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THE AUDIT & SUPERVISORY BOARD MEMBERS: A BRIEF INTRODUCTION

Japan Audit & Supervisory Board Members Association (JASBA)

TABLE OF CONTENTS

1. Introduction

1-1 About the Audit & Supervisory Board Members

1-2 Self Introduction

2. Function and Responsibility

2-1 Illustration of a Company with an Audit & Supervisory Board Members

2-2 Three types of Audits

2-3 Powers, rights and obligations

3. Activities of the Audit & Supervisory Board Members

3-1 Activities of the Audit & Supervisory Board Members

(Roles regarding misconduct and wrongdoing within the company)

1. Introduction

1-1 About the Audit & Supervisory Board Members

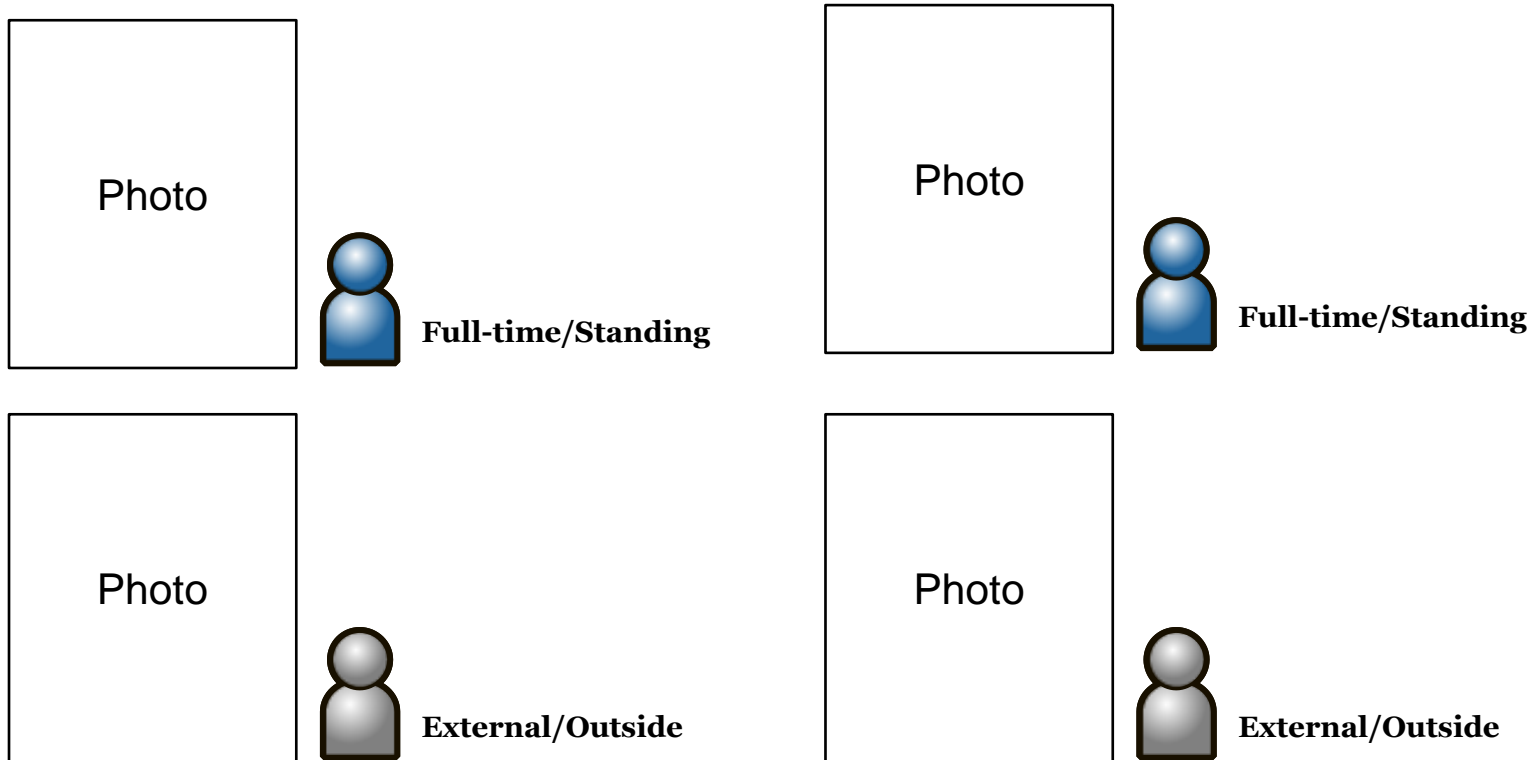
- Appointed by shareholders and independent from the Board of Directors.
- Each member is expected to perform his/her roles individually.
- To audit and supervise the execution of duties by directors.

***Duties of directors include monitoring subsidiaries.
Therefore the Audit & Supervisory Board Members are authorized to see operations of subsidiaries.***

- The Audit & Supervisory Board is a corporate body authorized by laws of Japan.

1-2 Self Introduction

Existence of various types of Members enables supervision from different angles.



Full-time/Standing -one or more

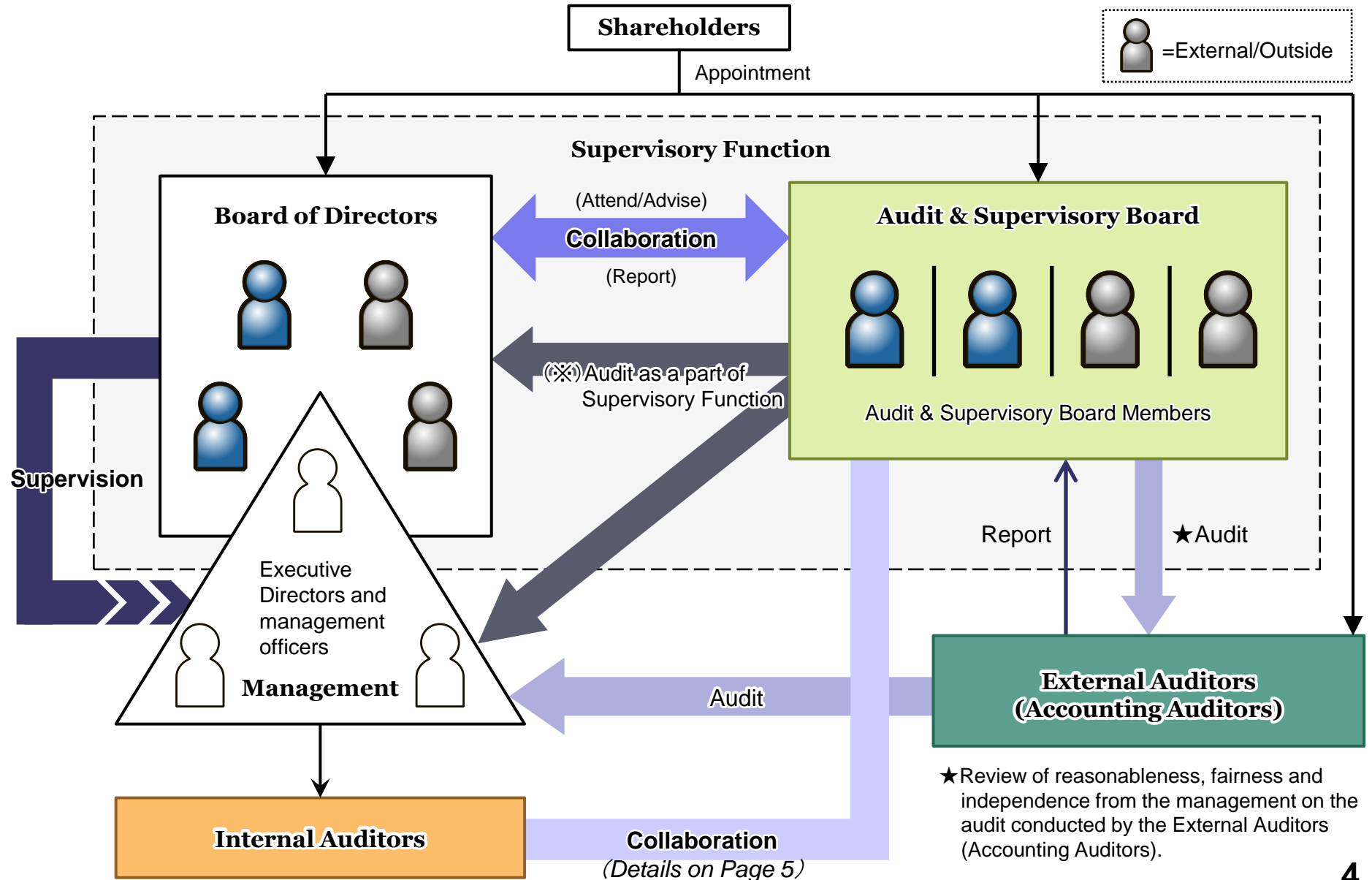
- Spend main part of their working time to perform their duties as Members.
- Get information on the operation and affairs of the company.

External/Outside -half or more

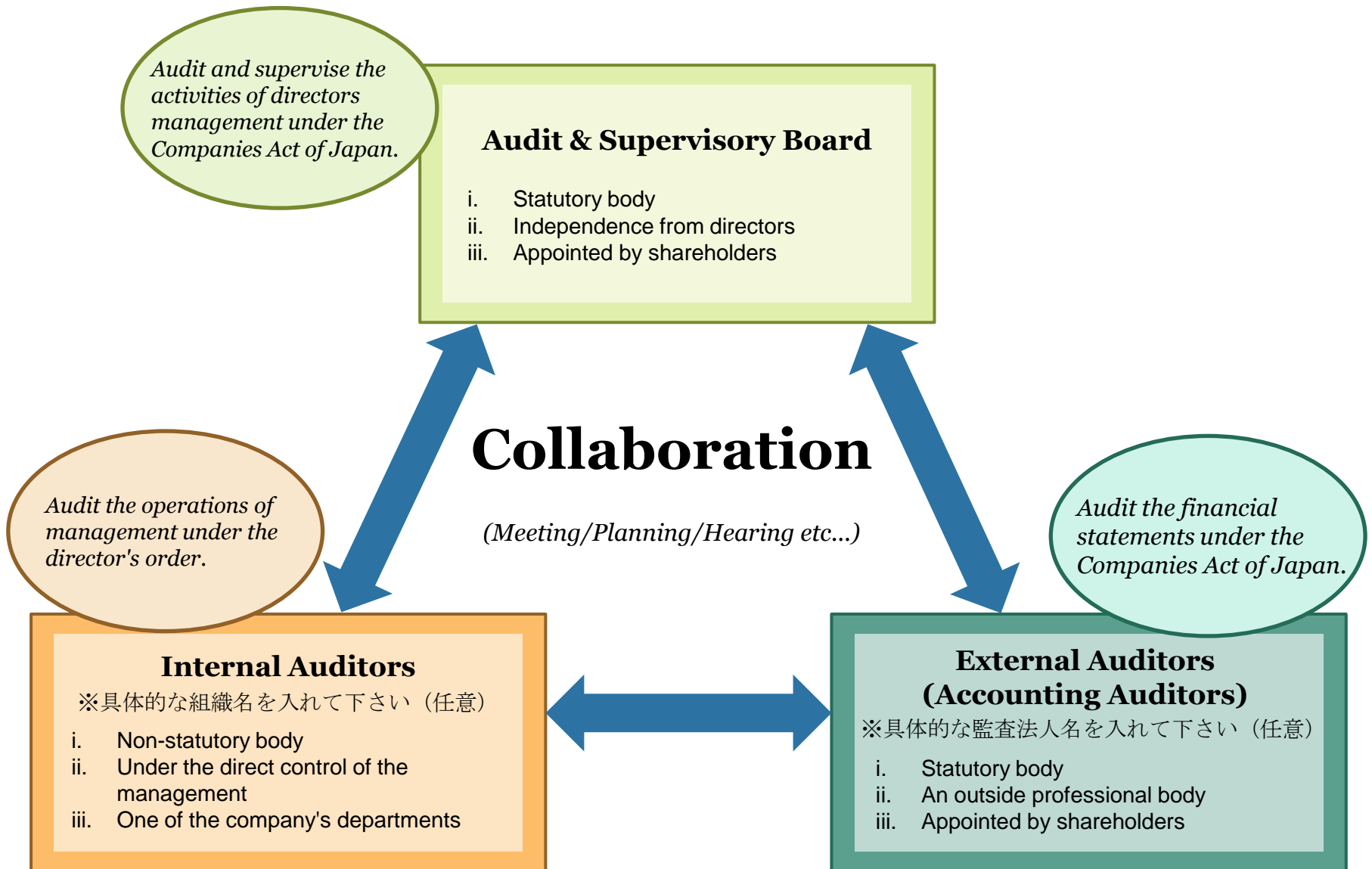
- Independent from the company's management.
- Neutral and fair assessment is expected.

2. Function and Responsibility

2-1 Illustration of a Company with an Audit & Supervisory Board Members



2-2 Three Types of Audits



2-3 POWERS, RIGHTS AND OBLIGATIONS

Research & Investigation

- to order officers and employees to report operations and affairs of the company.
- to investigate operations, financial status and affairs of the company/subsidiaries.

Actions on operation of the company

- to attend and express their opinions at the meeting of the Board of Directors.
- to seek an injunction against an act by the directors if certain requirements are satisfied.

Actions on external auditors

- to order the external/accounting auditors to submit final/interim report on their audit.
- to propose to the shareholders meeting on appointment of the external/accounting auditors.
- to consent to the directors on fee for the external/accounting auditors.

Reporting

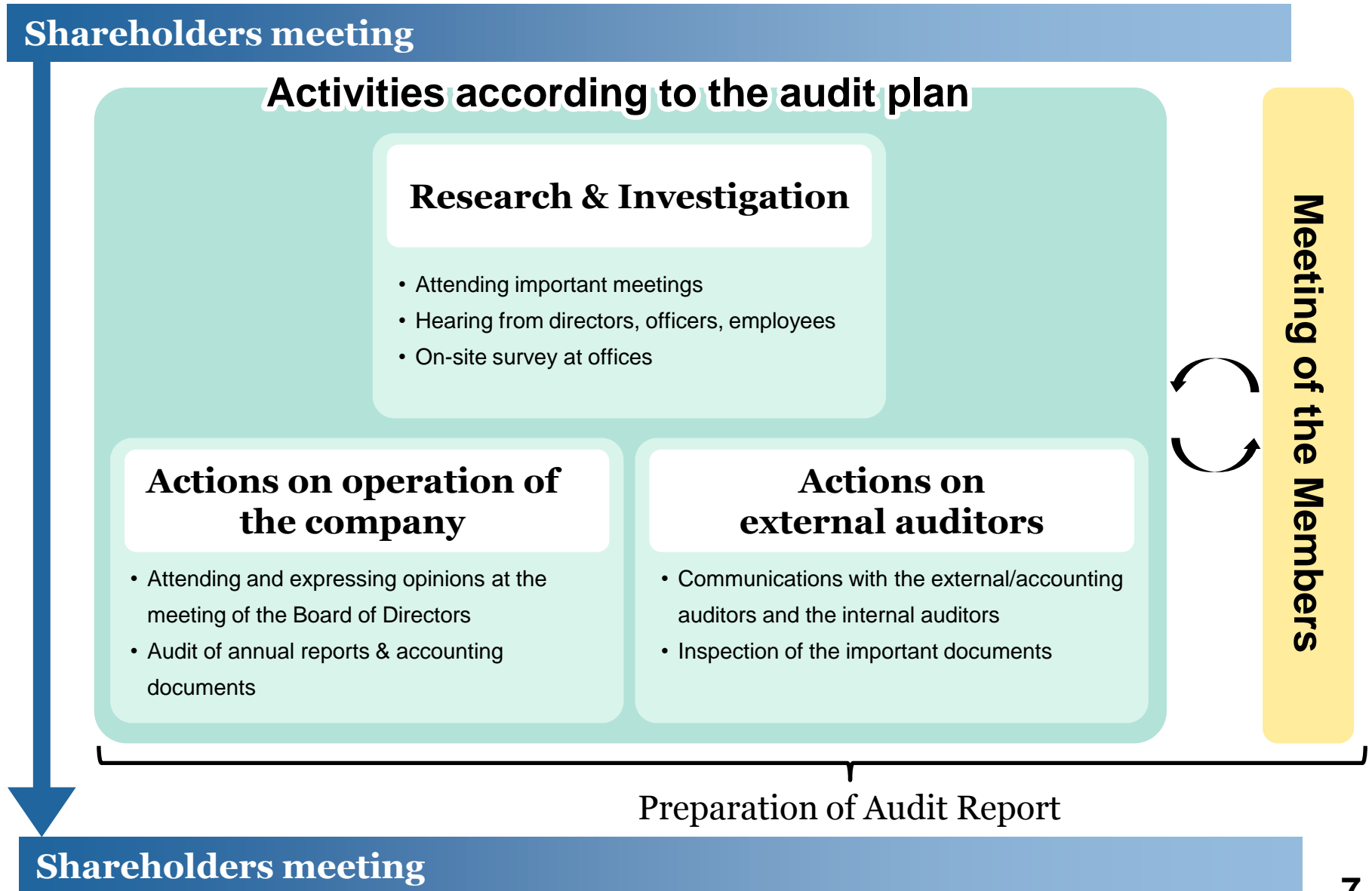
- to submit and explain their audit report at the shareholders meeting.
- to report the result to the shareholders meeting if any violation of laws/regulations/constituent documents, or any material injustice of proposal/related materials of the shareholders meeting.

Legal action against Directors

- to examine and judge the reasonableness of a request by a shareholder to take legal action against a director or directors for their breach of duty of care and/or fiduciary duty to the company.
- if it's considered reasonable, to take legal action against them as a representative of the company.

3. ACTIVITIES OF THE AUDIT & SUPERVISORY BOARD MEMBERS

3-1 ACTIVITIES OF THE AUDIT & SUPERVISORY BOARD MEMBERS



(ROLES REGARDING MISCONDUCT AND WRONGDOING WITHIN THE COMPANY)

