

Policies and Procedures for Election of Directors and Corporate Auditor

<Policy for nomination of Director candidates>

The Board of Directors of the Company, in working to follow the mandate of the shareholders, shall have responsibilities to respect corporate philosophy, promote sustainable corporate growth and the improvement of corporate value over the medium to long term, and enhance earnings power and capital efficiency. Concerning the election of Directors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

Inside Director

- 1) Must respect the corporate philosophy of the Company and embody these values.
- 2) Must possess abundant knowledge on domestic and international market trends concerning the Group business.
- 3) Must possess excellent competency in objective managerial judgment and business execution that contributes beneficially to the Group's management direction.

Outside Director

- 1) Must provide a guiding role in particular fields, such as corporate management, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
- 2) Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance and advice, and carry out supervision with respect to the inside Directors when deemed timely and appropriate to do so.
- 3) Must secure sufficient time to perform duties as an outside Director of the Company.

<Policy for nomination of Corporate Auditor candidates>

The Corporate Auditors, in working to follow the mandate of the shareholders, shall have responsibilities to strive to prevent occurrences of infringements of laws and regulations and the Articles of Incorporation and maintain and improve the soundness of the Group's management and its trust from society. Concerning the election of Corporate Auditors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

Inside Corporate Auditor

- 1) Must respect the corporate philosophy of the Company and embody these values.
- 2) Must maintain a stance of fairness and possess the capability to fulfill auditing duties.
- 3) Must have an overall grasp of the Group operations and be able to propose management tasks.

Outside Corporate Auditor

- 1) Must provide a guiding role in particular fields, such as corporate management, accounting, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
- 2) Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance, and carry out supervision with respect to the Directors from an objective and fair standpoint.
- 3) Must secure sufficient time to perform duties as an outside Corporate Auditor of the Company.

<Procedures for nomination of Corporate Officer candidates>

Concerning the nomination of candidates for Directors and Corporate Auditors, the Board of Directors will deliberate and decide after discussions in a meeting of the Nominating and Remuneration Committee.

As for candidates for Corporate Auditors, election propositions for the General Meeting of Shareholders must be approved by the Board of Corporate Auditors pursuant to stipulations in the Companies Act.

Independence Criteria for Outside Officers

To judge the independence of outside directors and outside corporate auditors as stipulated in the Companies Act, we check the requirements for independent directors and independent corporate auditors stipulated by the Tokyo Stock Exchange, Inc. as well as checking whether the following items apply.

- 1) A major shareholder of the Company (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Company (*1)
- 2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity (*2)
- 3) A major client of the Group or a person who executes business for such client (*3)
- 4) A person who executes business for a major lender of the Group (*4)
- 5) A senior partner or partner of the accounting auditor for the Company
- 6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other financial benefits exceeding ¥10 million in one business year other than officer compensations from the Company
- 7) A person/entity receiving contributions from the Group exceeding ¥10 million in one business year, or a person who executes business for such person/entity
- 8) A person to whom any one of (1) to (7) above has applied in the past three business years
- 9) Where any of (1) to (8) above apply to a key person, and his or her immediate relatives, which includes his or her grandparents, grandchildren, siblings, spouse and his or her grandparents, siblings and grandchildren (*5)
- 10) A special reason other than the preceding items that will prevent the person from performing their duties as an independent outside officers, such as the potential for a conflict of interest with the Company.

*1 A person who executes business means an executive director, executive officer, corporate officer, or other employee, etc.

*2 A person/entity for which the Group is a major client means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of the consolidated net sales of the client or ¥100 million.

*3 A major client of the Group means a client that makes payments to the Group amounting to at least the higher of either 2% of the Company's consolidated net sales or ¥100 million.

*4 A major lender of the Group means a lender named as a major lender in the Group's business report.

*5 A key person means a director (excluding outside directors), corporate auditor (excluding outside corporate auditor), executive officer, corporate officer, or other person in the rank of senior general manager or above, or a corporate officer corresponding to these positions.