[Provisional Translation Only]

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Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Corporate Governance Report

Last Update: June 29, 2020

Wacom Co., Ltd.
Nobutaka Ide, President & CEO
Contact: Yoichi Machida, CFO
Tel. 03-5337-6502
Securities Code: 6727
https://www.wacom.com/en-jp

The corporate governance of Wacom Co., Ltd. ("the Company") is described below.

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

1. Basic Views

The Company believes that it is a foundation for sustainable growth of corporate value, to fulfill social responsibilities as well as its compliance to legislations as a listed company conducting business globally, and to enhance transparency of management and reliabilities of disclosure, which will bring benefit to its shareholders, customers, and other stakeholders. Therefore, the Company believes that its most important responsibilities of every business group are to fully commit to compliance that can realize vision as its basic policy for corporate activities, and to establish and operate an effective internal control system that should continuously enhance corporate governance.

[Disclosure Based on the Principles of the Corporate Governance Code]

(Principle 1-4 Cross-Shareholdings)
The Company may engage in cross-shareholdings if it finds positive synergy effect from the viewpoint of business strategies and economic rationale when it mainly looks into possibility of meaningful opportunities to realize for its future businesses. However, the Company shall not hold shares only for the purpose of short-term dividends nor capital gains. If the Company engages in cross-shareholdings, it shall regularly check business relation with the issuer and proceed to examination on sale of shares held in case it concludes that the cross-shareholding does not contribute to enhancement of the business relation. Regarding the exercise of voting rights pertaining to cross-shareholdings, the Company shall take into account whether each proposal will contribute to improve corporate value of the Company, not solely depend on the business relation with the issuer.

(Supplementary Principle 1-4①② Cross-Shareholdings)
When the shareholder engaged in cross-shareholding with the Company conveys its intention to sell the shares issued by the Company, it shall not enforce holding the shares by inducing to change

business conditions against the shareholder. The Company shall regularly check business relation with the shareholder and ensure that no unfair trade attributable to the cross-shareholding has been conducted.

(Principle 1-7 Related Party Transactions)
Regarding transactions with related parties conducted by members of the Board of Directors, the Board of Directors shall make resolution on whether to approve the transactions through careful deliberation in accordance with the Japanese Companies Act and other legislations. The Company has established a structure to properly monitor the transactions approved by the Board of Directors, enforcing report to the Board of Directors on the member engaged in the transactions. For the resolution, the Board of Directors shall make a careful decision not to be against the common interests of the shareholders in light of duty of diligence and loyalty.

(Principle 2-6 Roles of Corporate Pension Funds as Asset Owners)
It is not applicable due to no corporate pension plan in the Company.

(Principle 3-1 Full Disclosure)
(i)Corporate vision, business strategy, and business plan

The Company's corporate vision, business strategies, and business plan are stated in the Annual Report, in which "Wacom Chapter 2: Medium-Term Business Plan" (from FY 3/2019 to FY 3/2022)" announced in May 2018 is featured. Explanatory presentation material of Wacom Chapter 2 is also referable.

Annual Report 2019 (refer to p.3-6)
https://contents.xj-storage.jp/xcontents/AS95168/cc604c1a/e62e/4f36/9620/a57817d61c86/20200226141318775s.pdf

Medium-Term Business Plan: Wacom Chapter 2 (Explanatory material)
https://contents.xj-storage.jp/xcontents/AS95168/85346f57/ccd7/4343/aa52/e55764e3fd00/20200228094548400s.pdf

(ii)Basic view and basic polity of corporate governance based on each principle of the concerned code (draft)

The Company believes that it is a foundation for sustainable growth of corporate value, to fulfill social responsibilities as well as its compliance to legislations as a listed company conducting business globally, and to enhance transparency of management and reliabilities of disclosure, which will bring benefit to its shareholders, customers, and other stakeholders. Therefore, the Company believes that its most important responsibilities of every business group are to fully commit to compliance that can realize vision as its basic policy for corporate activities, and to establish and operate an effective internal control system that should continuously enhance corporate governance.

(iii) The Board of Directors' policies and procedures in determining the compensation for the senior management and directors

President & representative director of the Board of Directors and chairperson of the Compensation Committee (composed of three or more directors of which more than half are outside directors) shall decide individual amount of compensation for directors (excluding Audit Committee member) within the total amount of compensation approved at Shareholders' Meeting. The Audit Committee shall decide individual amount of compensation for Audit Committee members within the total amount of compensation approved at Shareholder's Meeting.
The amount of compensation for each director of the Company is composed of fixed salary, short-term incentives, and long-term incentives, of which composition ratio is defined by each position.

The fixed salary is paid monthly as basic compensation to all directors. Short-term and long-term incentives are not paid to outside directors.
Short-term incentives are performance-linked compensation (bonuses) and composed of company performance, business unit performance, and individual performance. The performance portions of both company and business unit are linked to the extent to which the performance targets are achieved for a single year. The performance targets shall be approved by the Compensation Committee and resolved by the Board of Directors. The individual performance portion reflects individual evaluation. The composition ratio of company, business unit and individual performance portion is defined by individual job level.
Long-term incentives for directors are designed to continuously improve our corporate value and share its direction with shareholders. They are composed of performance-linked compensation and stock price-linked compensation, and the decision of whether or not to implement the program shall be made by the Board of Directors every year. The composition ratio of each compensation out of total program shall be determined by the Board of Directors upon the proposal of the Compensation Committee. As for the performance-linked compensation, the Company shall set the performance evaluation period consisting of multiple financial years and its performance targets for the period. After the end of the period, the Company shall pay the compensation based on the payout rate linked to the extent to which the performance targets are achieved. The performance targets are resolved by the Board of Directors following the proposal of the Compensation Committee. As for the stock price-linked compensation, in the form of a restricted stock compensation plan, the Company shall grant monetary compensation claims to the eligible directors for the allotment of restricted stock, each fiscal year in principle, upon a resolution by the Board of Directors of the Company, and by having them make contribution in kind using all the monetary compensation claims as contributed assets, shall issue or dispose of its shares of common stock to the eligible directors to allow them to hold such shares until retirement. In addition, the total number of shares of common stock to be issued or disposed of by the Company under the plan shall be up to 200,000 shares per year. And the amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on a business day prior to the date of each resolution by the Board of Directors. The specific timing of payments and allocation to each eligible director shall be determined by the Board of Directors.

(iv) The Board of Directors' policies and procedures in appointment and dismissal of the senior management, and in nominating candidate of director

Regarding representative director and directors of the Board of Directors, and executive managers, the Nominating Committee headed by an outside director set the criteria for selecting candidate and shall make a proposal to the Board of Directors for nomination. To select candidate, the Board of Directors comprehensively takes into main account understanding and sympathy for corporate vision and strategies, leadership and its qualification, ability of business execution and its expertise, and job experience in listed company or global company.
If representative director, a director, or an executive manager no longer satisfies the criteria for candidate selection, or violate criteria for dismissal of representative director set by the Nominating Committee, the Committee shall make a proposal to the Board of Directors for dismissal of the said person .

(v) Explanation on the individual appointment, dismissal, and nomination, when the Board of Directors make appointment or dismissal of senior management, and appointment of candidate for director, based on (iv).

When the Board of Directors make appointment of candidate for director or proposal for dismissal of director in office, the Company shall make explanation of the said person in the Notice of the Ordinary Shareholders' Meeting. Concerning important executive managers.

"Notice of the 37th Ordinary Shareholders' Meeting":
https://contents.xj-storage.jp/xcontents/AS95168/7334bf60/0701/4968/83c9/a939e2bb609f/20200601082917634s.pdf

(Supplementary Principle 4-1① Roles and Responsibilities of the Board(1))

While the Board of Directors makes resolutions in accordance with the Japanese Companies Act, etc., it also conducts efficient management by delegating its authority of business execution to group CEO (Chief Executive Officer) and responsible person of each department, based on the rules of the Board of Directors and the basic policy of internal controls, etc. Regarding the scope of authority, the Company controls business execution by clarifying the authority in the Delegation of Authority which it reviews regularly. (For the internal control system, please refer “Reference material: Schematic of Internal Control System and Risk Management System” in this “Corporate Governance Report”).

(Supplementary Principle 4-1③ Roles and Responsibilities of the Board(1))

In April 2017, the Board of Directors established the Nominating Committee, which set the selection criteria for the qualifications and figures of representative director, selected a candidate to succeed representative director upon the criteria, and proposed to the Board of Directors. The Board of Directors shall decide a candidate of succeeding representative director through thorough discussion upon proposal by the Nominating Committee.
The Company continues examination on establishing premeditated successor training for the future.

(Supplementary Principle 4-2① Roles and Responsibilities of the Board(2))

In November 2018, the Company established the Compensation Committee of which an outside director takes office as a chairperson. The Compensation Committee took initiatives to review the compensation of directors of the Company and designed the compensation system. With the resolution of the 37th Ordinary Shareholders’ Meeting held on June 26, 2020, the Company introduced the restricted stock compensation plan.

(Supplementary Principle 4-3②③ Roles and Responsibilities of the Board(3))

In April 2017, the Company established the Nominating Committee of which an outside director takes office as a chairperson, and engaged in selection of a candidate to succeed representative director. The current representative director assumed office in April 2018.
The Nominating Committee formulated standards and procedures for dismissal of representative director mainly from the viewpoints of qualifications, legislations, compliance, and financial performance. In the event representative director is in violation of the dismissal criteria, upon proposal from the Nominating Committee, the Board of Directors shall proceed to dismissal of the said representative director in accordance with predetermined procedures.

(Principle 4-8 Effective Use of Independent Directors)
The Company’s Directors consists of eight directors, four of whom meet the requirements of independent directors set by the Tokyo Stock Exchange. Four of independent outside directors are composed of persons with high experience in listed companies, professional knowledge and experience as a lawyer. The reasons for the appointment are described in detail in “II. Business Organization and Other Corporate Governance Systems for Decision-Making, Business Execution, and Management Oversight” of this Corporate Governance Report.
Four of independent outside directors have sufficient qualifications in the light of purpose of this system. The Company believes that these independent outside directors can contribute to medium- and long- term improvement of corporate value.
Each chairperson of the Audit Committee, the Nominating Committee, and the Compensation Committee is serving as an independent outside director.

(Principle 4-9 Standards for Independence and Qualifications of Independent Directors)
The Company has established the independence standards of Outside Directors as follows, and appoints Outside Directors through judgement their independency from the Company.

① Director (excluding outside director), corporate auditor (excluding outside corporate auditor), executive officer or employee of the Company or its subsidiaries in the ten years before taking office.

② Major shareholder, or director, auditor, accounting advisor, executive officer, manager or employee of the Company or its subsidiary, if shareholder is corporation or owns(owned) 10% or more its voting rights in the present or the past five years.

③ The business partner that has made payment equivalent to 2% or more of the Company's annual consolidated net sales in the most recent fiscal year or the past three fiscal years, or, director, auditor, accounting advisor, executive officer, manager or employee of the business partner.

④ The business partner that has received payment equivalent to 2% or more of the Company's annual consolidated net sales in the most recent fiscal year or the past three fiscal years, or, director, auditor, accounting advisor, executive officer, manager or employee of the business partner.

⑤ Partner or employee of audit corporation appointed by the Company in the past three years.

⑥ Lawyer, certified public accountant, certified tax accountant or other consultant who has received money or other financial benefit of ten million yen or more per year on average for the past three years besides executive compensation.

⑦ Person who has belonged to the organization such as corporation or union which has received donation of ten million yen or more from the Company in the past three years.

⑧ The above ①～⑦'s spouse, relative within the second degree, or relative living together.

(Supplementary Principle 4-10① Utilization of Optional Structure)

In April 2017, the Company established the Nominating Committee which shall advise and make proposal to the Board of Directors in accordance with selection criteria of candidate for representative director, directors of the Board of Directors and important executive managers.
In November 2018, the Company established the Compensation Committee which shall advise and make proposal for formulation of compensation policy for representative director and directors of the Board of Directors, institutional design of compensation scheme, and others.
Each committee is chaired by outside director.

(Supplementary Principle 4-11① Preconditions for ensuring the effectiveness of the Board of Directors)

The Company set the policy to select the most suitable candidate for director based on the standard of "person who can understand and promote corporate vision, management policy and values, and contribute to future-growth of corporate value from a long-term perspective", regardless of nationality or sex, whether they are internal or external.
Each of current directors has significant business experiences abroad.
One of the directors and Audit Committee members is a lawyer who is familiar with corporate legal affairs.
The Company conducts evaluation of the effectiveness of the Board of Directors on a regular basis once a year through a questionnaire and interviews, in order to improve its functionalities.

(Supplementary Principle 4-11② Preconditions for ensuring the effectiveness of the Board of Directors)

The Company designates a full-time director out of directors who are Audit Committee members, so that the said person shall be able to focus time and effort on duties necessary to execute roles and responsibilities properly. If a director concurrently serves as a director or equivalents of another listed company, the Company considers that the number of concurrent offices should be limited to the extent where the said director can ensure attendances at the Board of Directors of the Company, and shall disclose the status of concurrent offices and the number of attendances at the Board of Directors in the Notice of Ordinary Shareholders' Meeting of the Company.

"Notice of the 37th Ordinary Shareholders' Meeting":
https://contents.xj-storage.jp/xcontents/AS95168/7334bf60/0701/4968/83c9/a939e2bb609f/20200601082917634s.pdf

(Supplementary Principle 4-11③ Preconditions for ensuring the effectiveness of the Board of Directors)
The attendance rate of directors at the Board of Directors is nearly 100%, where each attendee proactively expresses opinions and enters into discussions. In addition, the Company makes efforts to make the Board of Directors be effective through ensuring directors to have careful examination on material related to each agenda in advance.
The Company has posted overview including result of self-evaluation on the effectiveness of the Board of Directors conducted in 2020 on its website.

"Evaluation of the Effectiveness of the Board of Directors":
https://contents.xj-storage.jp/xcontents/AS95168/289f00a2/8529/4e04/b4d0/ebc452ae9c46/20200629104129569s.pdf

(Supplementary Principle 4-14② Director and Auditor Training)
The Board of Directors is working to give its members the opportunity to attend beneficial trainings and workshops. Also, it provides its directors and Audit Committee members with necessary trainings and materials related to the contents which they should know in common. Furthermore, it exchanges information on other companies' information and management practices at the Board of Directors. It shall make an annual training plan in the future, aiming for much better effectiveness.

(Principle 5-1 Policy for Constructive Dialogue with Shareholders)
The Company has posted "Policy for Constructive Dialogue with Shareholders" on its website.

"Policy for Constructive Dialogue with Shareholders":
https://contents.xj-storage.jp/xcontents/AS95168/9b205b8c/0722/4468/9d99/0c65d4c7328d/20200227112628918s.pdf

(Principle 5-2 Formulation and Announcement of Corporate Strategies and Business Plan)
The Company has set the target of consolidated return on capital (ROE) in its corporate strategies and business plan, as an indicator of profitability and capital efficiency, in consideration of assumed shareholders' equity cost. Regarding the allocation of important management resources such as capital expenditures and R&D, the Company is working on business management with hurdle rate in mind as the constituent elements of assumed shareholders' equity cost.
Based on the above policy, the Company shall work to sustainably improve shareholders' value through constructive dialogue with shareholders.

2. Capital Structure

Foreign Shareholding Ratio	Over 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,022,000	8.01

THE BANK OF NEW YORK MELLON 140051	12,479,000	7.68
Japan Trustee Services Bank, Ltd. (Trust Account)	10,864,700	6.68
SAMSUNG ASIA PTE. LTD.	8,398,400	5.17
Japan Trustee Services Bank, Ltd. (Trust Account9)	6,552,200	4.03
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	4,997,600	3.07
Wilnau Co.	4,840,000	2.97
GOVERNMENT OF NORWAY	4,051,895	2.49
Masahiko Yamada	3,768,000	2.31
NORTHERN TRUST CO. (AVFC) RE GIC PRIVATE LIMITED	2,965,500	1.82

Controlling Shareholder (Except for Parent Company)	N/A
Parent Company	N/A

Supplementary Explanation

1. The status of the above major shareholders is as of March 31, 2020.
2. The percentage in the above table is calculated excluding treasury stocks (4,121,301 shares).
3. Invesco Asset Management (Japan) Limited and its co-owner, hold 18, 386, 100 shares (11.04%) as of February 19, 2018, according to the Report of Possession of Large Volume (the Change Report) dated February 23, 2018, which is available for public inspection. However, the Company excludes the above shareholdings from the above 'Status of Major Shareholders', since it cannot confirm the number and the percentage of real owned shares in its substantial shareholders list as of March 31, 2020.
4. M&G Investment Management Limited holds 6,693,100 shares (4.02 %) as of March 30, 2018, according to the Report of Possession of Large Volume (the Change Report) dated April 3, 2018, which is available for public inspection. However, the Company excludes the above shareholdings from the above 'Status of Major Shareholders', since it cannot confirm the number and the percentage of real owned shares in its substantial shareholders list as of March 31, 2020.
5 Asset Management One Co., Ltd. holds 6,757,100 shares (4.06%) as of September 13, 2019, according to the Report of Possession of Large Volume (the Change Report) dated September 24, 2019, which is available for public inspection. However, the Company excludes the above shareholdings from the above 'Status of Major Shareholders', since it cannot confirm the number and the percentage of real owned shares in its substantial shareholders list as of March 31, 2020.
6. Baillie Gifford & Co. and its co-owner hold 16,557,500 shares (9.94%) as of December 13, 2019, according to the Report of Possession of Large Volume (the Change Report) dated December 18, 2019, which is available for public inspection. However, the Company excludes the above shareholdings from the above 'Status of Major Shareholders', since it cannot confirm the number and the percentage of real owned shares in its substantial shareholders list as of March 31, 2020.
7.BNY Mellon Investment Management Japan Limited and its co-owners hold 9,985,011 shares (6.00%) as of April 13, 2020, according to the Report of Possession of Large Volume dated April 16, 2020, which is available for public inspection. However, the Company excludes the above shareholdings from the above 'Status of Major Shareholders', since it cannot confirm the number and the percentage of real owned shares in its substantial shareholders list as of March 31, 2020.

3. Corporate Profile

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Electric Appliances

Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	9

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances which May Have Material Impact on Corporate Governance

N/A

II. Business Organization and Other Corporate Governance Systems for Decision-Making, Business Execution, and Management Oversight

1. Organizational Structure

Organization Form	Company with Audit Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Independent Directors	Yes
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		A	b	c	d	e	F	g	h	i	j	k
Ken Inazumi	From another company											
Takashi Kamura	Lawyer											
Shigeki Higashiyama	From another company											
Osamu Hosokubo	From another 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 of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does 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 Directors/*kansayaku* 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)

Name	Membership of Audit Committee	Designated as Independent Director	Supplementary Explanations of the Relationship	Reason of Appointment
Ken Inazumi	No	Yes	—	Mr. Inazumi accumulated his experience as executives including representative director and president at business corporations. Currently, he has been leading business execution as a director and senior executive managing officer of business corporation. The Company appointed him as an outside director, judging that he can give advice and guidance to its executive directors of the Company with his knowledge experience in the IT industry. The Company also appointed him as an independent director, judging that he does not fall under any reason defined in the listing management guidelines of Tokyo Stock Exchange, and has no potential conflict of interests with general shareholders.
Takashi Kamura	Yes	Yes	—	Mr. Kamura has legal knowledge and considerable experience as a lawyer. He had been an auditor of the Company from 2002 and has been a member of Audit Committee after the transition to the Company with Audit Committee in 2015. In addition, he acts as a chairperson of the Nominating Committee after the establishment in April 2017.

				The Company appointed him as an outside director who is a member of Audit Committee, judging that he can carry out duties properly with his considerable experience and knowledge as a lawyer, the Company's auditor, and director who is a member of Audit Committee, although he has never been directly involved in management in any other way than being an outside director and an outside auditor. The Company also appointed him as an independent director, judging that he does not fall under any reason defined in the listing management guidelines of Tokyo Stock Exchange, and has no potential conflict of interests with general shareholders.
Shigeki Higashiyama	Yes	Yes	—	Since Mr. Higashiyama joined Nomura Research Institute, Ltd. in 1982, he had been responsible for various department such as planning and personnel affairs. He has also considerable experience of overseas work and global business. The Company appointed him as an outside director who is a member of Audit Committee, judging that he can carry out duties properly with his experience and considerable knowledge in management. In addition, he acts as chairperson of the Audit Committee after the appointment of the Audit Committee member, and of the Compensation Committee established in November 2018. The Company also appointed him as an independent director, judging that he does not fall under any reason defined in the listing management guidelines of Tokyo Stock Exchange, and has no potential conflict of interests with general shareholders.
Osamu Hosokubo	Yes	Yes	—	Mr. Hosokubo assumed President & CEO, after serving as Executive Director at Japan Asia Investment Co., Ltd., which invests in and provides business support for domestic and overseas venture companies. After retirement, he founded and assumed CEO of Great Asia Capital & Consulting LLC, which conducts the same type of business. The Company appointed him as an outside director who is a member of Audit Committee, judging that he can carry out duties properly with his experience and abundant knowledge in investment and business support for domestic and overseas companies, as well as management as outside director at operating companies. The Company also appointed him as an independent director, judging that he does not fall under any reason defined in the listing management guidelines of Tokyo Stock Exchange, and has no potential conflict of interests with general shareholders.

[Audit Committee]

Committee Composition and Chairperson

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Employees to Support the Audit Committee	No

Reasons for Adopting the Current Structure

The Company does not appoint a specific employee for the Committee, because practical assistance in auditing is carried out by Internal Audit Department and other assistance is carried out by Corporate Administration Department.

Collaboration between the Audit Committee, Accounting Auditors, and Internal Audit

The Audit Committee members shall collaborate with the accounting auditor, Internal Audit Department and Corporate Administration Department through information exchanges. They also interview and exchange opinions with departments which have been audited, and attend the meeting for the representative director to have reporting from the accounting auditor.

[Voluntary Establishment of Nomination/Compensation Committee]

Voluntary Establishment of Committees Corresponding to Nomination Committee or Compensation Committee	Yes

Committee Composition and Chairperson

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
Nominating Committee	5	0	1	4	0	0	Outside Director
Compensation Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

The role of the Nominating Committee is to set the criteria for selection of a candidate for representative director, directors of the Board of Directors, and other important executive managers, and to make proposal on selection to the Board of Directors
The Committee examined to select a candidate for the succeeding representative director who would be able to lead corporate vision from global perspective, realize sound corporate governance, and improve corporate value. After thorough examination, the Committee proposed Mr. Nobutaka Ide as a candidate for the succeeding representative director to the Board of Directors. On October 2, 2017, the Board of Directors resolved that Mr. Ide would take office as President & CEO on April 1, 2018, as a result of deliberation.

In November 26, 2018, the Company established the Compensation Committee which shall advise and make proposal for formulation of compensation policy for representative director and directors of the Board of Directors, institutional design of compensation scheme, and others.

[Independent Directors]

Number of Independent Directors	4

Matters Relating to Independent Directors

All outside directors who qualify for independent director have been designated to independent director.

[Incentives]

Incentive Policies for Directors	Performance-linked compensation

Supplementary Explanation

The amount of compensation for each director of the Company is composed of fixed salary, short-term incentives, and long-term incentives, of which composition ratio is defined by each position. Short-term and long-term incentives are not paid to outside directors. Short-term incentives are performance-linked compensation (bonuses) and consist of company performance, business unit performance, and individual performance. The performance portions of both company and business unit are linked to the extent to which the performance targets are achieved for a single year. The performance targets shall be approved by the Compensation Committee and resolved by the Board of Directors. The individual performance portion reflects individual evaluation. The composition ratio of company, business unit and individual performance portion is defined by individual job level. Long-term incentives for directors are composed of performance-linked compensation and stock price-linked compensation, and the decision of whether or not to implement the program shall be made by the Board of Directors every year. The composition ratio of each compensation out of total program shall be determined by the Board of Directors upon the proposal of the Compensation Committee. As for the performance-linked compensation, the Company shall set the performance evaluation period consisting of multiple financial years and its performance target for the period. After the end of the period, the Company shall pay the compensation based on the payout rate linked to the extent to which the performance targets are achieved. The performance targets are resolved by the Board of Directors following the proposal of the Compensation Committee. As for the stock price-linked compensation, in the form of a restricted stock compensation plan, the Company shall grant monetary compensation claims to the eligible directors for the allotment of restricted stock, each fiscal year in principle, upon a resolution by the Board of Directors of the Company, and by having them make contribution in kind using all the monetary compensation claims as contributed assets, shall issue or dispose of its shares of common stock to the eligible directors to allow them to hold such shares until retirement. In addition, the total number of shares of common stock to be issued or disposed of by the Company under the Plan shall be up to 200,000 shares per year. And the amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on a business day prior to the date of each resolution by the Board of Directors. The specific timing of payments and allocation to each eligible director shall be determined by the Board of Directors.

Recipients of Stock Options	-

Supplementary Explanation

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[Compensation for Directors]

Disclosure of Individual Directors' Compensation	N/A

Supplementary Explanation

The Company has reported total amount of compensation for directors who are not either outside directors or Audit Committee members, and for directors who are both outside directors and Audit Committee members, in the Securities Report "yuukashouken houkokusho" (pursuant to the Financial Instruments and Exchange Act) for the fiscal year ended March 31, 2020 (Japanese only) as follows:

Total amount of compensation for
- Four directors who were not either outside directors or Audit Committee members: 122,409 thousand yen (composed of fixed salary, 86,353 thousand yen, and bonus 36,056 thousand yen)
- Five outside directors who were both outside directors and Audit Committee members: 22,836 thousand yen (all fixed salary)

The abolition of the retirement benefits system for directors and auditors (then) of the Board of Directors was resolved at the Board of Directors held on April 30, 2010. Following this resolution, the lump-up payment resulting from the abolishment was resolved at the 27th Ordinary Shareholders' Meeting held on June 24, 2010.

Policy on Determining Compensation Amounts and Calculation Methods	Yes

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

President & representative director of the Board of Directors and chairperson of the Compensation Committee shall decide individual amount of compensation for directors (excluding Audit Committee member) within the total amount of compensation approved at Shareholders' Meeting. This decision has to be made according to the calculation method which was proposed by the Compensation Committee (not statutorily required to establish, composed of three or more directors of which more than half are outside directors) and resolved at the Board of Directors. The Audit Committee shall decide individual amount of compensation for Audit Committee members within the total amount of compensation approved at Shareholder's Meeting.
With respect to the amounts of compensation and other benefits for directors of the Company, at the 32nd Ordinary Shareholders' Meeting held on June 26, 2015, the amount to be paid to directors, excluding Audit Committee members, was approved to be up to ¥300,000 thousand per year (of which up to ¥50,000 thousand is for outside directors), and the amount to be paid to directors who are Audit Committee members was approved to be up to ¥50,000 thousand per year. The number of directors at the time of resolution is five directors (excluding Audit Committee members and including one outside director) and three Audit Committee members. In addition to this compensation, monetary compensation claims to the eligible directors for the allotment of restricted stock of which total amount will be within ¥50,000 thousand per year, were resolved at the 37th Ordinary Shareholders' Meeting held on June 26, 2020.
The amount of compensation for each director of the Company is composed of fixed salary, short-term incentives, and long-term incentives, of which composition ratio shall be defined by each

position. The fixed salary is paid monthly as basic compensation to all directors. Short-term and long-term incentives are not paid to outside directors.
Short-term incentives are performance-linked compensation (bonuses) and consist of company performance, business unit performance, and individual performance. The performance portions of both company and business unit are linked to the extent to which the performance targets are achieved for a single year. The performance targets shall be approved by the Compensation Committee and resolved by the Board of Directors. The individual performance portion reflects individual evaluation. The composition ratio of company, business unit and individual performance portion is defined by individual job level.
Long-term incentives for directors are designed to determine the compensation amount to link to medium-term financial targets and stock price and composed of performance-linked compensation and stock price-linked compensation. The decision of whether or not to implement the program shall be made by the Board of Directors every year. The composition ratio of each compensation out of total program shall be determined by the Board of Directors upon the proposal of the Compensation Committee. As for the performance-linked compensation, the Company shall set the performance evaluation period consisting of multiple financial years and its performance target for the period. After the end of the period, the Company shall pay the compensation based on the payout rate linked to the extent to which the performance targets are achieved. The performance targets are resolved by the Board of Directors following the proposal of the Compensation Committee. As for the stock price-linked compensation, in the form of a restricted stock compensation plan, the Company shall grant monetary compensation claims to the eligible directors for the allotment of restricted stock, each fiscal year in principle, upon a resolution by the Board of Directors of the Company, and by having them make contribution in kind using all the monetary compensation claims as contributed assets, shall issue or dispose of its shares of common stock to the eligible directors to allow them to hold such shares until retirement. In addition, the total number of shares of common stock to be issued or disposed of by the Company under the Plan shall be up to 200,000 shares per year. And the amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on a business day prior to the date of each resolution by the Board of Directors.

[Administrative Support for Independent Directors]

The Company provides outside directors with administrative support such as lending PC and preparing IT network environment to access its network for smooth communication so that they can look into proposed bills for the Board of Directors and agendas for the Executive Committee with related materials in advance. In addition, the Company shall conduct explanations of the bills or agendas for them in advance as needed.

[Status of Retired Representative Director and President, Etc.]

Name of Advisors ("Sodanyaku","Komon", Etc.) who Have Retired from Representative Director and President, Etc.

Name	Title/position tle/position	Activity Description	Working Arrangement/Conditions (Full Time/Part Time, Paid/Unpaid, Etc)	Date of Retirement from President, Etc.	Term
-	-	-	-	-	-

The Number of Advisors ("Sodanyaku","Komon", Etc.) who Have Retired from Representative Director and President, Etc.	0

Others

The Company has institutionally no Advisors (“sodanyaku” nor “komon,” etc.)
Mr. Masahiko Yamada, the former Representative Director, President & CEO, retired from Representative Director, President and CEO as of March 31, 2018. His term of office as a director of the Company expired at the conclusion of the Ordinary Shareholders’ Meeting held on June 22, 2018, and he entirely left the Company.

2. Matters on Functions such as Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

The Company adopts a Company with Audit Committee (from June 2015), and makes prompt and appropriate decisions covering whole range of corporate management at the Board of Directors held monthly in general.
The eight directors of the Company, including three Audit Committee members, are responsible for supervising the performance of management by examining the determination of management policy, the establishment of execution plan and the progress of implementation. In addition, the Company appoints representative director of the Company as group CEO and assigns responsible person to each business unit to accelerate speed of business execution and enhance its responsiveness to changes in business environment. The Company regularly holds the Executive Committee, and examines progress of the business plan of each business unit together with individual issues related to business execution from the practical perspective for necessary actions. Responsible person assigned to each affiliated company establishes and operates internal control system at each affiliated company, ensuring the appropriateness of doing businesses and its approval processes.

Each Audit Committee member attends important meetings such as the Board of Directors to monitor execution of duties by directors. In addition, the Audit Committee annually formulates program and policies for audit and discusses with group CEO. In order to realize high transparency and fairness in management of the Company, it enhances clarification of responsibilities in the management to shareholders by setting the term of director who is not an Audit Committee member as one year.

In April 2017, the Company established the Nominating Committee, of which an outside director takes office as a chairperson, to formulate selection criteria of candidate for representative director, directors of the Board of Directors and important executive managers, and make proposal to the Board of Directors. Concerning selections of candidate for appointment, the Company’s policy stands on no discriminations such as gender and nationality, however the current Board of Directors consists of all males.

In November 26, 2018, the Company established the Compensation Committee, of which an outside director takes office as a chairperson, to advise and make proposal for formulation of compensation policy for representative director and directors of the Board of Directors, institutional design of compensation scheme, and others.

3. Reasons for Adoption of Current Corporate Governance System

In June 2015, the Company changed to a Company with Audit Committee from a Company with Corporate Auditors. The Audit Committee members participate in resolution as a director at the Board of Directors, holding authority for auditing as Corporate Auditors. The reason to change was to enhance supervisory function and accelerate speed of decision-making of the Board of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize Shareholders' Meetings and Promote the Exercise of Voting Rights

	Supplementary Explanation
Early Notification of Ordinary Shareholders' Meeting	The Company dispatches the Notice of the Ordinary Shareholders' Meeting approximately three weeks in advance of the date of the Ordinary Shareholders' Meeting for shareholders to find the date and venue of and matters to be reported and resolved at the Meeting earlier, and to have sufficient time to execution of the exercise voting rights. Regarding the 37th Ordinary Shareholders' Meeting held on June 26, 2020, Friday, the Company dispatched the Notice on June 4, 2020, Thursday. In addition, the Company disclosed the Notice and its abridged English version on the website of the Tokyo Stock Exchange on June 1, 2020, Monday, prior to the dispatch.
Scheduling the Meeting to Maximize Attendance	The Company strives to set the date of the Ordinary Shareholders' Meeting in consideration of shareholders' convenience for many shareholders to attend.
Allowing Electronic Exercise of Voting Rights	The Company allows electronic voting via the Internet for shareholders' convenience, in order to reflect their intent as many as possible, expecting improvement of voting ratio.
Participating in Electronic Voting Platform □	From the 26th Ordinary Shareholders' Meeting for the fiscal year ended March 2009, the Company has been participating in an electronic voting platform operated by ICJ, Inc., by which nominal shareholders (including standing proxies) such as trust banks can exercise the voting rights.
Providing Convocation Notice in English	From the 34th Ordinary Shareholders' Meeting for the fiscal year ended March 2017, the Company discloses abridged English version of the Notice on the website of the Tokyo Stock Exchange.
Other	The Company has improved operating environment through venue changes. Since the 27the Ordinary Shareholders' Meeting for the fiscal year ended March 2010, the venue had been changed to Otemachi Sankei Plaza Hall (Otemachi, Chiyodaku, Tokyo) from the former venue, Aioi Sompo Shinjuku Building (Yoyogi, Shibuya-ku, Tokyo). Since the 29th Ordinary Shareholders' Meeting ,the venue has been changed to Bersalle Shinjuku Grand (Nishi Shinjuku, Shinjuku-ku, Tokyo). From the 35th (for the fiscal year ended March 2018) Ordinary Shareholders' Meeting, the Company held briefing session focused on business strategies after the conclusion of the Meeting. Also, from the 37th Ordinary Shareholders' Meeting for the fiscal year ended March 31, 2020, the Company introduced online format live viewing and video streaming so that shareholders can monitor the situation of the Ordinary Shareholders' Meeting and business briefing sessions even from a remote location, and in order to prevent infection and spread of new coronavirus infection (COVID-19) at the venue.

2. IR Activities

	Supplementary Explanations	Presentation by President
Preparation and Publication of Disclosure Policy	The Company discloses Japanese and English texts in “IR information” and “Investor Relations” for its shareholders and investors in its website.	
Regular Investor Briefings for Individual Investors	In the fiscal year ended March 2020, the Company held eleven times of briefings for Individual investors in total. Main events were seminars hosted by securities companies in several cities, Machida(Tokyo), Kyoto, Sapporo, Himeji, and Saitama. The Company also participated in IR events hosted by IR support companies, in cities of both Tokyo and Nagoya. In addition, the Company conducted financial statements for its employees as individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company regularly holds briefing sessions for the first half and the full-year financial results, for analysts and institutional investors on the day of the financial results announcement. For the fiscal year ended March 2020, the Company held both briefing sessions with online format live viewing in order to prevent infection and spread of new coronavirus infection (COVID-19) at the venue, and ensure convenience for analysts and institutional investors. Also, in the archive of video streaming, we posted Q&A summary of briefing session along with explanatory materials.	Yes
Regular Investor Briefings for Overseas Investors	The Company attends an IR event for overseas institutional investors hosted by a securities company in Tokyo. In the fiscal year ended March 2020, the Company participated in the “Nomura Investment Forum Asia 2019” held in Singapore in May 2019, hosted by Nomura Securities Co., Ltd. The“Daiwa Invest Conference Tokyo” hosted by Daiwa Securities Group Inc. which the Company participated every year, was cancelled in 2020.	Yes
Posting of IR Materials on Website	In addition to posting timely disclosure materials (English and Japanese), financial results (English and Japanese), business reports (Japanese), annual reports (English), financial data (English and Japanese), and financial indicators (English and Japanese), the Company discloses video (Japanese) and summary of Q&A (English and Japanese) of briefing session for financial results on its web site (Japanese on the day of the briefing and English in a few days later). The Company has distributed IR newsletter (monthly edition and special edition in English and Japanese) since July 2013 (English version started from August 2013.)	
Establishment of Department and/or Manager in Charge of IR	Representative director and president, and CFO are the management in charge of investor relations. Department in charge of investor relations is established, and its head	

	is assigned for official contact point for the Tokyo Stock Exchange.	
Other	As part of overseas IR activities, representative director and president, CFO, and employees in charge of investor relations visit overseas institutional investors mainly for one-on-one meetings. In the fiscal year ended March 2020, the Company participated in the “Nomura Investment Forum Asia 2019” held in Singapore in May 2019, hosted by Nomura Securities Co., Ltd., and as a non-deal road show, we visited shareholders and institutional investors in the UK in July 2019. In addition to individual visits, we also used conference calls for one-on-one meetings with overseas institutional investors. In addition, the Company received the 1st “Disclosure Newcomer Award” from Tokyo Stock Exchange in 2006, the 16th “Disclosure Award” from Tokyo Stock Exchange in 2011, “Best IR Award for Small & Medium Cap. Companies” from Japan Investor Relations Association in 2012, and was selected as “IR Keizoku Kigyo” as one of the good companies that have continued IR activities by Japan Investor Relations Association in 2018.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities etc.	We have acquired ISO 14001 (Environmental Management System) certification.
Others	In response to disclosure requirements related ESG (Environment, Society, Governance), the Company launched “Social Initiatives” web pages in October 2019 (Japanese) and in December 2019(English), and posted its norms, policies and organizations related to sustainability. https://www.wacom.com/en-jp/about-wacom/social-initiatives

IV. Internal Control System

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

The Company shall develop the system to ensure the appropriateness (hereinafter referred to as the “internal control”), based on the Companies Act and the Ordinance for Enforcement of the Companies Act, as follows:

1. The system to ensure that the execution of duties by directors and employees complies with the laws and regulations and the Articles of Incorporation
   (Article 362, Paragraph 4, Item 6 of the Companies Act, Article 100, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)
   (1) The Company shall set forth the vision as a basic policy for our business activities, while abiding by the laws, regulations and social ethics as well as CSR as a premise of our business activities, and shall ensure such as a business foundation of our culture. Our entire Company’s group activities, being led by the group CEO, who is the representative director, shall address on such establishment and promotion.
   (2) The Company shall establish the Board of Directors and the Audit Committee in accordance with the Companies Act. The Board of Directors shall be operated, based on the Board of Directors regulations, and shall have responsibilities on construction and promotion of the internal control, formulation and implementation of management policies and business plans that conform to the laws and regulations of the Articles of Incorporation. The Audit Committee shall be operated, based on the Audit Committee regulations, and shall monitor the decision making and business operations of the directors.
   (3) The Company shall establish the Nominating Committee and the Compensation Committee, which are chaired by the outside director and consist of a majority of outside directors. The Nominating Committee advises or makes recommendations to the Board of Directors on the appointment of directors and key executives. The Compensation Committee advises or makes recommendations to the Board of Directors on the basic policy and scheme of the directors' compensation plan.
   (4) The Board of Directors shall ensure that the directors and employees abide by the laws and Regulations and other rules, establish “Wacom Code of Ethics and Business Conduct”, fulfill their duties under a sound social norm, and shall ensure especially that they do not have any relationships with anti-social forces and groups, which threaten social order and the sound activities of business, with a resolute attitude.
   (5) The Board of Directors shall elect the representative director based on the recommendations of the Nominating Committee, and the representative director shall serve concurrently as the group CEO who supervises the entire group company. The group CEO shall have responsibilities on planning management strategy and planning and implementing management plans for the group company, and on promoting and strengthening internal control, under the policies of the Board of Directors.
   (6) The Company shall place responsible person of each department for group management, clarifying the responsibilities for business operations and for aiming to improve efficiency. Each responsible person of each department shall support the group CEO and shall contribute on planning and implementing management strategies. With the vision, each responsible person of each department shall have responsibilities on promoting and strengthening the internal control, along with responsibilities in business operations of the department in charge.
   (7) Corporate Administration shall maintain the overall internal control system abiding by Japanese Companies Act and Financial Instruments and Exchange Act to promote internal control of the group.
   (8) The Company shall establish the internal audit as a division under the group CEO, and the internal audit shall monitor whether the members of the Company and business operations are abiding by the laws, the Articles of Incorporation, rules and regulations. The internal audit shall also grasp the challenges of internal control, recommend and instruct such challenges to each applicable department for improving business, and shall report to the group CEO.
   (9) Each representative of the affiliate, shall promote and strengthen the internal control of each affiliate.

(10) The Company shall hold an executive committee, which is the advisory organization of the group CEO, regularly, and shall review the progress on business plans and the challenges on business operations, and shall cope with necessary responses. With the vision, the Executive Committee shall formulate strategies for achieving the fiscal year target, along with maintaining and promoting brands of the Company group.

(11) The Company shall establish the Policy Process and Controls Committee with the group CEO being the chairperson, and shall develop regulations such as policies, develop business processes, and shall grasp and deliberate material challenges on information security, J-SOX and other material challenges on the internal control, and shall implement countermeasures, according to the results, or shall implement necessary notices or instructions to the directors and employees.

(12) The Company shall establish Wacom Speak-up Line being operated by the external third party organization in each group company, as a contact location for reporting or notifying, in an event where directors and employees find issues and other matters related to compliance, aiming for maintaining the internal control and for improving the self-purging process. Notification may be conducted anonymously, and the Company shall ensure that such informer shall not have any disadvantages for such notification.

(13) The Company shall establish the Human Resource Committee with the group CEO being the chairperson, and such Committee shall investigate employees conducting any violation of the laws, the Articles of Incorporation, rules and regulations. The Committee shall properly proceed with appropriate disciplinary actions based on the employment regulations and rewards aiming to prevent from a recurrence.

(14) The group CEO shall promptly report to the Board of Directors and the Audit Committee, regarding laws and regulations violations by the directors, and shall follow the directive decision of the Board of Directors.

2. The system concerning the preservation and management of information executed by the directors:

(Article 100, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)

(1) The Company shall set forth the regulations on document management, and shall preserve the documents set forth in the following items (including electromagnetic records. The same shall apply hereinafter) with the relevant documents.

① General Meeting of Shareholders Minutes
② Board of Directors Minutes
③ Executive Committee Minutes
④ Policy Process and Controls Committee Minutes
⑤ Compliance and Risk Committee Minutes
⑥ Human Resource Committee Minutes
⑦ Internal Audit Report
⑧ Other documents as set forth in laws and regulations, document management regulations

(2) The storage period and storage division for the above-mentioned documents shall be subjected to each document type, as set forth in the document management regulations, unless otherwise specified in the laws and regulations.

(3) The storage location and storage methods for the above-mentioned documents shall be set forth in the document management regulations, and directors may view these documents at all times.

3. Regulations or other systems concerning the management of risk of loss:

(Article 100, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act)

(1) The Company shall clarify the process and authority on business settlements with the Delegation of Authority (DOA) and other regulations, and shall strive to reduce risks by checks and balances.

(2) The internal audit as set forth in the internal audit charter shall audit whether the business activities of the Company group are governed by the laws, the Articles of Incorporation, rules and regulations. The internal audit shall also grasp the challenges on internal control, recommend and instruct such challenges to each relevant department for improving business, and shall report to the group CEO.

(3) The Policy Process and Controls Committee shall develop regulations such as policies,

develop business processes, and shall grasp and deliberate material challenges on information security, J-SOX and other material challenges on internal control periodically, and shall plan and implement countermeasures, according to the results. The Committee shall also implement necessary notices or instructions to the directors and employees.

(4) The Compliance and Risk Committee shall conduct global risk analysis, formulation of plans on disaster response, develop an emergency network and respond to other risk management issues.

4. The system for ensuring that the execution of duties by directors shall be effective:
(Article 100, Paragraph 1, Item 3 of the Ordinance for Enforcement of the Companies Act)

(1) The Company group shall transfer the business operation authorities of directors to the responsible person of each department. Directors shall concentrate on management functions, including streamlining of management and strengthening supervisory functions, to ensure such transfer shall progress business structural reform promptly and efficiently.

(2) The Board of Directors meeting shall be held once a month in principle, and shall review the planning and progress on management policy decisions and their implementation plans. The Board of Directors shall also decide mid-term management plans, shall approve business plans and budgets per business department on a quarterly basis, and shall manage performances and progresses per month and quarter.

(3) The Company shall hold an executive committee, which is the advisory organization of the group CEO, once a month in principle, and shall review the progress on business plans and the challenges on the business operations, and shall cope with necessary responses. With the vision, the Executive Committee shall formulate strategies and take the lead for realizing the Company group's mid-and-long term growth and for achieving the fiscal year`s target.

5. The system for ensuring proper business actions/transactions in any entity comprised of the registered stock company that includes the parent company and subsidiaries
(Article 100, Paragraph 1, Item 5 of the Ordinance for Enforcement of the Companies Act、Article 24-4-4 of the Financial Instruments and Exchange Act)

(1) The group CEO, responsible person of each department and responsible person of each affiliate shall promote the vision to the entire Company, and shall ensure that the entire Company is abiding by the laws, regulations and Wacom Code of Ethics and Business Conduct as well as CSR as a premise of our business activities.

(2) The group CEO and responsible person of each department shall have the responsibilities for establishing and operating internal controls, which secures the appropriateness of each department's business operations.

(3) The representative of each affiliate shall aim to establish and operate internal controls, and shall secure the appropriateness of business and business settlements.

(4) The group CEO shall construct the internal control system for securing the appropriateness of the Company group's financial report, and shall assess such development and operation.

(5) The Audit Committee members shall audit the affiliates on a timely basis, based on the laws and regulations and the Articles of Incorporation, and shall support and advise on recommendations, instructions and implementation for improvement measures on internal control, according to the results.

(6) The internal audit shall audit the affiliates on a timely basis, following the directions of the group CEO, and shall support and advise on instructions and implementation for improvement measures on internal control, according to the results.

6. Matters relating to the directors and the employees to assist with the duties of the Board of Directors:
(Article 110-4, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)
The internal audit will be implemented when requested by the Audit Committee members, and shall report the results to the Audit Committee.

7. Matters for being independent from the directors (excluding audit committee members) for the employees in the preceding item
(Article 110-4, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act)
An employee who receives an order necessary for conducting an audit from the audit committee members shall make such order a priority, compared to orders from directors or the internal audit responsible person. The group CEO and responsible person of each department shall coordinate and support businesses necessary for the smooth implementation of the audit

business.

8. The scheme regarding the system for the directors and employees to report to the audit committee and other pertinent for the audit committee
(Article 110-4, Paragraph 1, Item 4 of the Ordinance for Enforcement of the Companies Act)
Directors and employees shall promptly report to the Board of Directors, regarding matters that may have material impact on the Company group, such as matters challenging internal control which have been reviewed at the internal audit or Policy Process and Controls Committee, in addition to legal matters.
9. Matters on policies related to the claim for advance of fees or debt processes that arise from the execution of duties by directors
(Article 110-4, Paragraph 1, Item 6 of the Ordinance for Enforcement of the Companies Act)
The Company shall respond promptly, if the audit committee members make a claim for advances on costs or reimburse for performing their duties.
10. The system to ensure that other audits of the Board of Directors will be effective
(Article 110-4, Paragraph 1, Item 7 of the Companies Act)
The Audit Committee shall formulate a fiscal strategy for the audit plan and audit policy, and shall consult with the group CEO. The Committee shall also coordinate with the internal audit personnel on key audit details, and shall aim to improve audit efficiency. The Audit Committee shall hold a meeting periodically to exchange ideas with the group CEO and audit corporations, respectively.

2. Basic Policies against Anti-Social Forces

1.Responsible Departments and Persons
The Compliance Risk Committee is held regularly and efforts to grasp the current situation and problems and to solve it are being implemented.
2. Cooperation and Coordination with External Experts
We have contracts with a consulting company specializing in risk management and we hold regular meetings with police and others.
3. Collection and Management of Information on Anti-Social Forces
We are exchanging information with the organizations listed in the preceding paragraph, shareholder register manager (trust bank), etc. In addition, information is gathered from time to time as a result of participation in related seminars.
Among the collected information, important items are shared by the Compliance Risk Committee and others.
4. Status of preparation of correspondence manual
We set up “Wacom Code of Ethics and Business Conduct” and prohibit acts that have antisocial forces and relationships with organizations.5. Training against Anti-Social Forces
When joining a company including mid-career entry, we always implement compliance education through risk management of corporate administration. In addition, all employees are alerted to compliance problems inherent in the company.

V. Other

1. Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A

Supplementary Explanation

At the Board of Directors held on May 10, 2019, The Company resolved to discontinue and abolish the “Measures to Prevent Largescale Purchases of the Company’s shares (Takeover Defense Measures)” (‘the Plan”) at the conclusion of the 36th Ordinary Shareholders’ Meeting held on June 21, 2019.
If a large-scale purchase of the Company’s shares is made subsequent to the discontinuance and abolition of the Plan, then the Company shall endeavor – to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations – to actively collect all information deemed necessary and sufficient to make an appropriate decision regarding said large-scale purchase; to disclose the opinion of the Company board of directors; and to take all appropriate measures deemed necessary to secure sufficient information and time for shareholders to consider any such purchase. The Company is committed to securing and enhancing its corporate value and the common interests of shareholders.

2. Other Corporate Governance Issues

The Company’s internal structure related to timely disclosure of corporate information is as follows.

(Basic Policy on Timely and Appropriate Disclosure)
The Company shall comply with the Timely Disclosure Rule of the Tokyo Stock Exchange (“TSE Timely Disclosure Rules”), the Japanese Financial Instruments and Exchange Act, the relevant rules and regulations, and endeavor to collect information to be disclosed and make judgements for timely and fair disclosure.

(Collection of Information)
The information managers of timely disclosure (responsible person of each department) shall promptly report to CFO on the material information stipulated by the bylaws of the above rules, in order to comprehensively collect timely disclosure information.

(Judgement and Reporting of Information)
CFO shall verify and judge whether the material information reported by the information managers is applicable to the above rules, and If applicable, shall prepare timely disclosure materials as accurate, clear, and sufficiently informative for investment decision.
CFO shall ask the Board of Directors for deliberation and approval, together with the prepared disclosure materials, if the above-mentioned material information is applicable to corporate decisions or financial results information stipulated by the TSE Timely Disclosure Rules. CFO shall also promptly report such information to group CEO, if the above material information is occurrence of material fact stipulated by TSE Timely Disclosure Rules.

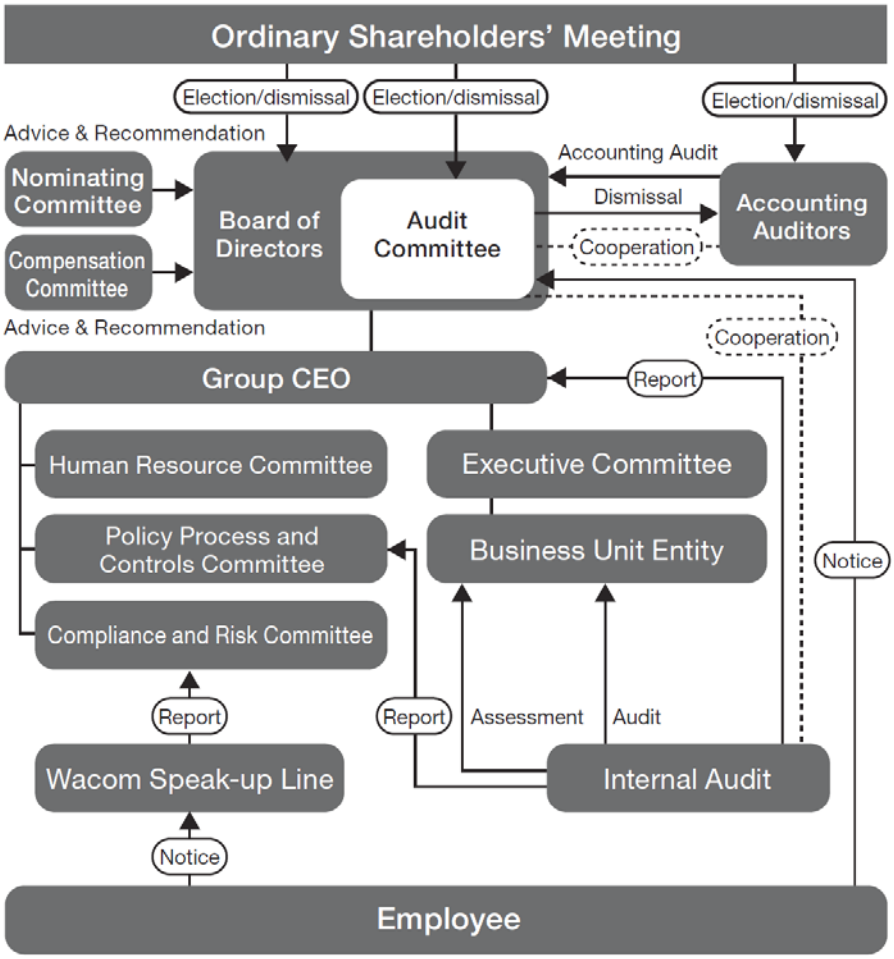
(Timing of Disclosure)
The Company shall promptly disclose corporate decisions or financial results information upon deliberation and approval by the Board of Directors, and promptly disclose occurrence of material fact after reporting to group CEO.

(Department In charge of Timely Disclosure)
Investor Relations shall disclose timely disclosure information in accordance with instructions by CFO.

(Education and Training, etc.)
CFO shall conduct educational measures on TSE Timely Disclosure Rules and the relevant rules and regulations to the information managers of timely disclosure for dissemination.

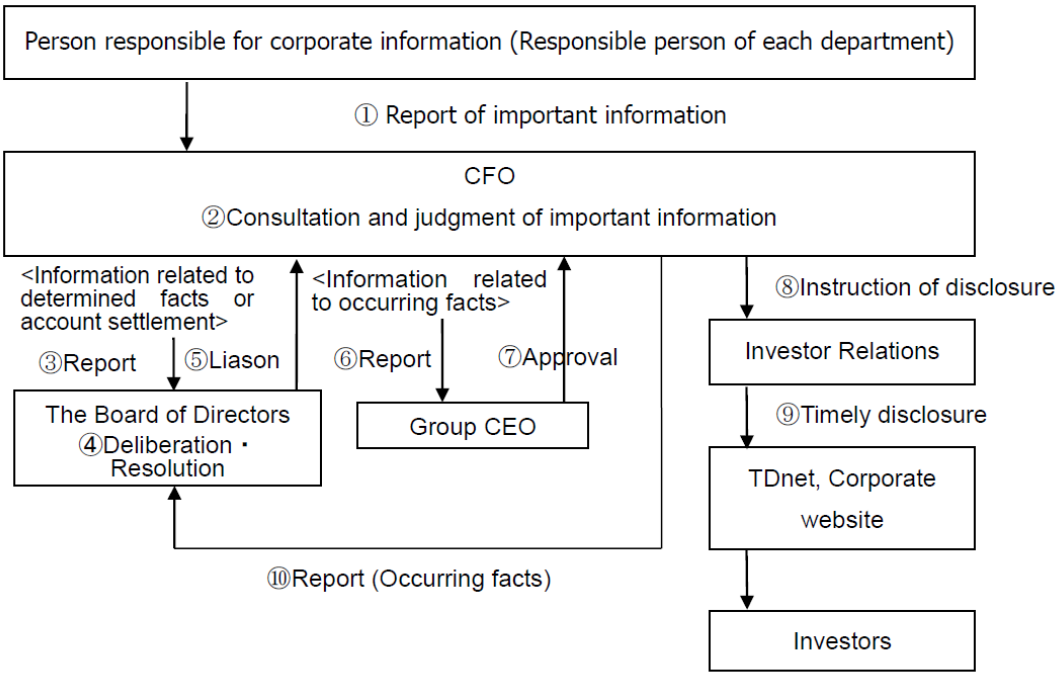
(Audit)
Internal Audit shall appropriately audit whether timely disclosure system functions properly.

【Reference Material: Schematic Diagram of Internal Control System and Risk Management System】



(Note) It is described as of the date of submission.

【Reference Material: Timely Disclosure System and Business Flow Chart】



- Education and training to persons responsible for corporate information by CFO
- Audit of internal system of timely disclosure by Internal Audit