

## Policies and Procedures for the Appointment

[Principle 3.1 Full Disclosure]

In addition to making information disclosure in compliance with relevant laws and regulations, companies should disclose and proactively provide the information listed below (along with the disclosures specified by the principles of the Code) in order to enhance transparency and fairness in decision-making and ensure effective corporate governance:

- iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and *kansayaku* (Audit & Supervisory Board Members) candidates
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<Qualifications and Appointment/Dismissal Procedures of Directors>

(Selection criteria)

1. They should have excellent personality and wisdom, excel in management sense, and possess expertise in various management issues.
2. They should excel in the ability to analyze and judge objectively from the perspective of the whole company.
3. They should excel in foresight and insight.
4. They should be capable of accurately grasping the trends of the time, business conditions, and changes in the market.
5. They should be highly motivated to improve their own abilities.
6. They should be capable of actively stating the opinion from the perspective of the whole company.
7. They should possess personality and wisdom befitting a Director.
8. They should not fall under the grounds for disqualification of Directors stipulated in Article 331, paragraph 1 of the Companies Act.

<Dismissal criteria>

1. In case the director has committed an act that violates public order and morality.
2. In case the director is unable to continue the execution of duties in the cause of health problems.
3. In case the director has caused tremendous corporate value damage by its laziness.
4. In case the director has fallen under the grounds for disqualification of Directors stipulated in Article 331, paragraph 1 of the Companies Act.
5. In case the director is considered to be lack of motivations and abilities stipulated in Selection

## **Information Disclosure in accordance to the Corporate Governance Code**

criteria.

(Appointment procedures)

1. Directors are to be appointed by resolution of the General Meeting of Shareholders, with Director candidates proposed to the General Meeting of Shareholders to be selected by the Board of Directors.
2. In selecting Director candidates, the Board of Directors makes the decision based on the selection criteria and the views on the composition of the Board of Directors, after the discussion by the Nomination Advisory Committee.
3. Dismissal proposal of Directors is decided by the Board of Directors considering Dismissal criteria.

<Qualifications and Appointment Procedures of Audit & Supervisory Board Members>

(Selection criteria)

1. They should possess high ethical values as well as excellent personality and wisdom, and a wealth of experiences.
2. They should excel in the ability to monitor objectively from the perspective of the whole company.
3. They should excel in foresight and insight.
4. They should be capable of accurately grasping the trends of the time, business conditions, and changes in the market.
5. They should be highly motivated to improve their own abilities.
6. They should be capable of actively stating the opinion from the perspective of the whole company.
7. They should not fall under the grounds for disqualification of Audit & Supervisory Board Members stipulated in Article 335, paragraph 1 of the Companies Act.

(Appointment procedures)

1. Audit & Supervisory Board Members are to be appointed by resolution of the General Meeting of Shareholders, with Audit & Supervisory Board Member candidates proposed to the General Meeting of Shareholders to be selected by the Board of Directors.
2. In selecting Audit & Supervisory Board Member candidates, the Board of Directors makes the decision based on the selection criteria and the views on the composition, after the discussion by the Nomination Advisory Committee and the consent of the Audit & Supervisory Board.

## **Information Disclosure in accordance to the Corporate Governance Code**

(View on the composition)

1. To ensure its independence, outside Audit & Supervisory Board Members constitute the majority of members of the Audit & Supervisory Board, and at least one Audit & Supervisory Board Member is designated an Independent Executive as prescribed by the stock exchange.
2. Outside Audit & Supervisory Board Members are appointed as specialists in such areas as finance and accounting, law and management.
3. Full-time Audit & Supervisory Board Members are appointed from people with extensive experience at the Company, and one or more are appointed from those who possess considerable expertise in finance and accounting.