

Japan Smaller Capitalization Fund, Inc.

Nominating Committee Charter

I. Background

This Charter has been adopted by the Board of Directors of Japan Smaller Capitalization Fund, Inc. (the “Fund”), including at least a majority of the Independent Directors of the Fund.¹

II. Organization

This Section II describes the organization and governance functions of the Nominating Committee (the “Committee”).

A. Composition of the Committee

The Committee shall be composed solely of all of the Independent Directors.

B. Chair; Functions of the Chair

The Chair of the Committee (the “Chair”) shall be selected by a majority vote of the Independent Directors. The Chair shall have the following responsibilities:

(1) The Chair shall preside at all meetings of the Committee and shall be responsible for preparing meeting agendas.

(2) The Chair will report to the Board of Directors on the Committee’s recommendations on applicable resolutions and on any important actions by the Committee.

C. Meetings and Procedures of the Committee

(1) The Committee may determine its own rules of procedure, which shall be consistent with the Certificate of Incorporation of the Fund, the By-laws of the Fund and this Charter. The Committee shall meet at least once annually and at such dates and times as called by the Chair.

(2) A majority of the members of the Committee, present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other, shall constitute a quorum.

(3) The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Fund.

¹ Independent Directors are those who satisfy the following criteria: (a) each shall not be an “interested person” of the Fund, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, and (b) each shall otherwise satisfy the applicable independence requirements for any stock exchange on which Fund shares are listed.

D. Purpose and Actions of the Committee

The Committee shall have the authority to carry out its duties and responsibilities as set forth in this Charter and the By-laws of the Fund.

The Committee is responsible for the process of identifying, evaluating, selecting, appointing and/or nominating Independent Directors to fill vacancies among the Independent Directors. The Committee is also responsible, as required by the Fund's Charter and By-laws, and by the provisions of the Investment Company Act of 1940, for nominating those Independent Directors to be included as nominees of the Board of Directors in the proxy materials for the Fund.

In seeking to identify candidates it believes are highly qualified to serve as Independent Directors of the Fund, the Committee may consider Independent Director candidates recommended by Fund shareholders, taking into account the same criteria applied to candidates identified by the Committee. In evaluating a candidate recommended to the Committee by Fund shareholders, the Committee will take into account the objectives of the shareholder in submitting the candidate's name for nomination and whether or not such objectives are consistent with the interests of all shareholders.²

E. Qualifications of Independent Directors

The Committee has adopted the following criteria for selecting and appointing Independent Directors to fill vacancies among the Independent Directors:

- (1) The candidate must not be an "interested person" of the Fund and shall be "disinterested" in terms of both the letter and spirit of the Investment Company Act of 1940.
- (2) The candidate must have the integrity, independence of mind and personal qualities to fulfill the fiduciary duties of an Independent Director of the Fund and to protect the interests of Fund shareholders.
- (3) The candidate must have substantial expertise, experience or relationships relevant to the business of the Fund, and/or knowledge of investments and finance. Knowledge of and experience in the Asia Pacific region are desirable attributes.
- (4) The candidate should add to the balance of knowledge, experience, skills, expertise and diversity of the Board of Directors as a whole.
- (5) At least one Independent Director must qualify as an "audit committee financial expert", as such term is defined in Item 401 of Regulation S-K and as further specified in the Audit Committee Charter of the Fund.

² The criteria will be updated consistent with the By-laws of the Fund, as they may be amended, and take into account the application of the SEC's proxy access rules.

(6) The candidate should have the ability to attend four in-person regular meetings per year and to be available to participate by teleconference in meetings of the Committee and periodic special meetings of the Fund which may be called upon short notice. The candidate should also be willing and able to travel to Asia to meet with portfolio management teams and investment officials employed by the investment managers for the Fund.

(7) An Independent Director may serve up to the age of 75. An Independent Director may continue to serve if, in the judgment of the Nominating Committee, he or she continues to meet all of the criteria established above and is able to participate fully in meetings of the Board of Directors and carry out his or her responsibilities as an Independent Director of the Fund.

F. Other Responsibilities of the Committee

(1) Review periodically the size and composition of the Board of Directors as a whole and recommend, if necessary, measures to be taken so that the Board of Directors reflects the appropriate size, balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of Independent Directors required by law.

(2) Periodically review Independent Director compensation, and recommend to the Board any changes deemed by the Committee to be appropriate.

(3) Be responsible for oversight of Independent Director administrative matters, such as expense reimbursement policies and compensation for attendance at meetings, conferences and other events.

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