management issues from various perspectives.
- 4) Sufficient information is provided to Outside Officers on management, finance, risk management, and management and compliance issues faced by the Group.
- 5) The matters to be discussed at the Board of Directors meetings are reviewed from time to time in order to accurately deliberate important matters and hold more strategic discussions.
- 6) The progress or results of the matters resolved are reported accordingly and the Board of Directors is able to supervise the status of the duties executed by the directors.

3. Upcoming activities

Based on the results of this evaluation of the effectiveness of the Board of Directors, the Company will continue its efforts to improve the effectiveness of the Board of Directors by optimizing the agenda, providing information to deepen discussions, and strengthening the secretariat system, in order to further strengthen the functions of the Board of Directors.

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]  
 Directors and Audit & Supervisory Board members are selected from those who possess broad knowledge of business, financial affairs, laws and regulations, organizations, etc., and trained if necessary, when they are appointed. The Company continues to provide training for appointed directors and Audit & Supervisory Board members, such as by providing opportunities to participate in seminars and exchange meetings by external experts with content related to the Companies Act and business trends.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company has formulated the disclosure policy consisting of "Basic Policy on Information Disclosure," "Criteria for Information Disclosure," "Methods for Information Disclosure," "Future Outlook," and "Quiet Period," which is disclosed on its website.

(Disclosure policy: <https://willgroup.co.jp/ir/disclosure.html>)

Moreover, the Company has the following policies to encourage constructive dialogue with shareholders.

- (i) In the investor relations activities, the Representative Director and the Executive Officer in charge of the Management Department will hold a proactive dialogue to facilitate good two-way communication about corporate strategies, business strategies, financing information, etc. while developing investor relations activities that emphasize fairness, accuracy and continuity.
- (ii) Under the leadership of the Management Department, the heads of the management planning, general affairs, financial affairs, accounting, legal affairs and information technology sections cooperate with one another in a coordinated manner, to disclose information timely, fairly, and properly.
- (iii) For facilitating communication, the Company holds corporate briefings for individuals and financial results briefings for institutional investors. In addition, the Company will continue to enhance its investor relations activities by posting videos of the briefings and the content of the question-and-answer sessions on its website.
- (iv) The opinions or concerns of shareholders ascertained during the dialogue will be appropriately and effectively fed back to the Company's various committees on a quarterly basis through the Representative Director or the Executive Officer in charge of the Management Department.
- (v) In addition to setting quiet periods in accordance with the Disclosure Policy, the Company will operate and thoroughly enforce regulations regarding the management of insider information.

\* The above disclosure documents are available at the Company's website:

<https://willgroup.co.jp/ir/index.html>

## 2. Capital Structure

Foreign Shareholding Ratio	<a href="#">Updated</a>	From 10% to less than 20%
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[Status of Major Shareholders] [Updated](#)

Name / Company Name	Number of Shares Owned	Percentage (%)
Ryosuke Ikeda	4,204,100	18.64
Ikeda Planning Office Co.,Ltd.	1,707,500	7.57
Shigeru Ohara	1,680,000	7.45
Custody Bank of Japan, Ltd. (Trust Account)	925,800	4.11
The Master Trust Bank of Japan, Ltd. (Trust Account)	850,500	3.77
WILL GROUP Employee Stock Ownership Plan	570,200	2.53
RE FUND 107-CLIENT AC	447,500	1.98
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	428,200	1.90
Shingo Watanabe	400,000	1.77
Ryoichi Taira	367,000	1.63

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

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**3. Corporate Attributes**

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) for the Previous Fiscal Year <small>Updated</small>	From ¥100 billion to less than ¥1,000 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

**4. Policy on Measures to Protect Non-controlling Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

(i) Position and policy regarding group management

The Company has a listed subsidiary, for Startups, Inc., which is listed on the Tokyo Stock Exchange Mothers market.

In aiming to maximize the corporate value of the Group as a whole, the Group will continue to maintain a system of flexible management while maintaining the independence of its listed subsidiary in order to record stable earnings and continuously improve consolidated performance in a manner consistent with the interests of all shareholders, including non-controlling shareholders.

(ii) Significance of having a listed subsidiary

The listed subsidiary aims to support growth industries under the management vision of "for Startups".

This company is positioning itself as a bridge between startups, large companies, job seekers and other ecosystem builders. However, in order to play a central role in supporting growth industries, the Company believes it is necessary to establish the relevant positioning and further enhance this subsidiary's corporate value by improving its social credibility, securing autonomous funding mainstays and improve its human capital. Against this background, the Company believes that it is necessary to maintain this subsidiary's listing because through the listing of the shares, it enables this company to raise funds without being restricted by the Group's fund allocation policy and obtain its own credibility by being a listed company, which in turn will be beneficial to the enhancement of the Group's corporate value.

(iii) Measures to ensure the effectiveness of the governance system of listed subsidiary

The Company strives to maintain a common awareness of the Group's management policies and strategies, but its basic principle is to allow the listed subsidiary to decide on its business activities and to make management decisions by its own. Therefore, from the viewpoint of protecting non-controlling shareholders, it is the Company's policy not to conduct internal transactions between the Company and its other

subsidiaries and the listed subsidiary. Furthermore, the basic principle of the composition of the Board of Directors is to have a majority of directors who are not officers or employees of the Company, and the acceptance of officers from the Company is limited to one director and one Audit & Supervisory Board member, thus establishing and operating a corporate governance system that is independent from the Company.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with the Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	9
Term of Office of Directors Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairman (except in the case of a person who concurrently serves as President)
Number of Directors	5
Election of Outside Directors	Yes
Number of Outside Directors	2
Number of Independent Outside Directors	2

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j
Shuhei Ito	Certified public accountant										
Chie Ikegawa	From other company										

- \* Categories for “Relationship with the Company”
- \* “○” when the director presently falls or has recently fallen under the category;
- “△” when the director fell under the category in the past
- \* “●” when a close relative of the director presently falls or has recently fallen under the category;
- “▲” when a close relative of the director fell under the category in the past

- a. Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries
- b. Executive or non-executive director of the parent company of the Company
- c. Executive of a fellow subsidiary of the Company
- d. A party whose major business partner is the Company or an executive thereof
- e. Major business partner of the Company or their executive
- f. Consultant, accountant or legal professionals who receive a large amount of money or other financial benefits from the Company other than compensation for their services as officers
- g. Major shareholders of the Company (or their executive if the shareholder is a legal entity)
- h. Executive of a business partner of the Company (which do not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shuhei Ito	○	-	<p>Shuhei Ito has extensive experiences and a track record as a certified public accountant and has advanced knowledge of accounting. Having an abundant track record of serving as an outside officer of several companies, he has a wealth of experience in corporate management and provides advice actively at meetings of the Board of Directors.</p> <p>He has a perspective that is independent from the Company. He is expected to contribute to the Group's sustainable growth, the enhancement of corporate value, the transparency and fairness of the management and the further enhancement of the Company's corporate governance.. In addition, he satisfies the "Criteria for Independence" independently established by the Tokyo Stock Exchange and the Company, and there is no concern that may cause conflicts of interest with general shareholders.</p>
Chie Ikegawa	○	-	<p>Chie Ikegawa has a track record and extensive experiences in corporate management, as well as knowledge and experiences in a wide range of fields, including global business, M&amp;A, and risk management. She has contributed to constructive discussions and effective assessments of the Board of Directors. She has a perspective that is independent from the Company. She is expected to contribute to the Group's sustainable growth, the enhancement of corporate value, the strengthening of growth strategies from the perspective of global business, the enhancement of management supervisory functions in the fields of financial strategies and risk management, and the further enhancement of the Company's corporate governance.. In addition, she satisfies the "Criteria for Independence" independently established by the Tokyo Stock Exchange and the Company, and there is no concern that may cause conflicts of interest with general shareholders.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Committee's Name, Composition, and Attributes of Chairperson **Updated**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
All Committee Members	5	3
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	2	0
External Experts	0	0
Other	0	0
Chairperson	Inside director	Inside director

Supplementary Explanations **Updated**

From the standpoint of objectivity, fairness, and transparency, the evaluation made by the Remuneration Committee is discussed and confirmed in advance by the Independent Officers Liaison Committee, which is comprised of mainly outside directors and Audit & Supervisory Board members, to ensure that it is in line with the decision-making policy of each individual director's remuneration.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The internal auditors, Audit & Supervisory Board members, and accounting auditors exchange opinions when formulating the annual internal audit plan, and work to ensure that internal audits are conducted in a coordinated manner. In addition, the results of internal audits are reported to the full-time Audit & Supervisory Board members in a timely manner, and the Audit & Supervisory Board members receive direct reports on the audit reports from the accounting auditors, in order to ensure cooperation among the three parties for more efficient audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Outside Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shizuka Sawada	Certified public accountant													
Kenji Omukai	Certified public accountant													
Katsumi Nakamura	Attorney													

\* Categories for "Relationship with the Company"

- \* “○” when the Audit & Supervisory Board member presently falls or has recently fallen under the category;
- “△” when the Audit & Supervisory Board member fell under the category in the past
- \* “●” when a close relative of the Audit & Supervisory Board member presently falls or has recently fallen under the category;
- “▲” when a close relative of the Audit & Supervisory Board member fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Executive or non-executive director of the parent company of the Company
- d. Audit & Supervisory Board member of the parent company of the Company
- e. Executive of a fellow subsidiary of the Company
- f. Persons who have the Company as a major business partner or their executive
- g. Major business partners of the Company or their executive
- h. Consultant, accountant or legal professionals who receive a large amount of money or other financial benefits from the Company other than compensation for their services as officers
- i. Major shareholders of the Company (or their executive if the shareholder is a legal entity)
- j. Executive of a major business partner of the Company (which do not correspond to any of f, g, or h) (the Audit & Supervisory Board member himself/herself only)
- k. Executive of a company, between which and the Company outside officers are mutually appointed (the Audit & Supervisory Board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Shizuka Sawada	○	-	Shizuka Sawada has extensive knowledge and experiences as a certified public accountant and has been appointed as an outside Audit & Supervisory Board member in the expectation that she will monitor and provide advice on corporate management, particularly from the financial and accounting perspectives. In addition, she satisfies the "Criteria for Independence" independently established by the Tokyo Stock Exchange and the Company, and there is no concern that may cause conflicts of interest with general shareholders.
Kenji Omukai	○	-	Kenji Omukai has high expertise as a certified public accountant, as well as extensive experiences and knowledge in global group management. To strengthen the Company's auditing system in order to reinforce the management advisory functions, and to build a better corporate governance system, the Company has appointed him as an Outside Audit & Supervisory Board Member. In addition, he satisfies the "Criteria for Independence" independently established by the Tokyo Stock Exchange and the Company, and there is no

			concern that may cause conflicts of interest with general shareholders.
Katsumi Nakamura	○	-	Katsumi Nakamura has high expertise as an attorney, as well as extensive experiences and advanced knowledge in global corporate management that can effectively respond to changes in the business environment, and risk management. To strengthen the Company's auditing system in order to reinforce the management advisory functions, and to build a better corporate governance system, the Company has appointed him as an Outside Audit & Supervisory Board Member...In addition, he satisfies the "Criteria for Independence" independently established by the Tokyo Stock Exchange and the Company, and there is no concern that may cause conflicts of interest with general shareholders.

#### [Independent Officers]

Number of Officers	5
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#### Matters relating to Independent Officers

All outside directors and outside Audit & Supervisory Board members who qualify as independent officers are designated as such.

#### [Incentives]

Incentive Policies for Directors	Performance-linked stock compensation plan and stock options
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#### Supplementary Explanation

The Company has introduced a stock option plan, which is conditional on the achievement of performance targets. In addition, the Company has introduced a performance-linked stock compensation plan with the aim of raising awareness among directors to contribute to the improvement of medium- to long-term business performance and the enhancement of corporate value by having a clearer linkage between the remuneration of directors and the Company's performance and share value, and sharing the benefits and risks of share price fluctuations with shareholders.

Recipients of Stock Options	Inside directors, outside directors, employees, and directors and employees of subsidiaries
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#### Supplementary Explanation

##### Stock options

The Company grants stock options to directors and employees of the Company and its subsidiaries for the purpose of further improving their motivation and morale and further enhancing the unity of the Company as it aims to expand its business performance and increase its corporate value over the medium to long term.

##### Performance-linked stock compensation plan

The Company has introduced a performance-linked stock compensation plan, for directors (excluding outside directors and directors serving without remuneration; the same applies hereinafter), in addition to the fixed remuneration. This plan consists of performance-linked stock-based compensation and position-linked stock-

based compensation, and has been introduced with the aim of sharing interests with shareholders by raising awareness of the need to contribute not only to improving business performance but also to enhancing corporate value. The performance indicators for the performance-linked stock-based compensation are based on the points set for each grade rank which is set based on the job grade system stipulated in the share delivery regulations. The reason for selecting these indices is that the Company's medium-term management plan sets forth a basic policy of creating a highly profitable structure and that the mission of each director is to fulfill the responsibilities expected by shareholders. In addition, the calculation method is to distribute stock-based compensation by granting points based on the position and each director's performance contribution in accordance with the stock delivery regulations.

There is no distribution of the performance-linked stock-based compensation as of March 31, 2021 as the shares will be delivered in the fiscal year ending March 31, 2023. The position-linked stock-based compensation is as described in "Non-monetary compensation, etc." under the "Supplemental Explanation" in "(6) Director Remuneration" below.

#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Individual remuneration is not disclosed.
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#### Supplementary Explanation Updated

Remuneration for directors and the Audit & Supervisory Board members for the fiscal year ended March 31, 2021 is as follows.

Total amount of remuneration paid to directors: 136 million yen (of which, 11 million yen paid to three outside directors)

Breakdown of total amount of remuneration: Fixed remuneration 118 million yen (of which, 11 million yen paid to three outside directors), Non-monetary compensation, etc. 18 million yen

Total amount of remuneration paid to Audit & Supervisory Board members: 21 million yen (of which, 21 million yen paid to three outside Audit & Supervisory Board members)

Policy for Determining Remuneration Amounts and Calculation Methods <span style="border: 1px solid black; padding: 0 2px;">Updated</span>	Established
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#### Disclosure of Policy for Determining Remuneration Amounts and Calculation Methods

##### Policy for determining remuneration amounts and calculation methods

The Company has adopted a resolution on the policy for determining the details of remuneration for each individual director.

In addition, the Board of Directors has confirmed that the method of determining the details of remuneration and the details of remuneration determined for each individual director for the current fiscal year are consistent with the decision-making policy resolved by the Board of Directors, and that the report from the Independent Officers Liaison Committee, which mainly consists of outside directors and Audit & Supervisory Board members, has been taken into consideration, and the Board of Directors has determined that the remuneration is in line with the decision-making policy.

The details of the policy for determining the details of remuneration for each individual director are as follows.

##### a. Basic policy

The Company's basic policy is to link the remuneration of directors to shareholder interests so that it will fully function as an incentive for the sustainable enhancement of corporate value, and to determine the remuneration of individual directors at an appropriate level based on their respective responsibilities. Specifically, the remuneration for executive directors consists of fixed remuneration and the performance-linked stock

compensation plan. The latter plan aims to raise awareness among directors to contribute to the improvement of medium- to long-term business performance and the increase of corporate value by having a clearer linkage between the remuneration of directors and the Company's performance and share value, and sharing the benefits and risks of share price fluctuations with shareholders. Outside directors, who are responsible for supervisory functions, are only paid in the form of basic remuneration in consideration of their duties.

b. Policy for determining the amount of remuneration by individual for this remuneration

The basic remuneration for directors (excluding outside directors and directors serving without remuneration; the same applies hereinafter) of the Company shall be a fixed monthly remuneration. The amount of remuneration is considered based on the basic remuneration predetermined according to their position as a basis, and the Company takes into consideration the organization under their control, responsibilities, and performance evaluation of the previous fiscal year to determine the amount of remuneration. Remuneration for outside directors is determined by comprehensively by taking into consideration factors such as their duties, contribution to society and the reasons for appointment.

c. Policy for determining the details of non-monetary remuneration and the method for calculating the amount or number of such remuneration

The performance-linked stock compensation plan for medium- to long-term incentives is a stock compensation plan in which a trust established and funded by the Company (hereinafter the "Trust") will acquire the Company's shares, and points will be granted to each director in accordance with his or her position and the degree of achievement of performance targets, based on the share delivery regulations established by the Board of Directors of the Company. The points will determine the number of shares to be granted. In principle, the timing of delivery of the Company's shares to the directors for the "performance-linked stock-based compensation", which the Company's shares are granted based on the degree of achievement of performance targets, is at a certain time during their term of office (at the end of the applicable period). For "position-linked stock-based compensation" which is linked to the directors' respective positions, the directors shall, in principle, receive the Company's shares linked to the "position-linked stock-based compensation" at the time of retirement of directors.

d. Policy for determining the ratio of the amount of monetary remuneration and the amount of performance-linked remuneration or the amount of non-monetary remuneration for individual remuneration of directors

The Company places importance on the level of basic remuneration according to the responsibilities of the directors, with the aim of raising awareness among directors to contribute to the improvement of medium- to long-term business performance and the increase of corporate value by sharing the benefits and risks of share price fluctuations with shareholders. While this is the basic principle, the Company also considers the composition ratio of basic remuneration and stock-based remuneration, taking into account the pursuit of shareholder interests. The ratio of stock-based remuneration to the basic remuneration for directors is designed to be a maximum of 20%.

e. Matters concerning the determination of the details of individual remuneration of directors

The amount of remuneration for each individual shall be delegated to the representative directors based on the resolution of the Board of Directors regarding the specific details thereof. The content of this authority is the amount of fixed remuneration for each director. In order to ensure that such authority is exercised appropriately by the representative directors, the "Remuneration Committee," consisting of full-time directors, evaluates the draft and from the viewpoint of objectivity, fairness and transparency, the "Independent Officers Liaison Committee," consisting mainly of outside directors and Audit & Supervisory Board members, discusses and confirms the draft in advance to submit a report to the Board of Directors. The representative directors who are delegated the above-mentioned authority, will make decisions in accordance with the

content of the said report. For performance-linked stock-based compensation, points will be granted in accordance with the share delivery regulations established by the Board of Directors of the Company.

Matters concerning delegation of authority to determine individual remuneration, of directors Ryosuke Ikeda, Chairman, and Shigeru Ohara, President and Representative Director, are delegated the authority to determine the specific amount of remuneration for each individual based on a resolution of the Board of Directors. The reason for the delegation was that they were deemed suitable to evaluate the divisions in charge by each director while taking into consideration the Company's overall performance and other factors. The content of this authority is the amount of fixed remuneration for each director. In order to ensure that such authority is exercised appropriately by the representative directors, the "Remuneration Committee," consisting of full-time directors, evaluates the draft and from the viewpoint of objectivity, fairness and transparency, the "Independent Officers Liaison Committee," consisting mainly of outside directors and Audit & Supervisory Board members, discusses and confirms the draft in advance to submit a report to the Board of Directors. For performance-linked stock-based compensation, points will be granted in accordance with the share delivery regulations established by the Board of Directors of the Company.

Note: The maximum amount of monetary remuneration for directors is 300 million yen per year (as resolved at the Ordinary General Meeting of Shareholders held on June 27, 2008).

In addition to monetary remuneration, the amount of non-monetary remuneration was resolved at the 14th Ordinary General Meeting of Shareholders held on June 23, 2020 to be no more than 210 million yen in total as stock-based remuneration from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and the maximum number of points to be granted is 80,000 points per fiscal year (excluding outside directors and directors serving without remuneration).

The maximum amount of monetary remuneration for Audit & Supervisory Board members is 40 million yen per year (as resolved at the Ordinary General Meeting of Shareholders held on June 27, 2008).

#### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

There is no full-time staff to assist the duties of outside directors and outside Audit & Supervisory Board members, but personnel of the Executive Office of the Management Department concurrently perform these support duties. The Executive Office of the Management Department distributes materials on matters to be resolved and reported in advance of regular and extraordinary meetings of the Board of Directors, and has a system in place to promptly respond to inquiries from outside directors and outside Audit & Supervisory Board members.

#### [Retired Representative Directors, Presidents, Etc.]

Profile of Senior Advisors, Etc. Who Are Former Representative Directors/Presidents, Etc.

Name	Position	Job responsibilities	Employment terms (Full time or not, remuneration or not)	Date of resignation as president, etc.	Term
-	-	-	-	-	-

Number of Senior Advisors, Etc. Who Are Former Representative Directors/Presidents, Etc. 0

#### Other Matters

The Company does not have a system for appointing retired representative directors as advisors or counselors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

### Board of Directors

The Company's Board of Directors consists of five directors, namely Representative Director and Chairman Ryosuke Ikeda, Representative Directors Shigeru Ohara, Takashi Tsugeno, Shuhei Ito and Chie Ikegawa (Shuhei Ito and Chie Ikegawa are outside directors), and in addition to the regular monthly meetings, extraordinary meetings of the Board of Directors are held as necessary.

The Board of Directors, as a management decision-making body, resolves important matters in accordance with the Board of Directors regulations and supervises the status of business execution by the directors.

The Board of Directors is attended by three auditors (including three outside Audit & Supervisory Board members) to ensure that important decisions are always audited.

### Audit & Supervisory Board

The Company is a company with an Audit & Supervisory Board. The Company's Audit & Supervisory Board consists of three outside Audit & Supervisory Board members, namely, Shizuka Sawada, Kenji Omukai and Katsumi Nakamura.

Each Audit & Supervisory Board member audits the execution of duties by directors by attending meetings of the Board of Directors and other important meetings in accordance with the audit plan formulated by the Audit & Supervisory Board. The Audit & Supervisory Board, which meets regularly once a month and as necessary, determines audit policies and plans, and exchanges opinions on compliance issues. In addition, they receive quarterly explanations and reports on financial results from the accounting auditor, and exchanges information and opinions with the accounting auditor as necessary.

Audit & Supervisory Board members Shizuka Sawada and Kenji Omukai are certified public accountants, and Katsumi Nakamura is a lawyer.

### Advisory Committees on Nomination and Remuneration

In order to enhance transparency and objectivity, decisions on matters related to names and remuneration are made at meetings of the Board of Directors and the Audit & Supervisory Board after prior deliberation and confirmation by the Advisory Committees on Nomination and Remuneration, which is a non-compulsory committee.

#### - Selection Committee

The Company's Selection Committee consists of five directors: Ryosuke Ikeda, Chairman and Representative Director, Shigeru Ohara, President and Representative Director, Takashi Tsugeno, Shuhei Ito and Chie Ikegawa (Shuhei Ito and Chie Ikegawa are outside directors).

It deliberates on matters related to the training and development of successors as part of the succession planning for the CEO, and matters related to the appointment and dismissal of directors.

#### - Remuneration Committee

The Company's Remuneration Committee consists of three full-time directors: Ryosuke Ikeda, Chairman and Representative Director, Shigeru Ohara, President and Representative Director, and Takashi Tsugeno. From the standpoint of objectivity, fairness, and transparency, the evaluation by the Remuneration Committee is discussed and confirmed in advance by the Independent Officers Liaison Committee, which consists mainly of outside directors and Audit & Supervisory Board members, to ensure that it is in line with the decision-making policy regarding the details of remuneration for each individual director.

#### Compliance Committee

The Compliance Committee, chaired by the Representative Director and consisting of the Group's directors and employees selected from within the Company, ensures that the Company is in compliance with the laws

and regulations. Each director or executive officer works to raise awareness of compliance by ensuring that all departments under their control are thoroughly aware of compliance.

#### Internal Audit Office

The Internal Audit Office of the Company consists of four members. In accordance with the internal audit regulations, the Internal Audit Office provides guidance on compliance with laws, regulations and internal rules, and audits the entire Group on a regular and ad-hoc basis. Not only from the perspective of legality, the office also points out and provides guidance on improvements in appropriateness and efficiency.

#### Group Management Committee

The Group Management Committee, led by the directors and executive officers of the Group, discusses important matters such as analysis of the recent business environment and performance trends, and medium-to long-term business strategies.

### **3. Reasons for Adoption of Current Corporate Governance System**

As mentioned above, the execution of duties by directors is thoroughly supervised by outside directors and outside Audit & Supervisory Board members.

In addition, in order to enhance the effectiveness of the supervisory function, the Company appoints outside directors with sufficient management experience and insight.

Moreover, all of the three Audit & Supervisory Board members are outside members, and their expertise enables them to verify compliance with laws and regulations and the Articles of Incorporation from an objective perspective.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Updated

Supplementary Explanations	
Early Notification of General Shareholder Meeting	The convocation notice for the June 2021 General Meeting of Shareholders was sent three days ahead of the statutory deadline. The Company also posted this convocation notice on its website prior to the date on which it was sent.
Scheduling General Shareholder Meeting Avoiding the Peak Day	The Company's fiscal year ends in March, which is a month in which General Meetings of Shareholders are concentrated, but the Company will endeavor to avoid as much as possible the days on which General Meetings of Shareholders are concentrated.
Allowing Electronic Exercise of Voting Rights	The Company has established an environment where shareholders can exercise their voting rights from a personal computer, smartphone or cell phone via the voting website of the administrator of the shareholder registry designated by the Company.
Participation in Electronic Voting Platform and Other Measures for Greater Ease of Voting by Institutional Investors	
Providing Convocation Notice in English	The convocation notice in English is posted on the Company's website and the platform for electronic exercise of voting rights.
Other	The convocation notice is disclosed on the Company's website and TDnet, the website of the Tokyo Stock Exchange, and measures are being implemented to facilitate the exercise of voting rights.

#### 2. IR Activities Updated

	Supplementary Explanations	Presentation by President
Preparation and Announcement of Disclosure Policy	Disclosure Policy is posted on the Company's website.	
Regular Investor Briefings for Individual Investors	The Company regularly holds briefings for individual investors, and post videos of the briefings for individual investors on its website.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings twice a year (in May and November) for the second quarter and the full year, and posts the videos of the briefings and the questions and answers from the briefings on its website. The Company also visits institutional investors and holds meetings with securities analysts as appropriate.	Yes
Regular Investor Briefings for Overseas Investors	Meetings and other events are held as necessary, although not on a regular basis.	Yes
Posting of IR Materials on Website	The Company posts financial results, supplementary materials, Japanese and English versions of financial results briefing materials, securities reports or quarterly reports, and other timely disclosure materials on its website.	

Establishment of Department and/or Manager in Charge of IR	The Executive Officer in charge of the Management Department has been appointed as the officer in charge of investor relations, and the IR Group of the Financial Affairs Department has been established as the department in charge of investor relations.	
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### 3. Measures to Ensure Due Respect for Stakeholders

Supplementary Explanations	
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the "WILL WAY" action guidelines and the Code of Conduct and communicate them through various methods to ensure that they are widely disseminated to the front lines of our business activities.
Implementation of Environmental Activities, CSR Activities etc.	Immediately after the Great East Japan Earthquake, the Company has been involved in a variety of initiatives, such as supporting an "after-school classroom" run by an NPO, and supporting extracurricular activities and education to create opportunities for children to be excited about their future.
Development of Policies on Information Provision to Stakeholders	This is as written in Section I-1 "Disclosure Based on the Principles of the Corporate Governance Code, Principle 5.1" of this document.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

(1) System for ensuring that directors and employees perform their duties in compliance with laws and regulations and the Articles of Incorporation

a) To ensure that all officers and employees, including those of group companies, comply with laws, regulations, the Articles of Incorporation, and other social norms, the Company has established compliance regulations and strives to practice highly ethical and compliance-conscious behavior. The Company establishes the Compliance Committee, chaired by the Representative Director, and provides all officers and employees with education regarding actions that comply with laws and regulations as well as social ethics.

b) In the event that a director foresees an act by another director that may violate laws, regulations, or the Articles of Incorporation, he or she will immediately report it to the Audit & Supervisory Board and the Board of Directors, and strengthen the governance system to prevent such act from occurring in the future.

c) As an internal whistleblowing system to strengthen compliance management, the Company has established the Compliance Hotline Regulations, which provide a contact point for reporting to outside attorneys and a Compliance Committee member as a direct recipient of information, and operate the system in accordance with these regulations.

d) The Internal Audit Office, which is independent of the business execution divisions, has been established to provide a constant and professional monitoring system for business operations.

e) The Compliance Committee periodically investigates and examines the company-wide compliance system and the existence of compliance problems, and reports to directors.

(2) System for the storage and management of information about the performance of directors' duties

Information related to the execution of duties by directors shall be appropriately stored and managed in accordance with the document management regulations. In addition, directors and Audit & Supervisory Board members shall have access to these documents at all times.

(3) Regulations and other systems for the risk management of losses

In the Company, the Representative Director oversees risk control for the entire company. The Representative Director shall assume and classify specific risks in advance, establish a prompt and appropriate information communication and emergency system, and evaluate and monitor the daily risk management status of each department in cooperation with the Compliance Committee.

In the event of unforeseen circumstances, the Company will establish a countermeasure committee led by the Representative Director, and act swiftly to minimize losses in cooperation with Audit & Supervisory Board members, legal counsel and other external advisors.

(4) System for ensuring that directors perform their duties efficiently

a) In principle, a regular meeting of the Board of Directors shall be held once a month, and other meetings shall be held as necessary to make decisions on important matters and to supervise the execution of duties by directors.

b) The Company has introduced an executive officer system. By separating management decision-making and supervisory functions from business operation functions, and by promoting the delegation of authority for business execution, the Company will clarify where responsibility lies for business execution and build a flexible management system that can respond appropriately and quickly to rapid changes in the business environment.

c) With respect to the execution of operations based on the decisions of the Board of Directors, the Company shall ensure a system to execute operations in an appropriate and efficient manner by stipulating the responsible persons and their responsibilities, as well as the details of execution procedures, in internal rules such as organizational regulations and regulations on division of duties.

(5) System for ensuring the suitability of business operations of the corporate group consisting of the Company and its subsidiaries

The execution of operations by each group company shall be managed and guided in accordance with social norms such as laws and regulations, as well as in accordance with internal rules such as the regulations on management of affiliated companies. In addition, each division of the Company, which has a strong relationship with each other, will manage, provide guidance and advice on individual matters, and dispatches officers and employees as necessary to ensure the appropriateness of operations.

(6) Matters concerning requests by Audit & Supervisory Board members for employees to assist with their duties and independence of these employees from directors

In the event that an Audit & Supervisory Board member requests the assignment of an employee to assist in the performance of his/her duties, such employee shall be assigned, and the specific details of the assignment (appointment, transfer, personnel evaluation, award and punishment, etc.) shall be made after respecting the opinion of the Audit & Supervisory Board member, and the independence of such employee from directors shall be ensured.

(7) System for reporting from directors or employees to Audit & Supervisory Board members and for other reporting to Audit & Supervisory Board members

Directors and employees shall report on matters such as the status of business and internal controls in response to requests from Audit & Supervisory Board members, and the Internal Audit Office shall report on the results of internal audits and related matters. In addition, directors and employees shall promptly report to Audit & Supervisory Board members when they become aware of facts of serious violations of laws, regulations, or the Articles of Incorporation, or of wrongful acts, or of facts that may cause significant damage to the Company.

(8) Other systems for ensuring that audits by the Audit & Supervisory Board members are performed effectively

The Audit & Supervisory Board members will strengthen its cooperation with the accounting auditor and the Internal Audit Office, and hold meetings to exchange opinions as necessary.

(9) Systems for the effective and efficient maintenance, operation and evaluation of internal control over financial reporting

In order to ensure the reliability of financial reporting, the Group will establish an internal control system to ensure the effective and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Act. The Group will continuously evaluate and take necessary corrective actions to ensure that the system functions properly.

## 2. Basic Views on Eliminating Anti-Social Forces

(1) Basic stance for eliminating anti-social forces

The Group shall take decisive action against anti-social forces and groups that threaten social order and safety, and shall sever all relationships with these forces.

(2) Status of measures to eliminate anti-social forces

The Group has designated the General Affairs Department as the department in charge of responding to unreasonable demands and established rules and regulations for reporting and responding to such demands when they occur. The Group will respond to such demands resolutely in cooperation with the police and other relevant organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning Corporate Governance System

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