

# Procedures of Board of Director Meetings

(Note: This English translation is provided for reference only and might not exactly reflect the true meaning and full text of the original language.)

## 1 Purpose

To establish a well governing system for Board of Directors, develop monitoring functions and enhance management capability, these Rules are adopted pursuant to Article 2 of the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies”

## 2 Scope

The main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for Board of Directors meetings of the Company shall be conducted in accordance with the provisions of these Rules.

## 3 Convention and Meeting Notice of Board Meetings

- 3.1 The Board of Directors meetings of the Company shall be convened at least quarterly. The reasons for calling a Board of Directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.
- 3.2 The notice set forth in the preceding paragraph may be made by means of writing, electronic mail (E-mail) or facsimile.
- 3.3 All matters set out in each subparagraphs of Article 10 in these Rules, shall be specified in the notice of the reasons for calling a Board of Directors meeting; none of them may be raised by an extraordinary motion.
- 3.4 Meetings of the Board of Directors shall be held at the place and time of the Company's location and office hours or at such place and time as is convenient for the Directors to attend and appropriate for the holding of such meetings.

## 4 Meeting Notice and Meeting Materials

- 4.1 The Stock Affair unit is appointed by the Board of Directors of the Company as the agenda working group. The agenda working group shall prepare agenda items for Board of Directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting.
- 4.2 If the Directors consider the meeting materials to be insufficient, they may request the agenda working group for providing supplemental materials in advance. If the Directors consider meeting materials concerning any proposal to be insufficient during the meeting, the deliberation or resolution of such proposal may be postponed upon a resolution of the Board of Directors

## 5 Attendance Booklet and Proxies

- 5.1 When a Board meeting is convened, an attendance booklet shall be made ready for signature by Directors attending the meeting and thereafter made available for future reference.
- 5.2 All Directors shall attend Board meetings in person; if attendance in person is not possible, they may, pursuant to the Articles of Incorporation of the Company, appoint another Director to attend as their proxy. Attendance via video conference is deemed as attendance in person. In such a case, the Director shall send the document of signature for attendance via facsimile in lieu

of signing on the attendance booklet.

5.3 A Director appointing another Director to attend a Board meeting in his or her place shall in each case give to that Director a written proxy stating the scope of authorization with respect to the reasons for meeting.

5.4 A proxy under preceding paragraph shall not act as proxy for more than one Director.

## 6 Convening and notice of board meetings

6.1 Where a meeting of the board of directors is convened by the chairperson of the board, the meeting shall be chaired by the chairperson. When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. If no such designation is made by the chairperson, the directors shall select one person from among themselves to serve as chair.

6.2 However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

6.3 Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of this Corporation Act, the directors shall choose one person by and from among themselves to chair the meeting

## 7 Referencing Materials, Other Attendants and Convention of Board Meetings

7.1 The unit designated by the Board of Directors shall prepare meeting materials for Directors' reference anytime during the Board meeting.

7.2 Depending on the subject matters of proposed agenda, personnel of relevant departments or subsidiary may be invited to present at Board meetings. When necessary, certified public accounts, attorneys, or other professionals may be invited to the meetings as well. However, they shall leave the meeting when deliberation or voting takes place.

7.3 The chairperson shall call the meeting to order at the time scheduled for the meeting.

7.4 If half or more of the Directors are not present at the scheduled time for a Board meeting, the chairperson may postpone the time of the meeting, provided that only two postponements may be made. If the quorum is still not met after two such delays, the chairperson shall re-convene the meeting by following the procedures provided in Article 3.

## 8 Content of the Agenda

Content of the agenda for regular Board meetings shall include at least the following:

### 8.1 Report items:

8.1.1 Minutes of the last meeting and actions arising.

8.1.2 Reporting on important financial and business matters.

8.1.3 Reporting on internal audit activities.

8.1.4 Other important matters to be reported.

### 8.2 Discussion items:

8.2.1 Items discussed and continued from the last meeting.

8.2.2 Items for discussion at this meeting.

8.3 Extraordinary motions.

9 Discussion of Proposals

9.1 A Board meeting shall be conducted in accordance with the order of agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of Directors present at the meeting.

9.2 With respect to the scheduled agenda items and extraordinary motions mentioned in the preceding paragraph, the chairperson shall not announce adjournment of the meeting without the approval of a majority of Directors present at the meeting.

9.3 At any time during the proceeding of a Board meeting, if the number of Directors present at the meeting becomes less than half of the Directors originally attending the meeting, the chairperson shall announce a suspension of meeting upon a motion made by any Director present at the meeting; in which case, Article 7.4 of these Rules shall apply mutatis mutandis.

10 Matters Shall be Submitted to Board Meetings for Discussion

10.1 The Company's business plans.

10.2 Annual financial reports or with the exception of semi-annual financial reports which, under relevant laws and regulations, need be audited and attested by a certified public accountant (CPA).

10.3 Adoption or amendment of an internal control system pursuant, and an assessment of the effectiveness of the internal control system.

10.4 Adoption or amendment the procedure of acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.

10.5 The offering, issuance, or private placement of any equity-type securities.

10.6 The election or discharge of the chairman of the board of directors.

10.7 The appointment or discharge of a financial, accounting, or internal audit supervisor.

10.8 A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition.

10.9 Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a Shareholders' Meeting or Board of Directors meeting, or any such significant matter as may be prescribed by the competent authority.

10.10 At least one Independent Director shall attend each Board meeting in person; In the case of a meeting concerning any matter required to be submitted for a resolution by the Board of Directors under paragraph 1, each Independent Director shall attend in person. If an Independent Director is unable to attend in person, he or she shall appoint another Independent Director to attend as his or her proxy. If an Independent Director expresses any objection or reservation about a matter, it shall be recorded in the Board meeting minutes. An Independent Director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

11 Vote

11.1 The chairperson may announce the discussion closed and bring the matter to a vote if the

chairperson at a Board meeting is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote. Resolutions shall be deemed adopted if no objection is voiced by any of the attending Directors after solicitation by the chairperson. If objection is voiced after inquiry by the chairperson, such resolution shall be brought to a vote.

11.2 Voting shall be for the proposals set out in the Board Meeting.

11.3 "All Directors present at the meeting" in Article 11.1 does not include Directors prohibited from exercising voting rights pursuant to Article 13.

11.4 The method of voting shall be one of the following as determined by the chairperson:

11.4.1 By showing of hands or voting machines.

11.4.2 By roll call vote.

11.4.3 By casting ballots.

11.4.4 By method selected by the Company. "All Directors present at the meeting" in paragraph 2 does not include Directors prohibited from exercising voting rights pursuant to paragraph 1 of Article 15

## 12 Vote Monitoring, Ballots Counting

12.1 Except as otherwise stated in the Securities and Exchange Act or in the Company Act, a resolution on a matter at a Board meeting requires the approval of a majority of the Directors present at the meeting that shall be attended by a majority of all Directors.

12.2 If there is an amendment to or substitute for a proposed resolution, the chairperson shall decide the sequence of voting for such proposed resolution and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is required.

12.3 If a vote on a proposal requires person(s) to monitor the voting process and counting the ballots, the chairperson shall appoint such personnel; however, all monitoring personnel shall be Directors.

12.4 The result of voting shall be announced at the meeting and placed on record.

## 13 The Recusal of Conflict-Interested Directors

13.1 If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of this Corporation, except for stating opinions and answering inquiries, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

13.2 Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.

13.3 For a director who is prohibited from exercising his or her voting rights under this point, the resolution of the board of directors shall not be counted as the number of voting rights of the directors present, but such director shall still be counted as a quorum present at that meeting.

## 14 Meeting Minutes and Items to be Signed

The resolutions of every Board meeting shall be recorded in the meeting minutes. The meeting minutes shall record the following:

- 14.1 The term (or year), place, and time of the meeting.
  - 14.2 The name of the chairperson.
  - 14.3 The attendance situation of the Directors, including the names and numbers of those who are present, on leave, and absent.
  - 14.4 The names and titles of the other attendants.
  - 14.5 The name of minute taker.
  - 14.6 Report items.
  - 14.7 Discussion items: the voting method and the result of each proposal; a summary of comments made by the Directors, experts, and other personnel; the names of the Directors that disclosed a conflict of interest under paragraph 1 in Article 13 of these Rules, a summary of the nature of the conflict of interest, the reasons why the Director was required or no required for entering recusal, and the circumstances of recusal; any dissenting or preservation opinion expressed at the meeting included in records or stated in writing; and any written statement provided by the Independent Directors pursuant to Articles 13 of these Rules.
  - 14.8 Extraordinary Motions: the names of the persons proposing the extraordinary motions; the voting method and the result of each proposal; a summary of comments made by the Directors, experts, and other personnel; the names of the Directors that disclosed a conflict of interest, a summary of the nature of the conflict of interest, the reasons why the Director was required or no required for entering recusal, and the circumstances of recusal; any dissenting or preservation opinion expressed at the meeting included in records or stated in writing.
  - 14.9 Other matters required to be recorded.
  - 14.10 The minutes of a Board meeting shall bear the signatures or seals of both the meeting chairperson and the minute taker; a copy of the minutes shall be distributed to each Director within 20 days after the meeting and well preserved as important records of the Company during the existence of the Company. If the independent directors have any objections or reservations to the resolutions of the Board of Directors' meeting, shall be stated in the meeting minutes and within two days of the meeting be published on the website of the Market Observation Post System.
  - 14.11 The production and distribution of the meeting minutes may be done in electronic form.
- 15 The Company shall record on audio or video the entire proceedings of a Board meeting, and preserve the recordings for at least five years, in electronic form or otherwise.
- 15.1 If any litigation arises in connection with a resolution of a Board of Directors meeting before the end of the preservation period referred to in the preceding paragraph, the relevant audio or video record shall continue to be preserved until the litigation is concluded, which the provision in preceding paragraph shall not be applicable.
  - 15.2 Where a Board meeting is held via video conference, the video record shall be a part of the meeting minutes and shall be preserved during the existence of the Company.
- 16 The Delegation Principal of Board of Directors
- Except the matters referred to in this procedure which are required for proposing to the Board of Directors for discussion, the Board of Directors of the Company may authorize the Chairman to

exercise its powers pursuant to the Articles of Incorporation of the Company during the suspension of Board of Directors meeting, the substances of the delegation are set forth in the following:

- 16.1 Powers and functions delegated by the Board of Directors as provided by law
  - 16.2 The Company's "Rules Governing the Delegation of Authority and Proxy System" and related management regulations provide for the delegation of authority.
  - 16.3 In accordance with the Company's management rules, systems and regulations
  - 16.4 Review of the Company's accounting system, financial position and financial reporting process
  - 16.5 Approval of acquiring and disposing of the regular property, handling significant financial transactions such as derivative transactions, loans of funds to others, and endorsements or guarantees for others.
  - 16.6 To evaluate the qualifications of the Company's certified public accountants and to nominate suitable candidates
  - 16.7 Appraisal of internal auditors' performance.
  - 16.8 Evaluation of the Company's internal control
  - 16.9 To assess, examine and monitor the existence or potential risks of the Company
  - 16.10. Review the Company's compliance with legal regulations.
  - 16.11 Review the transactions described in Article 13 that involve conflicts of interest of directors and should be recused from the exercise of voting rights, especially transactions with significant related parties, acquisition or disposal of assets, engaging in derivative transactions, lending funds to others, endorsing or providing guarantees for others, and establishing investment companies for investment purposes.
  - 16.12 Apply to the financial institutions for loan, guarantee, and acceptance.
  - 16.13. Lend funds to others or endorse guarantees for others within the limits specified in the Procedures for the Lending of Funds to Others or the Procedures for the Endorsement of Guarantees, and to conduct transactions in accordance with the limits specified in the Procedures for the Acquisition or Disposal of Assets, and to report the implementation status to the Board of Directors.
  - 16.14 Other powers and duties delegated by the Board of Directors to the Chairman
- 17 Any amendment of this Rules and Procedures shall be reviewed by Audit Committee and approved by Board of Directors