

## **Policy for Election and Removal of Directors and Senior Executive Officers**

### **Article 1 (Purpose)**

This policy stipulates the basic policy and requirements to implement the election/removal or appointment/dismissal of Directors, Representative Executive Officers, and Senior Executive Officers (hereinafter collectively referred to as "Directors and Senior Executive Officers").

### **Article 2 (Basic Policy)**

We will appoint Directors and Senior Executive Officers who can contribute to the sustainable development of the KITZ Group and the improvement of corporate value and social value over the medium to long term and who meet the requirements stipulated below.

### **Article 3 (Requirements for Consideration)**

We will, in principle, decide on the composition of the Board of Directors and implement the election/appointment and removal/dismissal of Directors and Senior Executive Officers based on the requirements listed below:

#### **1. Requirements to decide the composition and other matters of the Board of Directors and Committees**

- (i) We will establish the size of the Board of Directors, which is appropriate for fulfilling its roles and responsibilities, with Board Members selected based on their knowledge, experience, skills, expertise, gender, international background, career history and age, ensuring a balanced representation.
- (ii) At least one-third of the Board of Directors will be independent outside directors.
- (iii) The statutory Nominating Committee, Audit Committee, and Compensation Committee, as well as any committees established by the Board of Directors (statutory committees and voluntary committees are hereinafter collectively referred to as the "Committees"), will be composed of at least three members, the majority of whom are Outside Directors.
- (iv) The chairpersons of the Committees will be elected from among the Outside Directors.
- (v) At least one member with experience and knowledge of financial accounting will be elected for the Audit Committee.

#### **2. Requirements for Directors, Representative Executive Officers, and Senior Executive Officers**

##### **(1) Requirements for all Directors**

- (i) Possess an excellent personality and insight, have excellent management sense, and be familiar with a variety of management issues.
- (ii) Possess a high sense of compliance and ethics to comply with laws and regulations, the Action

Guide, and internal and external norms.

- (iii) Possess integrity that earns the trust of customers, business partners, shareholders, local communities, employees, and other related parties by understanding and putting into practice the raison d'être of the KITZ Group, the KITZ' Statement of Corporate Mission, Long-term Management Vision, and Action Guide.
- (iv) From the Group-wide perspective, possess excellent objective analysis and decision-making abilities in order to improve sustainable corporate value and social value over the medium to long term, taking into account the medium- to long-term management policies, and business characteristics.
- (v) In addition to expressing approval or disapproval at the Board of Directors meeting, possess the ability to make objective judgments, logical thinking, insight, and foresight, and be able to contribute to improving the quality of discussions at the Board of Directors.
- (vi) Possess experience in a leadership role, extensive practical experience, or outstanding practical experience and knowledge in one or more of the following fields:
  - 1. Corporate management, 2. Global experience, 3. Governance, 4. Legal affairs,
  - 5. Risk management, 6. Sustainability (ESG), 7. Internal control, 8. Audit,
  - 9. Fiscal/Accounting/Tax/Finance strategies, 10. Manufacturing/Quality,
  - 11. Innovation, 12. Digital transformation, 13. Engineering development,
  - 14. M&A/Investment, 15. Business transformation, 16. Sales/Marketing, 17. Personnel/Human resource development,
  - 18. Others
- (vii) Possess a sound sense of balance to predict and understand the risks which may occur now or in the medium or long run in and out of the company, and take proactive, appropriate and drastic measures to handle them for further growth of the company, while being prepared for the risks which may become out of hand by taking precautions to avoid or mitigate the damage to the minimum.
- (viii) Possess the ability to respond accurately and quickly to unforeseen situations, such as various accidents, obstacles, and disputes that suddenly occur during disasters and operations.
- (ix) Do not fall under any of the grounds for disqualification of a Director as stipulated by laws and regulations.

## **(2) Requirements for Internal Directors**

- (i) In principle, do not concurrently serve as a full-time officer of any other corporation other than our Group companies.
- (ii) Possess extensive knowledge and experience regarding the management of the KITZ Group.

**(3) Requirements for Outside Directors**

- (i) In principle, in addition to meeting the requirements for Outside Directors stipulated by laws and regulations, meet the independence standards for independent officers stipulated by the Tokyo Stock Exchange and the Independence Standards for Outside Directors stipulated by the Company.
- (ii) In principle, in addition to not being an Executive Director, Senior Executive Officer, Executive Officer, or Full-Time Auditor of another listed company or equivalent, do not concurrently serve as an outside officer for more than four companies, including KITZ and others.
- (iii) Possess extensive experience in corporate management or a specialized field.
- (iv) Possess the ability to understand the essential issues and risks for the KITZ Group.
- (v) Be able to provide opinions, suggestions, and appropriate supervision for problem-solving from the independent and diverse perspectives.
- (vi) Be able to make objective management decisions and provide advice and support for the medium- to long-term sustainability and growth of the KITZ Group.

**(4) Requirements for all Senior Executive Officers**

- (i) Possess extensive experience and insight in industry trends surrounding the KITZ Group, related regulations, business models, and each specialized field.
- (ii) Possess the ability to exercise strategies, organizational management skills, good judgment and decisive decision-making. While being able to oversee the operation, lead and control vibrant management and operation by effectively carrying out organizational power in order to implement management strategies.
- (iii) Possess the qualities to become a role model for employees and to be a goal for them to reach by demonstrating a strong commitment to the basics and a flexible response to change.
- (iv) Possess a sound sense of balance to predict and understand the risks which may occur now or in the medium or long run in and out of the company, and take proactive, appropriate and drastic measures to handle them for further growth of the company, while being prepared for the risks which may become out of hand by taking precautions to avoid or mitigate the damage to the minimum.
- (v) Possess the ability to respond accurately and quickly to disasters and unforeseen situations, such as various accidents, obstacles, and disputes that suddenly occur during business.
- (vi) Possess the ability to conduct free and lively discussions and provide constructive opinions and suggestions at the Board of Senior Executive Officers meetings and Management Conference and be able to comprehensively view the business strategy, business environment, and management resources throughout the Group to formulate consistent business strategies.
- (vii) Possess the ability to organize, maintain, and modify an effective organization that carries out

management strategies.

- (viii) Be able to develop human resources who will lead the future management team and organization for the future development of the KITZ Group.
- (ix) Possess a high sense of compliance, ethics and the ability to establish the compliance system, the internal control system and the risk management system for their implementation.
- (x) In addition to the above requirements, possess the qualities required for a Senior Executive Officer in charge of management and execution of operation.
- (xi) Do not fall under any of the grounds for disqualification of a Senior Executive Officer as stipulated by laws and regulations.
- (xii) In principle, do not concurrently serve as a full-time officer of any corporation other than our Group companies that meets the requirements for Internal Directors under this policy.

#### **(5) Requirements for Representative Executive Officers**

- (i) Possess good business management abilities (problem-solving ability, judgment, extensive business insight, ability to drive innovation, and other abilities).
- (ii) Possess the boldness necessary for a manager to take a full commitment to boost the corporate and social value of the Company without constantly avoiding taking risks.
- (iii) Possess the ability to detect changes in the business environment, find the direction for the company to take, and plan and implement the strategies for the entire Company on a global level in a medium- and long-term perspective.
- (iv) Have a perspective that is not bound by common sense or past practices in the industry or organization and possess the ability to inspire the entire organization and change the organization toward realizing its ideal state.
- (v) In order to make the Company a sustainable corporation, continuously grow and improve corporate value and have a strong belief and orientation towards sustainability management, which solves social issues and creates social value.
- (vi) Possess excellent humanity (brightness, diligence, logical thinking, enthusiasm, flexibility, emotional control, tolerance, and consideration).
- (vii) Possess excellent leadership skills (foresight, ability to set constructive goals, ability to create results that exceed targets, judgment, leadership, communication skills, and ability to lead to results by securing highly capable human resources and organizing an organization).

#### **Article 4 (Procedures for Nomination, Election, Removal, Appointment, and Dismissal of Candidates for Directors and Senior Executive Officers)**

In accordance with the procedures listed below, we will conduct nomination, election, and removal of candidates for Directors, Senior Executive Officers, and Representative Executive Officers, as well

as appointment and dismissal of members and chairpersons of the Committees:

**(1) Nomination and election of Director candidates**

- (i) The Nominating Committee will decide on the nomination of Director candidates and the proposal for the nomination of the candidates as an item on the agenda for a general meeting of shareholders.
- (ii) Directors will be elected at a general meeting of shareholders.

**(2) Appointment of members and a chairperson of Committees**

Members and a chairperson of the Committees will be appointed by a resolution of the Board of Directors in light of the reports regarding candidate nominations from the Nomination Committee following a request from the Board of Directors.

**(3) Nomination and election of Senior Executive Officer candidates**

Senior Executive Officers will be elected by a resolution of the Board of Directors in light of the reports regarding candidate nominations from the Nomination Committee.

**(4) Nomination and appointment of Representative Executive Officer candidates**

Representative Executive Officers will be appointed from among Senior Executive Officers by a resolution of the Board of Directors in light of the reports regarding candidate nominations from the Nomination Committee.

**(5) Removal and Dismissal of Directors and Senior Executive Officers, etc.**

- (i) In the event that any of the following matters occurs to a Director, the Nominating Committee will decide on the proposal for the dismissal of the applicable Director as an item on the agenda for a general meeting of shareholders.
  - 1) When the person no longer meets any of the appointment standards or requirements listed in this policy during the term of office.
  - 2) When the person has committed an act that violates public order and morals.
  - 3) When it becomes clear that the person has committed an act that threatens to undermine the Company's management foundations or significantly impairs the interests of shareholders.
  - 4) When it is recognized that the person is not fully performing functions for such reasons as the neglect of duties.
- (ii) In the event that any of the matters listed in the items of the preceding paragraph occurs to a member or chairperson of the Committees, such person will be dismissed by a resolution of the Board of Directors in light of the reports regarding the dismissal of the member or chairperson

from the Nominating Committee following a request from the Board of Directors.

- (iii) In the event that any of the matters listed in the preceding paragraph occurs to a Senior Executive Officer or Representative Executive Officer, such person will be removed by a resolution of the Board of Directors in light of the reports from the Nomination Committee following a request from the Board of Directors.

**Article 5 (Establishment, Modification, Revision and Abolition of This Policy)**

The establishment, modification, revision, or abolition of this policy will be carried out by the Board of Directors.