

Issues to be discussed at today's Follow-up Council meeting

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Industrial Growth Platform, Inc.

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- It should be clarified that corporate boards, especially outside directors as their significant roles proactively and voluntarily should take part in dismissal of any dysfunctional CEO, nomination of a CEO successor, as well as prior selection and development of candidates, in order to continuously secure the objectivity, transparency and adequacy.
- The Corporate Governance Code should clearly articulate elimination of negative effects of domination of decision-making by former top management (so-called “OB Governance”).
- Internal/full-time kansayaku or audit committee member should not be considered as if it were a consolation prize for those who lost in a promotion race, but should be regarded as a successful career goal for those who have the appropriate expertise (in terms of both knowledge and experience). Internal/full-time members, who have a much higher ability to access internal information compared to part-time outside kansayaku or outside audit committee members, are in an advantageous position and, therefore, important in monitoring matters related to legality, which is a core duty of kansayaku or audit committee members. However, such a duty requires a very high level of expert knowledge and extensive experience in accounting, legal affairs, compliance, risk management, etc. which cannot be obtained in a short period of time. Nonetheless, too often, people without such qualification seek the position, and that is a serious problem for the effectiveness of “defensive governance.”