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Corporate Governance Policy

Chapter I General Provisions

1. Purpose, Mission and Strategy

(1) JAFCO's Purpose

“Fueling perpetual growth; investing in bold visions”

Throughout its extensive history, JAFCO Group Co., Ltd. (“JAFCO” or the “Company”) has consistently invested in new challenges of companies and entrepreneurs, based on its conviction that continued investment helps create a sustainable society. As issues surrounding the global environment and the global economy become increasingly complex, the Company will create a cycle of new growth and contribute to the realization of a sustainable society by making bold investments in challenges that create new value and committing ourselves to their growth.

(2) JAFCO's Mission

“Commit to new business creation and jointly shape the future.”

Since its establishment, the Company has supported entrepreneurs in creating various innovative products and services. The Company's mission is to usher in a new era with its stakeholders by committing to creating new businesses needed in society. As it aims to realize its Purpose, the Company remains dedicated to its longstanding Mission that has remained the same since its founding.

(3) Policy and Strategy for Achieving JAFCO's Purpose and Mission

The Company aims to achieve its Purpose and Mission by making venture and buyout investment through its funds. To better clarify its commitment to entrepreneurs embarking on new businesses and fund investors, the Company will further increase competitiveness by enhancing its organizational strength accumulated since inception and introducing the partnership model whereby individuals also take management responsibility.

The essence of the Company's business strongly matches with the concept of ESG investment. The Company will incorporate ESG factors into the entire investment process from identifying high-potential companies aiming to solve social issues to investment exit, including supporting their growth through post-investment engagement. The company will boost competitiveness and corporate value by contributing to sustainability through business growth of its portfolio companies.

In realizing its Purpose and Mission, the following strategies will also be implemented.

i. Highly selective, intensive investment and management involvement

To create new businesses, the Company will narrow down investment targets and make bold investments in companies with high growth potential. It acquires influential stakes in its portfolio companies and accelerate their growth through deep management involvement.

ii. Sustain improvement in fund performance and increase supply of risk money

To stably secure sufficient investment capital, it is vital to achieve sustainable improvement in fund performance and steadily raise funds from outside investors. The Company will promote the circulation and expansion of risk money by sharing returns, resulting from the growth of its portfolio companies, with fund investors/shareholders, which facilitates fundraising for a new fund.

iii. JAFCO as “Co-Founder”

During the startup phase of a portfolio company, the Company is required to be a “Co-Founder” rather than a fund provider. It aims to become an organization where each employee and the Company as a whole can play an active role as a “Co-Founder” by passing on and developing its spirit, expertise and experience that it has built up since establishment.

2. Basic Corporate Governance Policies

With an eye to increasing corporate value over the medium to long term, the Company has established the following basic policies on corporate governance and will make continuous efforts for its enhancement:

- Build respectful relationships with stakeholders;
- Maintain transparency and fairness in decision making;
- Establish an appropriate supervising structure;
- Establish an operating structure that ensures effective and swift business execution.

3. Basic Policy on Sustainability

The Company has established the basic policy on sustainability to share its philosophy regarding sustainability as well as its ESG issues and response policies with its stakeholders, and to ultimately realize a sustainable environment and society.

Chapter II Relationships with Stakeholders

1. Shareholders

(1) Securing the Rights and Equal Treatment of Shareholders

- The Company treats all shareholders equally relative to the number of shares owned. The Company takes fair measures to fully secure shareholder rights and ensure appropriate exercise of voting rights in accordance with laws and regulations.
- The Company discloses information appropriately on a timely basis to avoid information disparity.
- The Company prepares English translations of the notice of convocation of the General Meeting of Shareholders and other major disclosure materials.

(2) General Meeting of Shareholders

The Company secures an environment that enables shareholders to exercise their rights appropriately and have constructive dialogue with the Company at the General Meeting of Shareholder based on the following policies:

- Provide accurate information to shareholders, including detailed agenda items given in the convocation notice, in order to facilitate their decision-making process;
- Avoid holding the General Meeting of Shareholders on so-called “date of highest concentration of general meetings”;

- Send the convocation notice as early as possible to give shareholders sufficient time to examine the agenda (in principle at least three weeks before the date of the meeting). The Company also discloses the notice on the websites of the Tokyo Stock Exchange and the Company prior to the dispatch.
 - Enhance shareholders' convenience in exercising voting rights through electronic voting via the Internet or the use of the Electronic Voting Platform.
- (3) Basic Strategy for Capital Policy
- In venture/ buyout investment, the holding period to exit is usually very long. Depending on the business environment, achieving planned exit for each investment may remain difficult for some time. Taking this nature into account, the Company's basic policy is to make investments within the scope of its shareholders' equity.
 - In principle, the Company makes investments through funds that it manages. The Company believes that repeating a cycle of making capital commitments, increasing investment values and reaping returns from funds allows it to further enhance corporate value.
 - The Company will ensure a good balance between continuous shareholder returns and enhancing shareholders' equity, which is necessary for a long lasting investment business. The Company has determined a policy on our future shareholder returns based on this concept. As an indicator of future dividend payouts, it has also set a target at the greater of 3% of shareholders' equity per share, excluding valuation difference on listed shares, based on initial and term-end average value, or 50% of net income for the period.
 - The Board of Directors makes decisions on capital policy that may result in a change of control, etc. after due discussion on the necessity and rationale, while paying careful attention to the conflict of interest with existing shareholders. The Company shall provide sufficient explanation to shareholders about the capital policy and ensure appropriate procedures in compliance with laws and regulations.
- (4) Cross-Shareholdings
- The Company will not acquire additional cross-holding shares in other listed companies, except in the following cases:
 - (i) When it determines that the holding would be beneficial in maintaining and strengthening a cooperative business relationship with the counterparty;
 - (ii) When it determines that the value of the shares would be financially beneficial for the Company.
 - The Board of Directors regularly examines the appropriateness of existing cross-shareholdings. When it determines that the continuous shareholding lacks rationale after reviewing the risks and returns from a medium- to long-term perspective as well as the objectives given above, the Company will make efforts to sell such stock to the extent possible.
 - When executing voting rights regarding cross-shareholdings, the Company decides whether to vote for or against the proposal by taking into account the counterparty's situation and after discussing whether or not the proposal would contribute to higher corporate value of the counterparty over the medium to long term.
- (5) Anti-Takeover Measures
- The Company does not introduce any anti-takeover measures.
 - In the case of a tender offer made to the Company, the Board of Directors will announce its opinion after carefully examining the purpose and details of the offer. The Board of Directors proposes appropriate countermeasures only when it is deemed necessary to maintain and boost the Company's corporate value. It will ensure that the proposal does not impair shareholders' rights to apply to the offer.

(6) Related Party Transactions

- The Company shall engage in transactions with its executive members only with the prior approval of the Board of Directors (and the Board-Audit Committee if applicable) and in accordance with laws and regulations.
- The Company shall engage in transactions with affiliated firms or major shareholders (including their subsidiaries) on fair terms and conditions with due consideration to market quotations, etc. The Board of Directors, representative directors or other applicable corporate bodies will evaluate and approve such transactions based on the detail and amount.

(7) Policy for Constructive Dialogue with Shareholders

The Company has set a policy for constructive dialogue with shareholders as shown in Exhibit 1.

2. Employees

(1) Action guidelines

The Company has set the “Values” as action guidelines for JAFCO and its members as shown in Exhibit 2.

As a “Co-founder” of leading-edge startup companies, the Company aims to be an advanced role model in terms of organization and workstyle. It also embraces reforms to enable each employee to experience personal growth and job satisfaction.

(2) Investment in human capital

- The Company has introduced the partnership model with the aim of becoming a professional group where each employee thinks and acts proactively in an open and flat organization, consisting of investment divisions centered around Partners and other divisions. Prioritizing the recruitment and development of next-generation human resources who will succeed its mission as the most important theme, the Company will further promote investment in human capital.
- The Company had consistently placed importance on new graduate hiring and developing personnel through on-the-job training. In line with changes in the business environment and values in recent years, there is an increasing need to recruit personnel with diverse career backgrounds widely from external sources. Therefore, in addition to the annual recruitment of new graduates, the Company will actively implement mid-career recruitment to diversify human resources.
- The Company provides employees with opportunities and support to broaden experience and acquire expertise to allow them to enhance their professional skills. Employees are also encouraged to have side businesses.
- The Company will continue to take initiatives to increase individual employee engagement. As part of such efforts, it has introduced a scheme to allow employees to invest in JAFCO-operated funds.
- The Company has introduced a complete flextime system, allowing each employee to choose working hours and locations in accordance with their respective lifestyles. Flexible work styles create an environment that facilitates balance between work and childcare/elderly care, carve out time for self-improvement and refreshment, and eventually allow the Company to leverage the diversity of employees. It will continue to invest in IT infrastructure to improve remote working environment.

(3) Diversity

- As the business environment surrounding the Company dramatically changes, it requires

increasingly diverse perspective to invest in start-ups that are working to address diverse social needs and issues. To this end, the Company accepts and respects diverse perspectives and values of employees, irrespective of gender, nationality, age, etc.

- For each division, the Company will promote diversity-focused recruitment and appointment to management positions. In particular, the Company recognizes that a small number of women among venture capitalists in the investment divisions is an outstanding issue, and the Company plans to undertake aggressive recruitment to this end.

(4) Whistleblowing

- The Company implements and operates the JAFCO hotline as a means for the members of the Company and its subsidiaries (collectively the “Company Group”) to directly report to the Company any conduct that is in violation of, or risks violating, laws and regulations.
- The JAFCO hotline contacts include an independent director (a member of the Board-Audit Committee) in addition to the compliance officer and other internal contacts.

3. Fund Investors

- The fund investors are customers and business partners of the Company. The Company makes every effort to improve fund performance and maximize the value of assets under management entrusted by the investors. It provides support for the growth of portfolio companies by cooperating with the investors under the common goal of improving fund performance.
- The Company provides periodic management reports to the investors to ensure management transparency.
- The Company makes every effort to avoid conflicts of interest in the course of managing funds. In case of a possible conflict of interest, appropriate measures will be taken with due consideration to fairness.

4. Portfolio Companies

- The Company creates new businesses with portfolio companies. It not only makes investments necessary to make the businesses successful, it also provides various support in line with the status and growth of portfolio companies.
- Beyond the role of an investor, the Company will work with portfolio companies on their businesses as a “Co-Founder.” It will incorporate the concept of ESG investment into its investment activity, including pre-investment assessment/ analysis and deep discussions and specific support that go beyond the framework of engagement with portfolio companies.

5. Society

Through venture/ buyout investments, the Company supports the launch and growth of businesses needed in the society. As a result, it introduces to the society innovative technologies that address social issues and new services that enrich people’s lives. Success and growth of its portfolio companies also allow creation of new employment opportunities. The Company thereby contributes to realization of a sustainable, better society and development of the Japanese venture ecosystem.

1. Full Disclosure

(1) Statutory Disclosure

The Company shall make timely and appropriate disclosures of information that is beneficial to users. The disclosure shall be in compliance with laws and regulations, including the Companies Act, Financial Instruments and Exchange Act, and Timely Disclosure Rule of the Tokyo Stock Exchange.

(2) Voluntary Disclosure

In addition to (1) above, the Company shall actively provide information that is deemed important or helpful to understand the Company (except for personal information, customer information and information that may violate the rights of others). The Company shall also ensure fair disclosure of information.

Chapter IV Corporate Governance System

1. Organizational Structure

- The Company has adopted the “company with board-audit committee” structure for its corporate governance system and formed the Board-Audit Committee, the majority of which are independent directors.
- Within the Board of Directors, the Directors serving as Board-Audit Committee members who have voting rights shall audit and supervise business execution from an independent and objective standpoint. This thereby improves effective supervisory function of the Board of Directors.

2. Roles and Responsibilities of the Board of Directors

(1) Roles of the Board and Delegation to Management

- With due attention to its responsibilities to shareholders, the Board of Directors makes important management decisions and supervises the execution of business with the aim of achieving sustainable growth and enhancing corporate value of the Company Group.
- The Board of Directors holds a regular monthly meeting, in principle, and an extraordinary meeting as necessary.
- Matters to be discussed at the Board of Directors meetings are set out in the Regulations on the Board of Directors. The Company’s basic policy is that the Board of Directors, including independent directors, makes decisions on important operational issues based on thorough discussions. Therefore, the Company has no provision in the Articles of Incorporation that delegates decisions on important operational matters to directors.
- The Investment Committee composed of the President and partners, etc. has an authority to make investment decisions to allow quick decision-making. In the situation where a conflict of interest with JAFCO-managed funds may arise, such as in the case of investing its own capital, not only the Investment Committee but also the Board of Directors examine the case and make decisions.
- The decision-making authority on certain matters is delegated to the representative directors or executive members/ partners in charge, depending on the content and degree of importance, based on the Rules on Document Approval.

(2) CEO Succession Planning

- The Board of Directors decides the succession plan for the President position based on

discussions by the Nomination and Remuneration Committee.

- Members of the Company build corporate management experience by getting involved in the management of portfolio companies with a “Co-founder” mindset. Corporate officers, partners and other key employees share the Company’s management issues through participation in important internal meetings and join efforts to resolve these issues. The Company also provides managerial personnel development training for selected employees.

(3) Executive Member/ Partner Remuneration

- The remuneration of directors (excluding directors serving as Board-Audit Committee members), corporate officers and partners shall be decided by the Board of Directors after deliberations by the Nomination and Remuneration Committee based on the “Policy for Determination of Remuneration of Directors, etc.” as shown in the Exhibit 3. The decision takes into account the Company’s business results, fund performance, and the degree of individual contribution.
- Monetary compensation for directors (excluding directors serving as Board-Audit Committee members), corporate officers and partners shall consist of basic compensation and extraordinary compensation. Part of basic compensation for directors is linked to the Company’s ordinary income and other business performance, and extraordinary compensation additionally takes into account fund performance.
- In addition, from the perspective of improving the Company’s corporate value in the medium to long term, stock-based remuneration shall be paid to directors (excluding Board-Audit Committee members and independent directors).
- 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 nor stock-based remuneration. The remuneration system, which is not easily affected by the Company’s performance, ensures their independence to the Company’s management.
- The Board-Audit Committee expresses its opinion on directors’ remuneration at the General Meeting of Shareholders when it deems it necessary.

(4) Executive Member/ Partner Appointment and Board of Directors Composition

- Directors and corporate officers are appointed by the Board of Directors based on deliberations by the Nomination and Remuneration Committee.
- All directors (excluding directors serving as Board-Audit Committee members) are subject to election/re-election every year at the General Meeting of Shareholders. The Board-Audit Committee expresses its opinion on directors’ election/ dismissal at the General Meeting of Shareholders when it deems it necessary.
- The Company shall select director candidates who have business skills, insight, experience, and expertise to serve as a director to allow the Board of Directors to fully exercise its operational and supervisory functions. The Company proactively selects suitable candidates from diverse background regardless of gender and nationality.
- The Company shall select independent director candidates who have abundant experience and deep insight into corporate management or specialist fields, and can be expected to fulfill the roles and responsibilities of an independent director. The selection is in accordance with the Company’s “Standards for Independence of Independent Directors.”
- In a case where a director has caused the Company to incur a tremendous loss or operational problems by committing a wrongful act, or violating laws, regulations, the Articles of Incorporation or the Company’s internal rules, or has become difficult to execute duties by other reasons, such director shall be subject to dismissal proposal.
- A Partner is nominated with consensus of all partners and appointed upon the approval of

the Board of Directors based on deliberations by the Nomination and Remuneration Committee.

- In principle, a majority of the Board of Directors are independent directors, and the Board size shall be determined to allow high effectiveness in term of the Company's scale and business. The Company strives to ensure diversity in terms of gender, nationality, career history, and age.
- The Company discloses major concurrent positions of directors in the notice of convocation of Annual General Meeting of Shareholders every year.

(5) Establishment of Internal Control and Risk Management Systems

- The Board of Directors sets the basic policy for the establishment of the Company Group's internal control system and supervises the implementation and operation of the internal control and risk management systems.
- Important matters for timely disclosure require approval of the Board of Directors.
- The Company ensures compliance with laws and regulations through the appointment of compliance officer by the President and establishment of a compliance department.

3. Roles and Responsibilities of the Board-Audit Committee

- The Board-Audit Committee utilizes the internal control system to audit and supervise the business execution of directors. Independent directors shall comprise at least a majority of the Board-Audit Committee members.
- In addition to the Board of Directors meeting, the Board-Audit Committee members attend the Investment Committee and other important internal meetings on an as-needed basis and give their opinions if necessary.
- In regular meetings with representative directors, including the Nomination and Remuneration Committee meetings, members of the Board-Audit Committee exchange views, make requests if necessary, and develop greater mutual understanding.

4. Fiduciary Responsibilities

Directors and corporate officers fulfill their fiduciary responsibilities to shareholders based on the recognition that the continuous improvement of fund performance leads to an increase in the Company's corporate value.

5. Independent Directors

As members of the Board of Directors and/or the Board-Audit Committee, independent directors monitor and supervise the execution of business by directors from an independent and objective perspective.

(1) Roles and Responsibilities of Independent Directors

Independent directors take part in important management decision-making by utilizing their respective experience and insight in enhancing the Company's corporate value over the medium to long term. They also supervise business execution and conflict of interest from an independent standpoint and provide advice to the management by reflecting views of stakeholders, including shareholders, fund investors and portfolio companies.

(2) Number of Independent Directors

Independent directors comprise at least a majority of the Board of Directors, in principle, to further enhance effective corporate governance. The Company will make continuous efforts to identify suitable candidates for independent directors.

(3) Independence Standards

The Board of Directors has established the “Standards for Independence of Independent Directors” as shown in the Exhibit 4 in reference to the independence criteria set out by the Tokyo Stock Exchange. The Standards have been disclosed in the Company’s Corporate Governance Report and the notice of convocation of the Annual General Meeting of Shareholders.

6. External Auditor

- The Board-Audit Committee re-evaluates the appointment of its external auditor every year based on the “Policy on how to determine dismissal or non-reappointment of the external auditor”.
- In considering appointment or re-appointment, the Board-Audit Committee shall obtain necessary materials or reports from directors/ officers and the auditor, and review the expertise and independence of the external auditor based on the following points:
 - (i) The status of the execution of duties, the background and track record of audit members in charge, and the composition of the audit team;
 - (ii) Adequacy of remuneration
 - (iii) Record of other transactions with the external auditor, and their details if any.
- The Board of Directors and the Board-Audit Committee shall:
 - (i) in consultation with the external auditor, give adequate and reasonable time to ensure high quality audits.
 - (ii) in consultation with the external auditor, arrange meetings to exchange views with the senior management of the Company.
 - (iii) ensure effective communication among the external auditor, the Board-Audit Committee and the internal audit division by providing opportunities to exchange views regularly.
 - (iv) make efforts to resolve flaws or problems pointed out by the external auditor, if any.

7. Nomination and Remuneration Committee

- In deciding important matters related to the nomination and remuneration of directors, corporate officers, partners and presidents of major subsidiaries (including a succession plan), the Nomination and Remuneration Committee carries out prior deliberations, based on which the Board of Directors carries out discussions and makes final decisions.
- The Nomination and Remuneration Committee consists of all independent directors and the President, and at least the majority of the members are independent directors to ensure its independence, objectivity, and fairness.
- The chairperson of the Nomination and Remuneration Committee shall be selected from the committee members who are independent directors.

8. Board Effectiveness

The Board of Directors analyzes and evaluates its effectiveness every year and discloses the summary of the result.

9. Deliberations of the Board of Directors Meeting

- The year-round schedule and anticipated agenda are notified in advance to directors.

- Materials for board meetings will be distributed in advance, and independent directors will receive an advance briefing on the agenda in principle.
- Deliberation time will be set in accordance with agenda items to ensure necessary and sufficient discussions.

10. Information Gathering and Support Structure

(1) Information Gathering

- Directors, including independent directors, seek information from relevant departments as necessary.
- Independent directors acting as the Board-Audit Committee members exchange and share information at the meeting of the committee.
- The Board-Audit Committee, in principle, shall appoint one full-time member. The committee shall communicate and coordinate with the management and cooperate with the internal audit division and the external auditor by requesting the management to assign assistant employees, as necessary. Through these measures, it builds a framework to allow cooperation with independent directors serving as the Board-Audit Committee members and retains its information gathering capacity.
- The Board-Audit Committee shall assign one member responsible for obtaining reports from directors and employees and examining the state of operations and assets, including those of the Company's subsidiaries.
- The Board-Audit Committee shall have opportunities to discuss and exchange information and opinions with the external auditor. It reviews audit reports and audit plans and updates itself with outstanding audit issues related to legal amendments, etc.
- The Board-Audit Committee shall assign one member responsible for holding interviews with department heads on a regular basis.
- The representative directors shall exchange opinions with the Board-Audit Committee members on a regular basis.
- Directors and corporate officers ensure opportunities for the Board-Audit Committee members to attend important internal meetings.
- Directors, including independent directors, shall seek advice from outside professionals as necessary.
- Regulations on Audits of the Board-Audit Committee contain a provision requiring the Board-Audit Committee to take appropriate steps in the case of misconduct, including recommending directors to establish an independent committee.

(2) Cooperation with Internal Audit

- The internal audit division reports internal audit results to the President and the Board-Audit Committee.
- The Board-Audit Committee conducts audits based on internal audit results when available.
- Based on discussions with the Board-Audit Committee, the internal audit division conducts internal audits at the request of the committee and reports the result to the committee.

(3) Other Support Structure

- Directors or employees to assist the duties of the Board-Audit Committee will be assigned as necessary, and personnel affairs of assistant employees will be discussed between directors and the Board-Audit Committee.
- The Board-Audit Committee shall have the authority to give directions and orders to its employee assistants in executing their assistant duties.

11. Director Training

- The Company provides and arranges training for directors necessary to fulfill their responsibilities.
- A newly-appointed director will be given training on director responsibilities and corporate governance requirements, and will be provided continuous training on legal revisions, etc..
- An independent director will receive an explanation about the Company's business when assuming office, and will be provided information on management issues etc., as necessary.

Chapter V Others

1. Revisions

This Policy shall be revised by the resolution of the Board of Directors.

Enacted as of September 25, 2015

Amended as of:

March 8, 2017	June 14, 2017	April 20, 2018
November 14, 2018	June 18, 2019	February 10, 2021
December 8, 2021	June 1, 2022	June 21, 2022
February 1, 2023	June 20, 2023	June 18, 2024

Exhibit 1

**Policy regarding a Structure/ Measures
to Promote Constructive Dialogue with Shareholders**

- The Company holds constructive dialogue with shareholders and other investors through investor relations to enhance its corporate value over the medium to long term.
- The executive member in charge of administration manages investor relations, and the IR team of the administration division carries out investor relation activities based on close cooperation with relevant internal departments.
- The Company holds an information meeting for institutional investors every six months, in which the President gives an explanation of the financial results. The summary and presentation materials of the meeting are disclosed on the Company's website.
- In principle, the director/ executive member in charge of administration shall, to the extent reasonable, attend individual meetings with institutional investors. The Company also makes efforts to provide opportunities for dialogue between independent directors and institutional investors.
- The Company arranges opportunities for the President, etc. to have dialogue with foreign investors during their regular overseas visits for IR purposes.
- The Company will hold meetings with its domestic and foreign institutional shareholders on an ongoing basis to help them deepen their understanding of its management policy and business strategy, and also to better grasp their views on exercising voting rights.
- The Company makes efforts to enhance information disclosure about the Company's management policy, investment activity and financial conditions, as well as investor relations materials, through its website. The Company will work to enhance the content of the convocation notice of the General Meeting of Shareholders to provide accurate information to shareholders. Such information will also be provided in English to the extent possible depending on importance.
- The opinions or suggestions obtained through dialogue with investors will be given as feedback to executive members as necessary, and be reported at the Board of Directors meeting to be utilized for the Company's future management.
- The Company appropriately controls the insider information in accordance with the internal rules to prevent external leaks.

Exhibit 2

Values

Own it and see it through

Private equity investment for us represents a collaborative effort involving our portfolio companies, limited partners, and shareholders. While shouldering this responsibility, we believe that engaging with entrepreneurs and business owners who have dedicated their lives to creating and nurturing businesses requires that we engage with the utmost resolution and determination. We will be proactive in all we do, driven by our personal resolve, taking responsibility in every challenge and difficulty, and persevering until the end without giving up.

Move faster, dive deeper, reach higher

In order to consistently achieve excellence in this rapidly changing world, it's important that we strive for continuous growth and avoid imposing limitations on ourselves. By maintaining a forward-thinking mindset, discerning the essence of situations, and carefully evaluating all available options, we will strive to reach new heights and improve our capabilities.

Draw on differences to ignite creativity

In order to create greater or entirely new value, it's essential that we bring together the various strengths both within and outside of JAFCO. By valuing the unique experiences, perspectives, and wisdom of our members and leveraging these differences to their fullest extent, we will build a robust organization ready to achieve the next success together.

Be pioneers, stand for integrity

We have weathered the storms of the world time and again, even before venture capital gained prominence in Japan, forging our own unique path with a pioneering spirit. Upholding this frontier drive, we will fearlessly and with unwavering integrity, continue to embrace new challenges in developing new markets.

Exhibit 3

Policy for Determination of Remuneration of Directors, etc.

The Company has established the Nomination and Remuneration Committee composed of independent directors 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 purpose of “Fueling perpetual growth; investing in bold visions” and its 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 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 monetary compensation 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. In addition, from the perspective of improving the Company’s corporate value in the medium to long term, stock-based remuneration shall be paid to directors (excluding Board-Audit Committee members and independent directors).

As an investment company managing highly volatile venture and buyout investment funds, the level of compensation shall reflect the amount of assets under management, the Company’s business performance as a result of asset management, and shareholder value and be appropriate for securing highly capable human resources.

The maximum total amount of monetary compensation 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 number of directors (excluding Board-Audit Committee members) as of the end of this Annual General Meeting of Shareholders mentioned above was six).

As stock-based remuneration to be paid to directors (excluding Board-Audit Committee members and independent directors), the total amount of monetary claims for granting transfer-restricted

shares (hereinafter referred to as “Restricted Stocks”) shall be no more than ¥300 million, and the total number of the Company’s common shares to be issued or disposed of as transfer-restricted shares shall be within 300,000 shares per year (based on a resolution of the 50th Annual General Meeting of Shareholders held on June 21, 2022; the number of directors (excluding Board-Audit Committee members and independent directors) as of the end of this Annual General Meeting of Shareholders mentioned above is two).

(Outline of directors’ monetary compensation)

Basic compensation (fixed)	Fixed monetary remuneration paid monthly, determined by importance of roles and responsible areas of each job position, years in service, etc.
Basic compensation (performance-linked)	Monetary remuneration paid monthly, determined once a year, in principle, by the Board of Directors 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 its details for the preceding fiscal year with the past results. A standard percentage of performance-linked basic compensation in total basic compensation is about 20%, and the relevant portion increases/ decreases within a range of 30% based on the above 5-point scale.
Extraordinary compensation (performance-linked)	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 the year-on-year comparison of ordinary income, core income (amount of management fees subtracted by SG&A expenses), unrealized gains, fund performance, which is a major management index over the medium- to long-term, and total fund commitments. The amount is then determined by the Board of Directors by taking into account their job responsibilities and the degree of contribution, and paid to each director once a year. Extraordinary compensation may not be paid when the Company’ performance deteriorates sharply.

(Outline of stock-based remuneration)

In order to provide incentives to continuously improve the corporate value of the Company and to further share the value with shareholders, the Company shall pay a remuneration for granting transfer-restricted shares to directors (excluding Board-Audit Committee members and independent directors; hereinafter referred to as the “Eligible Directors”).

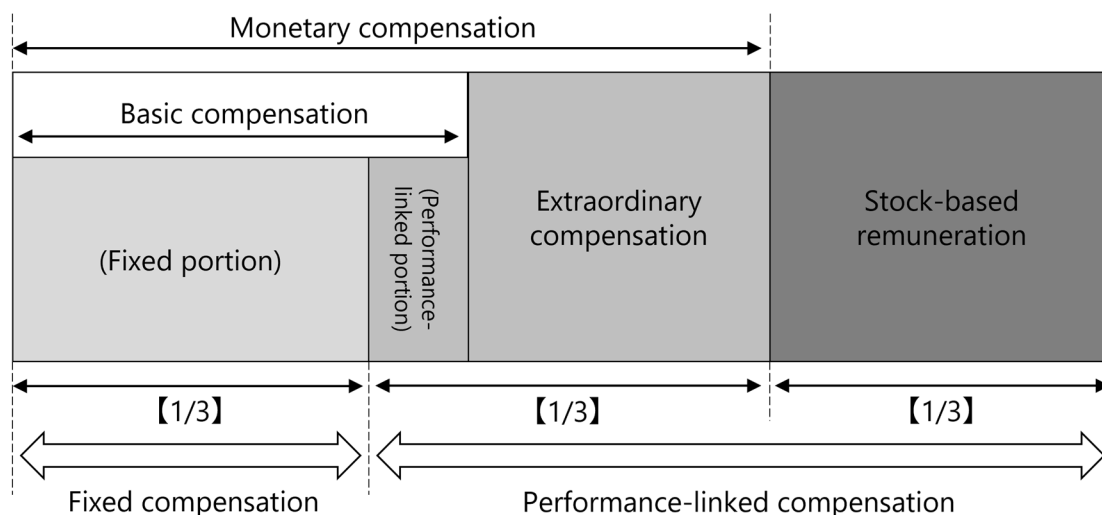
The outline of the restricted-stock remuneration plan is as shown below.

<p>Granting of transfer-restricted shares</p>	<p>The Company shall grant transfer-restricted shares (hereinafter the "Allotted Shares") in an amount determined by the Board of Directors of the Company based on a base amount corresponding to the positions of the Eligible Directors and a comparison of the Company's stock price growth rate and the TOPIX (Tokyo Stock Price Index) growth rate for a certain period of time prior to the grant.</p> <p>Payment ratio against base amount</p> <p>Amount of stock-based remuneration = Base amount x Payment ratio = Base amount x Against TOPIX growth rate</p> <p>Against TOPIX growth rate = $\frac{(A + B) \div C}{D \div E}$</p> <ul style="list-style-type: none"> A Average closing price of the Company's common shares for the three months immediately preceding the month within which the allotment resolution date falls B Dividend per share for the previous fiscal year C Average closing price of the Company's common shares for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls D Average closing price of TOPIX for the three months immediately preceding the month within which the allotment resolution date falls E Average closing price of TOPIX for the three months immediately preceding the month within which the date one year prior to the allotment resolution date falls
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	The number of the Allotted Shares granted to the Eligible Directors shall be no more than the maximum of 300,000 shares per year as approved at the Annual General Meeting of Shareholders held on June 21, 2022.
Transfer restriction period	From the allotment date to the time of retirement or resignation from director or other position of the Company or its subsidiaries as determined in advance by the Company's board of Directors. Provided, however, if the time immediately after such retirement or resignation is prior to the date after a lapse of three months since the end of the fiscal year within which the date of the allotment of the Allotted Shares falls, the end of the Transfer Restriction Period may be adjusted to a reasonable extent.
Transfer restriction period	(1) On the condition that the Eligible Directors continue to hold their position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, during a period of time determined in advance by Company's Board of Directors (the "Service Period"), the Company shall remove the Transfer Restriction as of the expiration of the Transfer Restriction Period. Provided, however, that: (a) if an Eligible Director retires or resigns from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period for justifiable reasons; or (b) if an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors for any reason other than justifiable reasons even after the expiration of the Service Period, the number of the Allotted Shares to be removed from Transfer Restriction and the timing of the removal of Transfer Restriction shall be reasonably adjusted as necessary. (2) If any matter relating to a merger agreement under which the Company becomes the disappearing company, contract of share exchange, share transfer plan, or any other reorganization in which the Company becomes a wholly-owned subsidiary is approved at a General Meeting of Shareholders of the Company (provided, however, that if the approval of such reorganization is not required by the General Meeting of Shareholders of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors of the Company, remove the Transfer Restriction with respect to the number of Allotted Shares reasonably determined based on the period from the commencement date of the Transfer Restriction Period until the effective date of such reorganization, etc., prior to the effective date of such reorganization, etc.
Acquisition of the Allotted Shares without consideration	(1) The Company shall acquire, without consideration, the Allotted Shares, for which the Transfer Restriction has not been removed immediately after the removal of the Transfer Restriction pursuant to the "Removal of transfer restriction" above, as a matter of course. (2) If an Eligible Director resigns or retires from his or her position as director or other position of the Company or its subsidiary, as determined in advance by Company's Board of Directors, before the expiration of the Service Period, the Company shall acquire the Allotted Shares without consideration as a matter of course, unless there are reasonable grounds for the retirement or resignation such as the expiration of the term of office or the death of the Eligible Director. (3) If the Board of Directors of the Company recognizes that an Eligible Director has violated laws, regulations, internal rules or the Allotment Agreement in any material respect during the Transfer Restriction Period, or in the case of certain grounds set forth in the Allotment Agreement, the Company shall acquire, without consideration, all of the Allotted Shares held by the Eligible Director at the relevant time as a matter of course.

The standard ratio of the performance-linked portion of monetary compensation (the sum of the performance-linked basic compensation and extraordinary compensation) and stock-based remuneration to total compensation for directors is approximately one-third, respectively.

In introducing stock-related remuneration, the Company will partially reduce monetary compensation paid prior to the introduction based on a review of its level, and then pay the restricted-stock remuneration in the ratio shown above as a guideline. As a result, the ratio of fixed compensation to performance-linked compensation (performance-linked monetary compensation and stock-based remuneration) in total compensation for directors is approximately 1:2.



(Note) Figures in 【】 are round numbers.

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).

Note: The number of directors serving as Board-Audit Committee members as of the end of this Annual General Meeting of Shareholders mentioned above was four.

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 nor stock-based remuneration. The remuneration 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 remuneration 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 directors (excluding directors serving as Board-Audit Committee members). Monetary remuneration of corporate officers and partners consists of basic compensation and extraordinary compensation. The amount of

extraordinary compensation is determined by taking into account the Company's business results and fund performance and reflecting their respective degree of contributions, etc.

The Company also provides corporate officers restricted-stock remuneration with the similar details as those for directors (excluding Board-Audit Committee members and independent directors) as stock-based remuneration.

Exhibit 4

Standards for Independence of Independent Directors

In order to ensure the independence from JAFCO Group Co., Ltd. (the “Company”), independent directors of the Company shall satisfy the following criteria:

(1) An independent director is not, and has not been in the past ten (10) years, an officer (limited to persons executing business) or employee of the Company or any of its subsidiaries (collectively referred to as the “Company Group”).

(2) An independent director is not, and has not been in the past three (3) years, any of the following:

- 1) A person executing business (*1) of another company at which a person executing business of the Company serves, or has served in the past three (3) years, as a director or officer.
- 2) A major shareholder (a shareholder holding 10% or more of the voting rights directly or indirectly) of the Company or a person executing business of that shareholder.
- 3) A partner at the external auditor of the Company or an employee engaged in auditing of the Company at the same.
- 4) A person executing business of a major lender of the Company (*2).
- 5) A person executing business of a major business partner of the Company Group (*3).
- 6) An expert in a field such as legal matters, accounting or taxation, a consultant or other such person receiving remuneration from the Company Group in excess of ¥10 million per year outside of remuneration for officers.
- 7) A partner or a person executing business of an organization such as a corporation or an association that provides services for legal matters, accounting, taxation or consulting, or other specialist services, where the organization is deemed as a major business partner.
- 8) A person executing business of an organization that receives a donation exceeding a certain amount (*4) from the Company Group.

(3) A person who is a spouse or a relative within the second degree of kinship of, or who shares living expenses with, an independent director is none of the following (excluding persons without importance):

- 1) A person who executes business of the Company Group or has done so in the past three (3) years.
- 2) A person to whom any of the above (2) 1) to 8) applies.

(Notes)

- *1 A person executing business is an executive director, an executive officer (*shikkoyaku*), an administrative officer (*riji*), or other such equivalent manager (limited to persons executing business) or an important employee such as a corporate officer.
- *2 A major lender of the Company is a lender of an amount equivalent to at least 2% of consolidated total assets.
- *3 A major business partner of the Company Group is a business partner whose transactions with the Company Group were equivalent to more than 2% of that business partner’s annual consolidated net sales in its last fiscal year.
- *4 A donation exceeding a certain amount is a donation to an organization exceeding an amount in a year of ¥10 million or 2% of the relevant organization’s total revenue or ordinary income, whichever is the larger.