

Points at issue on the Board (2)

<From the perspective of “growth-oriented governance”>

○ Measures to secure the “independent and objective standpoint of the board”(Principle 4.3)

- It is important that independent directors fulfill effective functions in order for the board to enhance discussions on setting the strategic direction and to carry out oversight from an independent and objective standpoint.
 - What are the effective functions that independent directors should fulfill?
 - What should we consider the qualities that independent directors should have?
 - What should we consider the procedure for selecting and appointing independent directors?
- It is necessary to take measures to adequately provide information to independent directors. It is important to make better use of functions of meetings that are made up of only independent directors (executive sessions) and those of a lead independent director.
 - What measure is considered necessary to supply information for independent directors to fulfill their function? Furthermore, apart from taking measures to provide information, what kind of measures can be conceived so that independent directors can fulfill their functions effectively?
 - What kind of functions are executive sessions and lead independent directors expected to fulfill?
- Even though board meetings should discuss management strategies, decisions on daily operations are brought into the discussion. Therefore, it is necessary to consider ways to enhance the discussion (narrowing the agenda items, introducing “matters for deliberation” etc).
 - What should we consider the resolutions that should be focused on and deliberated at board meetings?
 - What should we pay attention to if we want to narrow the agenda items?
- With a focus on Companies with *Kansayaku* Board or Companies with Supervisory Committee, it is important to make use of optional advisory committees in relation to matters of nomination and remuneration, and

to take measures for the selection of committee chairperson and committee members.

- What kind of role can optional advisory committees fulfill for Companies with *Kansayaku* Board or Companies with Supervisory Committee to secure fairness and transparency in matters of nomination and remuneration?
 - What kind of specific measures can be conceived with regard to the selection of committee chairperson and committee members for such committees to function effectively?
- Evaluation of the effectiveness of the board is important to gain the understanding of shareholders with regard to the efforts made by companies to improve governance.
 - Considering the efforts of companies pertaining to the assessment of the board taken so far, what should we consider disclosures regarding specific methods and results of the assessment of the board.
 - From the viewpoint of securing the “independent and objective standpoint” of the board, it is important to separate oversight and execution (delegation of authority, etc). The CEO and the chairperson of the board should also be separated.
 - Under what kind of situations would it be considered desirable to separate oversight and execution or to separate the CEO and the chairperson of the board? In this regard, what kind of specific methods can we think of?

○ The ideal state of appointment/dismissal of CEO

- From the viewpoint of growth-oriented governance, the way of appointing the CEO is important, and it is also necessary to be able to dismiss the CEO, for example, when results are not forthcoming. It is important to have procedures that can guarantee objectivity, timeliness and transparency.
 - With regard to the appointment/dismissal of CEO, what kind of methods and means ,including the formulation of a successor plan, can be conceived to secure objectivity, timeliness and transparency?