PROPOSALS

1 Amend Articles
The board is submitting a proposal to amend the Articles of Association. It is proposing to elect Substitute Audit & Supervisory Board Members in preparation for the prospect of failing to meet the minimum number of the Audit & Supervisory Board Members required by laws and regulations. Acceptable proposal. Triodos support this resolution.

2.1 Elect Kimata Masatoshi
President. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors) Triodos oppose this resolution.

2.2 Elect Kubo Toshihiro
Executive Director. Acceptable Proposal.

2.3 Elect Kimura Shigeru
Executive Director. Acceptable Proposal.

2.4 Elect Ogawa Kenshirou
Executive Director. Acceptable Proposal.

2.5 Elect Kitao Yuuichi
Executive Director. Acceptable Proposal.

2.6 Elect Satochi Iida
Executive Director. Acceptable Proposal.

2.7 Elect Matsuda Yuzuru
Independent Non-Executive Outside Director.

2.8 Elect Ina Kouichi
Independent Non-Executive Outside Director.

3 Elect Masao Morishita
Independent Outside Corporate Auditor. Acceptable proposal.

4 Payment of Bonus to Directors/Corporate Auditors
The company proposes the payment of bonuses to directors and corporate auditors. Although shareholders are given an opportunity to vote at the Annual Meeting on whether bonus would be paid, the level of individual payment is unclear and is decided entirely by the board. However, the company does disclose that only internal directors will be able to benefit from this awards scheme and aggregate amount payable is disclosed. Acceptable proposal. Triodos support this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Elect Masao Morishita
The traditional governance structure for Japanese companies (Kansayaku) involves the appointment of corporate auditors. Large Japanese companies are required to form a board of corporate auditors with powers to examine board activities and oversee financial reports. Such companies are required by law to appoint at least three statutory auditors
to the corporate audit board. At least half the corporate auditors must qualify as ‘outsiders’. Beyond this legal minimum, it is considered to be best practice that boards of corporate auditors should be composed wholly of outsiders. New appointments are therefore considered in the context of their affect on the balance of independence where disclosure allows. It is considered that the corporate auditor board will be 66% independent following the Annual Meeting.
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