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Policy for Determination of Remuneration of Directors, etc.

The Company has established the Nomination and Remuneration Committee composed of Board-Audit Committee members and the president to strengthen corporate governance and enhance fairness, transparency and objectivity in procedures related to nomination and remuneration of directors, corporate officers and partners (hereinafter “Directors, etc.”). Based on the results of deliberations by the Committee, the Company determines the policy for deciding remuneration of Directors, etc. at the Board of Directors meeting.

Basic Policy on Remuneration of Directors, etc.

- The levels and structure of remuneration shall be sufficient to attract, retain, and motivate competent personnel for the realization of the Company’s mission of “Commit to new business creation and jointly shape the future.”
- Remuneration shall motivate our directors, etc. to commit to an increase in corporate value and the improvement of not only short-term financial results, but also medium- to long-term results.
- Given the Company’s business nature of being an investment company managing funds investing in unlisted companies, the remuneration of Directors, etc. executing company business shall reflect fund management performance.
- With the aim of gaining stakeholders’ trust, the remuneration plan shall be transparent, fair and rationalized, determined through an appropriate and transparent process.
- The plan shall also be designed to prevent fraud and over-emphasis on short-term performance.

Remuneration of Directors (excluding Board-Audit Committee members)

The maximum total amount of remuneration of directors (excluding Board-Audit Committee members) shall be within ¥600 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015). The remuneration of directors (excluding Board-Audit Committee members) is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee.

The remuneration of directors (excluding Board-Audit Committee members) shall consist of basic compensation and extraordinary compensation. Part of basic compensation is linked to the Company’s ordinary income and other business performance, and extraordinary compensation additionally takes into account fund performance. As an investment company managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the amount of assets under management and the Company’s business performance resulting from asset management, and be appropriate for securing capable human resources.

(Basic compensation)

Basic compensation is a fixed-amount compensation paid monthly, partially determined by importance of roles and responsibilities of each position and years in service, and partially linked to the Company’s business performance. The level of performance-linked basic compensation is determined once a year by the Board of Directors, in principle, on a scale of 1 to 5 by reflecting

short-term results based on the comparison of the Company's profit levels (capital gains, net additions to investment loss reserves, ordinary income, etc.) and their details for the preceding fiscal year with the past results. A standard percentage of performance-linked basic compensation is about 20%, and the relevant amount increases/ decreases within a range of 30% based on the above 5-point scale.

(Extraordinary compensation)

The year-on-year increase/ decrease in percentage terms of extraordinary compensation level for each position is determined by the Board of Directors based on year-on-year comparison of ordinary income and core income (income from fund management fees after deducting SG&A expenses), unrealized gains, fund performance, which is a major management index over the medium- to long-term, and total fund commitments. Based on this percentage, the amount determined by the Board of Directors reflecting job responsibilities and the degree of contribution is paid to each director once a year. Extraordinary compensation may not be paid when the Company's performance deteriorates sharply.

Of the amount of directors' remuneration, the portion which is linked to the Company's business performance (part of basic compensation linked to business performance plus extraordinary compensation) typically accounts for about half of the total directors' remuneration.

Although directors' remuneration is currently based on a monetary basis, the Company plans to look into the stock-based remuneration plan, which is linked to medium- to long-term performance.

Remuneration of Directors serving as Board-Audit Committee members

The remuneration of directors serving as Board-Audit Committee members shall be within ¥300 million per annum (based on a resolution of the 43rd Annual General Meeting of Shareholders held on June 16, 2015). The remuneration of directors serving as Board-Audit Committee members is determined through discussions between the Board-Audit Committee members.

The remuneration of directors serving as Board-Audit Committee members consists only of basic compensation excluding performance-linked portion, and there is no extraordinary compensation. The compensation system, which is not easily affected by the Company's performance, ensures their independence to the Company's management.

The Articles of Incorporation of the Company do not stipulate that decisions on the execution of important business can be delegated to directors. Such decisions are made based on thorough discussions by the Board of Directors, including independent directors serving as Board-Audit Committee members. The level of compensation for directors serving as Board-Audit Committee members is set by taking into account their involvement in important management decision-making and their duties of supervising business execution.

Remuneration of Corporate Officers and Partners

Remuneration of corporate officers and partners is determined by the Board of Directors based on deliberations by the Nomination and Remuneration Committee, as in the case of remuneration of directors (excluding Board-Audit Committee members).

Remuneration of corporate officers and partners consists of basic compensation and extraordinary compensation. The amount of extraordinary compensation shall be determined by taking into account the Company's business results and fund performance and reflecting their respective degree of contribution.