

Policy for determining the individual remuneration for Directors and Senior Executive Officers

1. Basic policy

Remuneration for Directors and Senior Executive Officers will be set at an amount commensurate with the business performance of the Company, taking into account the standards of other companies with a focus on increasing motivation to achieve the Long-term Management Vision and Medium-term Management Plan and to improve the corporate value of the KITZ Group.

2. Level of remuneration

The amount and content of individual remuneration for Directors and Senior Executive Officers based on this policy will be examined every year using objective remuneration survey data from external institutions and with reference to executive remuneration levels of other companies in the same industry, of the same size, and in other industries, as well as the remuneration levels of our employees, and will be set at an appropriate level from the perspective of responsibilities and securing human resources and determined by the Compensation Committee.

3. Remuneration system

(1) Directors

Considering that the position is independent from business execution, remuneration for Directors will consist of basic remuneration (fixed remuneration) and stock remuneration (non-performance-linked).

(2) Senior Executive Officers

So that Executive Officers can fulfill their responsibilities with the aim of improving performance in each business year and increasing corporate value over the medium to long term, remuneration for Executive Officers will consist of basic remuneration (fixed remuneration) and incentive remuneration (variable remuneration), and the incentive remuneration (variable remuneration) will consist of bonuses (performance-linked, short-term incentive remuneration), stock remuneration (non-performance-linked remuneration), and stock remuneration (performance-linked, medium- to long-term incentive remuneration).

Type of remuneration	Purpose and overview
[Monetary remuneration/Basic remuneration] (Fixed remuneration)	- Basic remuneration is fixed remuneration to encourage steady performance of duties and is cash remuneration paid at a fixed amount determined according to the position and responsibilities of Directors and Senior Executive Officers.
[Monetary remuneration/Bonuses] (Performance-linked, short-term incentive remuneration)	- Bonuses for Senior Executive Officers will be paid if the following requirements are met because we believe that it is desirable to link them to the same indicator as the dividend payout ratio to shareholders. (i) The Company is able to pay annual dividends (12 months)

	<p>of 10 yen or more to shareholders.</p> <p>(ii) Net income attributable to parent company shareholders is not secured because of a large amount of extraordinary profits.</p> <p>(iii) Net income attributable to parent company shareholders of 2.8 billion yen or more is secured.</p> <p>- The amount of individual bonuses for Senior Executive Officers will be determined by the Compensation Committee based on the degree of target achievement of net income attributable to parent company shareholders in each business year, evaluation of individual performance targets, and evaluation of performance (the amount is variable within a range of 0% to 200% of the bonus standard amount for each position).</p>
<p>[Non-monetary remuneration/Stock remuneration]</p> <p>(Non-performance-linked)</p> <p>(Performance-linked, medium- to long-term incentive remuneration)</p>	<p>- Shares with a restriction on transfer (non-performance-linked) will be granted to Directors as non-monetary remuneration.</p> <p>- Shares with a restriction on transfer (non-performance-linked) and performance share units (performance-linked, medium- to long-term incentive) will be granted to Senior Executive Officers as non-monetary remuneration. The performance share unit remuneration will be evaluated based on pre-determined indicators and will be paid for three years at the end of the three-year Medium-term Management Plan.</p> <p>(i) Purpose of this system</p> <p>The purpose of our stock remuneration system is to further share value with our shareholders by owning our shares, and to provide incentives for sustainable improvement of the corporate value of the KITZ Group, and our shares will be granted to Directors and Senior Executive Officers according to their positions and the degree of achievement of performance targets.</p> <p>(ii) Overview of this system</p> <p>While Directors and Senior Executive Officers will provide the remuneration (monetary remuneration claims) that is contributed by us to the Directors and Senior Executive Officers as contribution in kind to us, we will grant shares with a restriction on transfer to Directors and Senior Executive Officers, and grant the performance share units to Senior</p>

	Executive Officers. In addition, an agreement on allocation of shares with a restriction on transfer will be entered into between us and Directors and Senior Executive Officers.
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4. Determination of individual remuneration

After confirming that the content of individual remuneration for Directors and Senior Executive Officers for each business year is in accordance with this policy, the Compensation Committee will discuss and determine the validity of such remuneration.

5. Composition ratio of remuneration for Directors and Senior Executive Officers

A standard amount will be set for each position of Directors and Senior Executive Officers, and the composition ratio of remuneration for each position is as shown in the table below:

Position	Composition ratio of remuneration for Directors			Total
	Basic remuneration	Incentive remuneration		
		Bonus (short-term)	Stock remuneration (long-term)	
Director (including Outside Director)	80%	-	20%	100%
Representative Executive Officer & President	50%	25%	25%	
Senior Executive Officer	60%	20%	20%	

*In addition to the standard amount for each position, Allowance for the Chairperson of the Board of Directors meeting, Allowance for the Lead Independent Outside Director, and Allowance for the Chairperson of the Committee will be added.

6. Policy for determining the timing and conditions for granting remuneration

Administrative procedures related to the payment of remuneration to Directors and Senior Executive Officers are as follows:

- (i) Of the remuneration for Directors and Senior Executive Officers, basic remuneration will be paid on the 28th of each month.
- (ii) Of the remuneration for Senior Executive Officers, bonuses will be paid on a date separately determined by the Compensation Committee in March of each year.

The full amount will be paid even if these persons resign during the term of office.

- (iii) Conditions for payment of remuneration for Directors and Senior Executive Officers other than those mentioned above will be, if any, determined by the Compensation Committee at the end of the business year.