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Please accept my sincere apologies for not being able to attend the second meeting today. I would like to express the following opinions.

- The board composition should reflect an appropriate mix of relevant experience, skills and knowledge. Rather than just formally disclosing to investors a matrix of directors appointed from a variety of career backgrounds and fields of expertise, it is important to consider a portfolio of independent directors that suits the company's strategy and to be able to explain this to investors accordingly. In addition, it is desirable that there is a variation in years of service as director: for example, a combination of board members who have served as independent directors for a long time and become knowledgeable about the company, and relatively new members who monitor the company with a fresh pair of eyes. According to a survey, in appointing independent directors, many companies ask acquaintances of their corporate managers to assume the position. However, the nomination committee should also be involved in this process: the committee is expected to consider a portfolio of directors as mentioned above, and formulate and implement a medium-term succession plan.
- It is vital that the nomination committee, which comprises a majority of independent directors, fulfills its function in the appointment or dismissal of the CEO and the candidate selection process, and the committee needs to consider a long-term succession plan through a series of interviews with candidates. The remuneration committee, which comprises a majority of independent directors, also has an important role in considering a remuneration system with inbuilt incentives aligned with the short- to mid-term corporate strategy, and encouraging executive directors and executive officers to increase corporate value. The nomination and remuneration committees should regularly report on their activities to the board, so that the board as a whole effectively performs its function.
- With respect to sustainability, instead of just leaving it to the executive body, the board needs to have opportunities of discussing sustainability in the future, for example, by establishing a sustainability committee, and to oversee the business execution from the perspective of sustainability.
- It is important to encourage the disclosure of information about the diversity of directors and managers within the company. For example, it is desirable to facilitate disclosure of such information as the ratios of full-time female, foreign, and mid-career employees by age, as well as human resources development programs and working practices that ensure diversity, in order to improve corporate

management's awareness of these issues. The development of diverse human resources is an intangible investment. Based on such information, investors are expected to engage with companies from the viewpoint of increasing corporate value.

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