

Policy and Procedures for the Nomination of Director Candidates

When determining candidates for director, our policy is to nominate as director candidates those who, based on careful consideration of the following selection criteria—including gender, age, nationality, knowledge, experience, and abilities—can fully meet the trust entrusted by shareholders and faithfully fulfill their duties as directors.

1 Selection Criteria for Director Candidates

1. The individual must be in good physical and mental health.
2. The individual must possess character and insight suitable for a director.
3. The individual must have a strong sense of compliance.
4. The individual must have sufficient experience and knowledge related to the Company's business.
5. The individual must have excellent management decision-making skills and business execution capabilities.
6. In the case of outside director candidates, they must have extensive experience as a manager or have a proven track record and expertise as a professional in fields such as law, accounting, or finance.
7. Outside director candidates to be appointed as independent officers must meet the criteria for independence.

2 Nomination and Appointment Procedures for Director Candidates

Directors are appointed by resolution of the General Meeting of Shareholders. When nominating director candidates, the Board of Directors determines the candidates, taking into account the selection criteria and the approach to composition, based on recommendations from the Nomination and Remuneration Advisory Committee—which consists of the Representative Director and President and at least two independent outside directors.

3 Criteria for Dismissal of Directors

1. When it becomes difficult for the individual to continue performing their duties.
2. When the individual is deemed not to meet the selection criteria.
3. When the individual has engaged in acts contrary to public order and morals.
4. When the individual has significantly damaged corporate value due to neglect of their duties.

4 Procedures for Dismissal of Directors

The dismissal of directors shall be determined by resolution of the General Meeting of Shareholders. When proposing the dismissal of a director, the Board of Directors decides on the dismissal proposal, taking into account the dismissal criteria and based on a recommendation from the Nomination and Remuneration Advisory Committee, which consists of the Representative Director and President and at least two independent outside directors.

5 Procedures for Appointment and Dismissal of the President & CEO

1. With regard to the appointment of the President & CEO, the Board of Directors makes its decision based on a comprehensive evaluation of the candidate's past performance, abilities, and experience, and after receiving recommendations from the Nomination and Remuneration Advisory Committee, which consists of the President & CEO and at least two independent outside directors.
2. With regard to the dismissal of the President & CEO, the Board of Directors makes its decision based on a recommendation from the Nomination and Remuneration Advisory Committee, which consists of the President & CEO and at least two independent outside directors, taking into account the Company's business performance and the criteria for dismissal of directors.

6 Approach to the Composition of the Board of Directors

The Board of Directors as a whole is structured to fulfill its fiduciary responsibilities to shareholders, taking into consideration the balance of knowledge, experience, insight, and abilities, as well as the following views on diversity and size.

1. Size

From the perspective of ensuring the appropriate discharge of responsibilities, the Board of Directors (including Audit and Supervisory Committee members) will comprise 6 to 12 members, taking into account diversity as well as the balance of knowledge, experience, insight, and abilities.

2. Diversity

The Board of Directors is composed with consideration for various aspects of diversity, such as the appointment of new and reappointed members, internal and external members, gender, and international background. To further ensure the independence and transparency of oversight by the Board of Directors, at least two independent outside officers (including Audit and Supervisory Committee members) shall be appointed.

Policy and Procedures for the Nomination of Audit and Supervisory Committee Member Candidates

When determining candidates for Audit and Supervisory Committee members, our policy is to nominate those who are most suitable to fulfill the duties of an Audit and Supervisory Committee member, after obtaining the consent of the Audit and Supervisory Committee. This is done based on careful consideration of the importance of audits and the function of Audit and Supervisory Committee members in corporate management, as well as the character, insight, and the following selection criteria for each candidate.

1 Selection Criteria for Audit and Supervisory Committee Member Candidates

1. Possess excellent character and insight, a high sense of ethics, and extensive experience.
2. Have a company-wide perspective and the ability to supervise objectively.
3. Be able to proactively express opinions from a company-wide perspective.
4. Be able to accurately grasp changes in external environments, such as relevant regulations.

5. At least one member of the Audit and Supervisory Committee must have considerable knowledge of finance and accounting.
 6. Outside Audit and Supervisory Committee member candidates must meet the criteria for independence.
- 2 Nomination and Appointment Procedures for Audit and Supervisory Committee Member Candidates
- Audit and Supervisory Committee members are appointed by resolution of the General Meeting of Shareholders. When nominating candidates for Audit and Supervisory Committee members, the Board of Directors makes its decision, taking into account the selection criteria and approach to composition, based on a recommendation from the Nomination and Remuneration Advisory Committee—which consists of the Representative Director and President and at least two independent outside directors—and with the consent of the Audit and Supervisory Committee.
- 3 Approach to the Composition of the Audit and Supervisory Committee
- To ensure the independence of the Audit and Supervisory Committee, a majority of its members shall be outside Audit and Supervisory Committee members. Members are selected from among professionals with expertise in fields such as finance, accounting, law, and management, as well as individuals with extensive experience within the Company.