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## Maxell Holdings, Ltd.

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President and Representative Director

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Securities Code: 6810

<https://www2.maxell.co.jp/>

The corporate governance of Maxell Holdings, Ltd. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views [updated]

At the Maxell Group (the “Group”), one of the basic management policies is to enhance the Group’s corporate value over the medium- to long-term through the implementation of management measures that reflect the viewpoints of all stakeholders, including shareholders and other investors, customers, and employees. Accordingly, the Group endeavors to reinforce its corporate governance by expediting both management decision making and business execution, while simultaneously strengthening oversight systems.

The Company has established the Corporate Governance Guidelines that provide the basic views and basic policies concerning the corporate governance of the Group, which are posted on the Company’s website. (Corporate Governance Guidelines: <https://www2.maxell.co.jp/ir/governance/>)

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company has implemented all of the principles of the Corporate Governance Code.

### [Disclosure Based on the Principles of the Corporate Governance Code] [updated]

#### [Principle 1-4. Cross-Shareholdings]

The Company sets forth the policy on cross-shareholdings of listed companies as follows and handles shares held by the Company as cross-shareholdings in accordance with such policy.

- (1) The Company holds shares as cross-shareholdings for the purpose of the enhancement of its corporate value over the medium- to long-term through the maintenance and reinforcement of business relationships.
- (2) The Company regularly examines the purpose, medium- to long-term economic rationality, future prospects, etc., of major cross-shareholdings and carries out a review including deliberation involving the Board of Directors with regard to the sale of such shares.
- (3) The Company appropriately exercises its voting rights upon comprehensive consideration of whether or not the proposal contributes to the enhancement of corporate value of the issuing company and the Group over the medium- to long-term.

Based on the policy, relating to whether or not to hold each individual shareholding, the Company regularly assesses significance of the shareholdings based on quantitative and qualitative criteria at the Board of Directors. The Company examines the significance by considering comprehensively from the point of economic rationality, whether the returns including profits relating to customers and dividend income exceed the cost of capital as quantitative criteria, and from the point of keeping efficient business relationship with customers and growth potential as qualitative criteria.

[Principle 1-7. Related Party Transactions]

At the Company, competitive transactions and conflict-of-interest transactions between the Company and the Company's directors or other related parties shall require prior approval of the Board of Directors. Related party transactions shall be regularly reported to the Board of Directors and disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act, and applicable laws and regulations, as well as regulations prescribed by the Tokyo Stock Exchange.

[Principle 2-6. Roles of Corporate Pension Funds as Asset Owner]

Corporate pension fund plan of the Company has transitioned to defined contribution pension fund plan since April 2015. And the previous defined benefit pension fund is managed by Maxell Pension Fund as closed pension fund.

For the management of Maxell Pension Fund, in order to perform the expected roles as an asset owner, the Company allocates personnel with appropriate qualifications who have work experience in finance & accounting and human affairs, etc., and implements systematic monitoring through regular reports, etc. from the board of representatives.

Also, as the trust assets are invested by multiple asset management institutions, and by entrusting the selection of each investment destination and exercise of voting rights to each asset management institution, the Company prevents conflict of interests between beneficiaries of corporate pension and the Company.

[Principle 3-1. Enhanced Information Disclosure]

- (1) Company objectives (e.g., business principles), management strategy and management plan  
The Company's management philosophy, management strategy, and management plan are disclosed in integrated reports and on the Company's website in addition to securities reports.
- (2) Basic views and basic policies on corporate governance  
The basic views and basic policies on the corporate governance of the Company are stated in the Corporate Governance Guidelines.
- (3) Policies and procedures in determining the remuneration of directors  
The policies and procedures in determining the remuneration of the Company's directors are stated in the Corporate Governance Guidelines and in II. 1. "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report.
- (4) Policies and procedures for nomination of candidates for directors and dismissal of directors  
The policies and procedures for nomination of candidates for directors and dismissal of directors of the Company are stated in the Corporate Governance Guidelines.
- (5) Explanations for the appointment and nomination of each candidate for director  
Regarding the explanations for the appointment and nomination of candidates for directors of the Company, a brief profile of each candidate and reasons for election are stated in the convocation notices of the General Meeting of Shareholders.

[Supplementary Principle 4-1-1. Scope of Matters to be Delegated to the Management]

In addition to the matters provided for in laws and regulations and the Articles of Incorporation, the Company provides the matters to be decided by the Board of Directors in the Board of Directors Rules. Regarding the important matters concerning business execution other than the matters to be decided by the Board of Directors, the Company defines the scope of matters to be delegated to the management by setting up various approval guidelines.

[Principle 4-9. Independence Standards and Qualifications for Independent Outside Directors]

The Company selects, in accordance with the independence standards prescribed by the Tokyo Stock Exchange and other criteria, independent outside directors who have no interests with the Company and may not have a conflict of interests with general shareholders.

[Supplementary Principle 4-11-1. Balance, Diversity, and Size of the Board of Directors as a Whole]

To exercise important managerial decision making and the supervisory function effectively, the Board of Directors of the Company has established appropriate systems taking into consideration the balance between diversified knowledge, experience, expertise, etc., of the Board of Directors as a whole. In addition, the Company ensures that the management supervisory system is in place by appointing an independent outside director who expresses opinions from an independent and objective standpoint at the Board of Directors.

The policies and procedures for appointment of directors are stated in the Corporate Governance Guidelines.

[Supplementary Principle 4-11-2. Concurrent Holding of Positions as Officers at Other Listed Companies by Directors]

Directors of the Company shall not concurrently serve as directors or auditors at no more than four listed companies excluding the Company in order to ensure the time and effort required to appropriately fulfill their respective roles and responsibilities.

[Supplementary Principle 4-11-3. Evaluation of Effectiveness of the Board of Directors]

In order to further increase the effectiveness of the Board of Directors, the Company provides in the Corporate Governance Guidelines to implement analysis and assessment by the Board of Directors with respect to its effectiveness as a whole based on the self-evaluation of each director, etc. The evaluation of effectiveness of the Board of Directors has been implemented since fiscal year 2015 and the summary of the results has been disclosed every year.

[Supplementary Principle 4-14-2. Training Policy for Directors]

The Company continuously provides its directors with information and training necessary to fulfill their roles and responsibilities appropriately, both at the time of and after the assumption of their offices. Specifically, the Company explains the outline of its business and other matters to them upon assumption of their offices and regularly holds lectures on compliance inviting external experts. In addition, the Company provides information and training in a timely manner on the occasions of the revision of important laws, etc.

[Principle 5-1. Policy for Constructive Dialogue with Shareholders]

In order to promote constructive dialogue with shareholders and thereby facilitate the sustainable growth of the Group and the enhancement of its corporate value over the medium- to long-term, the Company has established the Basic Policy for Dialogue with Shareholders, which is included in the Corporate Governance Guidelines.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders] [updated]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Japan Trustee Services Bank, Ltd.	5,496,990	11.11
TAIYO FUND, L.P.	2,568,300	5.19
The Master Trust Bank of Japan, Ltd.	2,566,000	5.19
SSBTC CLIENT OMNIBUS ACCOUNT	2,049,230	4.14
Nichia Corporation	2,001,600	4.05
TAIYO HANEI FUND, L.P.	1,672,300	3.38
Hitachi, Ltd.	1,603,000	3.24
STATE STREET BANK AND TRUST COMPANY 505227	1,404,310	2.84
Zeon Corporation	1,311,700	2.65
STATE STREET BANK AND TRUST COMPANY 505103	1,102,518	2.23
Controlling Shareholder (Except for Parent Company)	-	
Parent Company	None	

### Supplementary Explanation [updated]

1. In the change reports on possession of large volume that were provided to public inspection on September 20, 2019, it was mentioned that Minami Aoyama Real Estate Inc. has 1,981,200 shares (3.71%) as of September 12, 2019. Despite this report, they are not included in the above list of major shareholders, since it is not possible for the Company to confirm the actual status as of March 31, 2020.
2. In the reports on possession of large volume that were provided to public inspection on December 20, 2019, it was mentioned that Nomura Securities Co., Ltd., NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. have 2,869,751 shares (5.38%) in total of related partners as of December 13, 2019. Despite this report, they are not included in the above list of major shareholders, since it is not possible for the Company to confirm the actual status as of March 31, 2020.
3. In the change reports on possession of large volume that were provided to public inspection on January 10, 2020, it was mentioned that Taiyo Fund Management Co. LLC, Taiyo Hanei GP, Ltd., Taiyo Pacific CG LLC and Taiyo Hinata GP LLC have 5,979,700 shares (11.21%) in total of related partners as of January 1, 2020. Despite this report, they are not included in the above list of major shareholders, since it is not possible for the Company to confirm the actual status as of March 31, 2020.
4. In the change reports on possession of large volume that were provided to public inspection on March 23, 2020, it was mentioned that Asset Management One Co., Ltd. has 2,092,300 shares (3.92%) as of March 13, 2020. Despite this report, they are not included in the above list of major shareholders, since it is not possible for the Company to confirm the actual status as of March 31, 2020.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-end	March
Type of Business	Electric Appliances
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 to less than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Structure of Organization	Company with an Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	19
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board <b>[updated]</b>	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors <b>[updated]</b>	4
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1) **[updated]**

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Brian K. Heywood	From Other Company											
Sachiko Murase	Lawyer											
Tatsuhiko Izumi	From Other Company											
Shinobu Watanabe	From Other Company											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) [updated]

Name	Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Brian K. Heywood			—	Mr. Brian K. Heywood is expected to contribute to business structural reform of the Company and enhancement of the Company's corporate value by drawing on his investment track record in many Japanese companies and experience in corporate revival and cultivation as CEO of a global investment fund.
Sachiko Murase		○	—	Ms. Sachiko Murase is expected to contribute to strengthening the corporate governance of the Company and enhancement of the Company's corporate value by drawing on her wealth of experience and expertise as a lawyer specialized in corporate legal affairs and experience as an outside officer of listed companies.
Tatsuhiko Izumi	○	○	—	Mr. Tatsuhiko Izumi has an extensive management experience in automotive-related businesses and experience in business portfolio reform and management reform. He is expected to contribute to the promotion of the Company's growth strategy and corporate governance, and enhancement of its corporate value.
Shinobu Watanabe	○	○	—	Mr. Shinobu Watanabe has management experiences at a listed company and abundant global experience and insight. He is expected to contribute to the promotion of the group governance of the Company and enhancement of its corporate value.

**[Audit and Supervisory Committee]**

Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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Reasons for Adoption of Current Structure

The Company has one employee who supports the Audit and Supervisory Committee at the Internal Auditing Office which performs internal audits. In order to ensure independence of the employee who supports the Audit and Supervisory Committee, matters regarding the employee’s personnel transfer and performance evaluation, reward and punishment, disciplinary action, etc. are subject to prior approval of the Audit and Supervisory Committee. Also, the employee who supports the Audit and Supervisory Committee shall not receive instructions and commands from executive directors and other employees of the Company.

Cooperation among Committee, Accounting Auditors and Internal Auditing Office **[updated]**

With respect to mutual cooperation between the Audit and Supervisory Committee and the accounting auditor, the Audit and Supervisory Committee regularly receives the detailed reports and explanations relating to the methods and results of audits through quarterly review reports and audit report of fiscal year from the accounting auditor and supervises the accounting auditor to ensure the reliability of financial reporting. The Company secures “prior approval of the Audit and Supervisory Committee for the accounting auditor’s audit plan”, “consent of the Audit and Supervisory Committee with respect to the amount of remuneration for the accounting auditor” and “prior approval of the Audit and Supervisory Committee for non-audit services entrusted to the accounting auditor” to ensure the independence of the accounting auditor from directors (excluding directors who serve as an Audit and Supervisory Committee Members). The Audit and Supervisory Committee attempts to realize mutual cooperation with the Internal Auditing Office, the department in charge of internal audits established under the direct control of the president, by receiving the reports on the results of internal audits. The Internal Auditing Office conducts audits on the legality and appropriateness of business operations of the respective divisions of the Company and the Group companies by monitoring the status of business operations for improvement, in order to ensure the efficiency in the conduct of business and compliance. The Internal Auditing Office regularly reports to the president regarding the results of internal audits, and monitoring the status of corrective measures for audit findings. Also, the Internal Auditing Office reports to the Audit and Supervisory Committee regarding the results of internal audits at regular meetings, and monitoring the status of corrective measures for important findings by the Audit and Supervisory Committee.



**[Voluntary Establishment of Nomination/Remuneration Committee]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson **[updated]**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation **[updated]**

Nomination and Remuneration Committee secure objectivity and transparency about a matter concerned about director's nomination and remuneration, and plan for improvement of the system performance of the supervising function of the Board of Directors by composing the majority by outside directors and assigning outside director as chairperson.

In fiscal year 2019, Nomination and Remuneration Committee were held ten times and the attendance rate of the Nomination and Remuneration Committee members was 100%. Also, regarding the activities in fiscal year 2019, based on inquiries from the Board of Directors, Nomination and Remuneration Committee deliberated on appointment of director candidates, review on appointment standards, policy on remuneration for directors and remuneration amounts, etc. and reported to the Board of Directors.

**[Independent Directors]**

Number of Independent Directors <b>[updated]</b>	3
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Matters relating to Independent Directors

The Company selects, in accordance with the independence standards prescribed by the Tokyo Stock Exchange and other criteria, independent outside directors who have no interests with the Company and may not have a conflict of interests with general shareholders.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation **[updated]**

The Company has introduced performance-linked remuneration system for directors (excluding outside directors and directors who serve as Audit and Supervisory Committee Members), and the system consist of monetary remuneration corresponding to short-term performance and share-based remuneration corresponding to medium- to long-term performance.  
Details of the system are stated in ll. 1. “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” of this report.

Recipients of Stock Options

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Supplementary Explanation

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**[Remuneration for Directors]**

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation **[updated]**

The Company discloses the total remuneration amounts separated by classification of directors and by type of remuneration, and related number of directors, etc. in the business reports and the securities reports.

Policy on Determining Remuneration Amounts and Calculation Methods <b>[updated]</b>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy on determining remuneration amounts and calculation methods for the directors of the Company are as follows.

- (1) Basic concept
  - a. Remuneration system which undertakes mandates given by stakeholders and contributes to sustainable growth and improvement of corporate value.
  - b. Remuneration which enables appointment of diverse and talented person who assumes management of the Group.
  - c. System design which has transparency, objectivity and rationality from the viewpoint of accountability.
- (2) System (structure) and level of remuneration
  - a. Directors’ remuneration consists of monthly fixed “Basic remuneration (Monthly salary)”, “Performance-linked remuneration (Bonus)” distributed as short-term incentive (for the achievement on single fiscal year management plan and the performance) and “Share-based remuneration” distributed as long-term incentive (sharing value with shareholders, etc.). (Average of total remuneration shall be equivalent to standard yearly income.)  
For the outside directors and Audit and Supervisory Committee Members, remuneration consists of Basic remuneration (Monthly salary) only.

- b. Constitution ratio of Performance-linked remuneration (Bonus) against Basic remuneration shall be about 75% for president and representative director, and the constitution ratio for the other directors shall be set in proportion to constitution ratio for president and representative director, and in consideration of responsibility and level of remuneration.
  - c. Standard yearly income shall be set based on research by external special organization on standard remuneration, etc. of the other companies within the same industry and have similar size in business, and by considering position and duty of directors.
- (3) Indicators for calculation of Performance-linked remuneration
- a. Amounts of Performance-linked remuneration (Bonus) for fiscal year 2019 have been decided within the range between 40% and 160% against each standard yearly income by position based on business performance of the Company (achievement ratio against Net sales, Operating income and ROE targets) and individual performance of directors (accomplishments on management tasks). For fiscal year 2020, the range has been widened to between 0% and 200% from the viewpoint of remuneration with further linkage with business performance.
  - b. Share-based remuneration system is operated as Share delivery trust system in which directors are given points corresponding to business performance (ROE) during the term of office and shares of the Company corresponding to the points given when retiring from the office of directors. And the number of points given change within the range between 0% and 200% based on ROE target of medium-term management plan.
- (4) Determination of remuneration amounts and calculation methods, etc.
- Regarding the policy on determining remuneration for directors and the contents of the system, the Board of Directors makes inquiries to Nomination and Remuneration Committee. And after receiving reports from the committee, the Board of Directors makes decisions. Remuneration amounts for directors (excluding directors who serve as Audit and Supervisory Committee Members) are decided by president and representative director within the total amount of remuneration resolved at General Meeting of Shareholders and based on the standards decided by the Board of Directors after deliberation by Nomination and Remuneration Committee. Remuneration amounts for directors who serve as Audit and Supervisory Committee Members are decided by discussion of directors who serve as Audit and Supervisory Committee Members within the total amount of remuneration resolved at General Meeting of Shareholders.

**[Supporting System for Outside Directors]**

There is no employee assigned to provide support to outside directors at present. However, Board of Directors secretariat send the documents of Board of Directors in advance, and explain about the contents of matters proposed.

**[Status of Persons retired from office of President and Representative Director, etc.]**

Name, etc. of Advisor, etc. who was President and Representative Director, etc. **[updated]**

Name	Title/Position	Responsibilities	Working Style/Conditions (Full-time/Part-time, Remuneration, etc.)	Retirement date of office, such as President	Term of office
Hiroshi Kuwahara	Honorary Advisor	Outside activities	Part-time, No remuneration (No involvement to management)	June 21, 2007	One year
Yoshihiro Senzai	Honorary Advisor, Senior Advisor	Outside activities	Part-time, With remuneration (No involvement to management)	June 29, 2020	One year

Number of Advisor, etc. who was President and Representative Director, etc. **[updated]** 2

Other matters

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**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **[updated]****

The Company has established the Board of Directors, the Audit and Supervisory Committee, and an accounting auditor under the corporate governance system.

The Company sets the number of directors (excluding directors who serve as Audit and Supervisory Committee Members) at 15 or less in its Articles of Incorporation, and the number of directors as at the submission date of this report is six, two of whom is outside director. The Company sets the number of directors who serve as Audit and Supervisory Committee Members at four or less in its Articles of Incorporation, and the number of directors who serves as Audit and Supervisory Committee Members as at the submission date of this report is three, two of whom are outside directors.

(1) Board of Directors

The Board of Directors is held once a month regularly and an extraordinary meeting is held when necessary. The Board of Directors deliberates and makes decisions on all important matters on management including business plans and organizational matters, and also receives reports on the status of business execution of each Group company for the supervision thereof.

In fiscal year 2019, the Board of Directors were held nineteen times, and the attendance rate of the directors (excluding directors who serve as Audit and Supervisory Committee Members) was 100% and the attendance rate of the directors who serve as Audit and Supervisory Committee Members was 100%.

(2) Audit and Supervisory Committee

Audit and Supervisory Committee conduct audits on the execution of duties by directors, the status of the development of internal control systems and the status of the execution of duties relating to overall Group management. Audit and Supervisory Committee assign the full-time member, and Audit and Supervisory Committee Members, by attending important meetings and by other means, secure effectiveness of audits.

In fiscal year 2019, Audit and Supervisory Committee were held eighteen times, and the attendance rate of the directors who serve as Audit and Supervisory Committee Members was 100%.

- (3) Accounting Auditor  
The Company has elected Ernst & Young ShinNihon LLC as an accounting auditor and receives advice and guidance from a third party's point of view on accounting and the appropriateness and legality of internal controls relating to accounting.
- (4) Internal audit  
With respect to internal audits, the Company has established the Internal Auditing Office as an internal audit department. The Internal Auditing Office conducts audits of the Company and Group companies and works to maintain the soundness of appropriate execution of business.
- (5) Other councils
- a. The Company establishes a Nomination and Remuneration Committee as an optional advisory council to the Board of Directors, and secure objectivity and transparency about a matter concerned about director's nomination and remuneration and plan for improvement of the system performance of the supervising function of the Board of Directors.  
In fiscal year 2019, Nomination and Remuneration Committee were held ten times, and the attendance rate of the Nomination and Remuneration Committee members was 100%.
- b. The Company establishes an Internal Control Committee as a council that determines the policy on operation of internal control and evaluates its effectiveness, and thereby builds effective internal control system.
- (6) Responsibility limitation agreement with the Company  
The Company has entered into agreement with each outside director whereby their liability is limited to the minimal amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.

### **3. Reasons for Adoption of Current Corporate Governance System**

The Company has adopted the system of a company with an Audit and Supervisory Committee, in order to strengthen the Company's auditing and supervision functions and to further enhance the Company's corporate governance structure through establishing an Audit and Supervisory Committee and granting to Audit and Supervisory Committee members voting rights on the Board of Directors.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company sends the convocation notice prior to the date permitted by law.
Scheduling General Meeting of Shareholders to avoid the Peak Day	The Company schedules the meeting to avoid the peak day.
Exercise of Voting Rights through Electromagnetic Means	The Company has adopted exercise of voting rights through electromagnetic means.
Participation in Electronic Voting Platform and Other Measures for Improving the Environment for Exercising Voting Rights by Institutional Investors	The Company has participated in the electronic voting platform for exercise of voting rights operated by ICJ, Inc.
Providing Convocation Notice in English	The Company provides the convocation notice in English to facilitate the exercise of voting rights by foreign shareholders.
Other	The convocation notice, business reports, etc., are posted on the Company's website prior to the date of dispatch the convocation notice.

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Individual Investors	The Company holds briefings for individual investors about three times a year.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings for securities analysts and institutional investors as well as for the members of the press four times a year. Also, the Company holds business briefings and small meetings.	Yes
Regular Investor Briefings for Overseas Investors	The Company visits overseas investors in the U.S., Europe and Asia and holds briefings basically about four times a year. Also, the Company joins the conferences in Japan for overseas investors arranged by securities companies.	Yes
Posting of IR Materials on Website	The Company posts financial results, materials for financial results briefings, the securities report, and other relevant documents on the Company's website ("Investor Relations"). The Company posts financial results, materials for financial results briefings and timely disclosure documents in English as well.	—
Establishment of Department and/or Appointment of Manager in Charge of IR	The Company has established a section in charge of the Company's IR activities in the Corporate Strategy Department.	—

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	One of the basic management policies of the Company is to pursue enhanced corporate value through the implementation of management measures that reflect the viewpoints of all stakeholders, including shareholders and other investors, customers, and employees.
Implementation of Environmental Activities, CSR Activities etc.	Recognizing that the environmental initiatives are essential requirements for the existence and activities of enterprises, the Company provides in the Maxell Group Codes of Conduct that it acts proactively and positively for the conservation of the global environment. In addition, in order to create sustainable society together with stakeholders, the Company issues an Integrated Report which includes the Company's environmental and CSR activities every year, and discloses it on the website of the Company and the Tokyo Stock Exchange.
Development of Policies on Information Provision to Stakeholders	The Company provides in the Maxell Group Codes of Conduct that it promotes wide-ranging communication with society and discloses corporate information in a proactive and fair manner.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The summary of the resolutions of the Board of Directors concerning the internal control systems is as follows.

Systems to ensure that directors execute their duties in compliance with laws and regulations and the Articles of Incorporation and systems to ensure that the corporate group, consisting of the Company and its subsidiaries, conducts business operations appropriately

- (1) Systems to ensure that the performance of duties by directors and employees of the Company and its subsidiaries is consistent with the laws and regulations and the Articles of Incorporation
  - a. The Company establishes “Maxell Group Corporate Credo” and “Maxell Group Codes of Conduct” as the rules, to ensure that conduct by directors and employees of the Company and its subsidiaries are consistent with the laws and regulations and the Articles of Incorporation, and the enlightenment activity is carried without exception.
  - b. The Company makes further effort towards prevention of violation with the laws and regulations and the Articles of Incorporation by directors and employees of the Company and its subsidiaries beforehand, through building the internal control system including subsidiaries and its strict use.
  - c. The violation of the laws and regulations and the Articles of Incorporation by directors and employees of the Company and its subsidiaries is watched through an internal audit by Internal Auditing Office.
  - d. A compliance management committee is established and a system for compliance reinforcement in our group is maintained.
  - e. The Company will never have any relationship, including business relationship, with anti-social force such as gang, and take a firm attitude in the event of an unfair and illegal request, in accordance with “Maxell Group Codes of Conduct”.
  - f. The Company maintains the business regulation and the business process in order to secure a financial report to be made properly with laws and regulations, and Internal Auditing Office, Audit and Supervisory Committee and Accounting Auditor conduct inspection of its practical use situation.
  - g. The Company establishes a whistleblower system through hotline inside and outside company, to prevent violation of laws and regulations and the Articles of Incorporations, and has a correction crackdown promptly when violation occurred, and settles on a recurrence preventive measure and puts it into effect.
- (2) Systems for the retention and management of information relating to the execution of duties by directors  
The directors shall retain important information related to the decision making and execution of their duties as documents in accordance with the documents’ retention rules and shall handle important trade secrets and information, such as personal information, for which retention and management are required by laws and regulations in accordance with the general provisions of information security management.
- (3) Rules and other systems for the management of the risk of loss of the Company and its subsidiaries  
The president has a final responsibility for the overall management of the risk of loss of the corporate group consisting of the Company and its subsidiaries, and takes control of overall risk management activities of the Group.
  - a. The Company makes risk management rule, establishes Risk Management Committee, and maintains the cross-sectional risk management system of the Group.
  - b. Assuming a situation where the risks materialize and the occurrence of substantial damage to the Group is predicted, the Company develops measures in advance to minimize such damage, including the establishment of a countermeasures headquarters under the responsibility of the president, an emergency contact network and other communication networks, and policies on the continuation of business operations.



- (4) Systems to ensure that directors of the Company and its subsidiaries execute their duties efficiently  
The Company continuously manages the execution of duties by directors of the Company and its subsidiaries using the following management control system.
- a. Basic policy for consolidated management  
The Company strives to enhance the efficiency of its consolidated management by formulating a basic policy for consolidated management that includes: striving to maximize consolidated management value in aspects of both performance and efficiency; respecting its own independent management; and conducting transactions within the Group based on fair market value.
  - b. Budget and performance management  
The Company conducts the performance management of the entire Group including subsidiaries through clear target setting and thorough implementation of an independent accounting system based on the medium- term management plan and the annual budget system.
  - c. Dispatch of officers  
The Company provides routine managerial guidance to subsidiaries by dispatching the directors and auditors, and conducts monitoring of the status of compliance with laws and regulations and the Articles of Incorporation by auditors and the Internal Auditing Office. In addition, the Company establishes a communication system that can grasp the situation in a timely and appropriate manner, in the event of a breach of laws and regulations or the Articles of Incorporation or the occurrence of serious damage at its subsidiaries.
- (5) Systems concerning reporting to the Company with respect to matters relating to the execution of duties by directors of subsidiaries  
The Company requires its subsidiaries to obtain the approval of the Company or report thereto with respect to the important managerial matters and receives regular reports from subsidiaries on their business plans, etc. in accordance with the Rules on Management and Operation of Subsidiaries and Affiliates.
- (6) Matters concerning directors and employees who assist the duties of Audit and Supervisory Committee, matters concerning the independence of said directors and employees from directors (excluding directors who serve as Audit and Supervisory Committee Members), and matters concerning measures to secure the effectiveness of instructions to said directors and employees
- a. If Audit and Supervisory Committee request the appointment of employees to assist in executing their duties, the Board of Directors shall appoint employees for such purpose upon consultation with Audit and Supervisory Committee.
  - b. The prior consent of Audit and Supervisory Committee shall be required for personnel transfer, performance evaluation, reward and punishment, disciplinary action, etc., of employees who assist the duties of Audit and Supervisory Committee.
  - c. Audit and Supervisory Committee instruct and order the employees who assist in executing their duties, and the employees to assist Audit and Supervisory Committee shall not be subject to instructions and others from directors (excluding directors who serve as Audit and Supervisory Committee Members) and other employees.
- (7) Systems in which directors and employees of the Company and its subsidiaries report to the Audit and Supervisory Committee, other systems regarding reporting to the Audit and Supervisory Committee, and systems to ensure that a person who has made such report does not receive unfair treatment because of such reporting
- a. The Company may hold a reporting meeting in accordance with the audit plan by the Audit and Supervisory Committee and request directors and employees of the Company and its subsidiaries to make reports on prescribed matters. For important and urgent matters, the directors and employees must immediately issue a report in each case.
  - b. The Company ensures that a person who has issued a report to the Audit and Supervisory Committee does not receive any unfair treatment due to the reporting.

- (8) Matters concerning policies for the procedures for prepayment or reimbursement of expenses incurred in the course of the execution of duties by Audit and Supervisory Committee Members and treatment of expenses or liabilities incurred in the course of the execution of such duties  
When Audit and Supervisory Committee Members claim prepayment or reimbursement of the expenses incurred in the course of the execution of their duties, the Company shall promptly treat such expenses or liabilities, except for the case where the expenses or liabilities relating to such claim are judged to be unnecessary for the execution of duties by auditors.
- (9) Other systems to ensure effective audits by Audit and Supervisory Committee
- a. Audit and Supervisory Committee shall have full-time member to ensure effective audits.
  - b. Audit and Supervisory Committee Members may collect information by attending major internal meetings when necessary.
  - c. Audit and Supervisory Committee shall periodically exchange views with representative directors for audit of director's execution of duties and maintenance of an audit system.
  - d. Audit and Supervisory Committee shall periodically exchange information with Internal Auditing Office and Accounting Auditor.

## 2. Basic Views and Measures on Eliminating Anti-Social Forces

- (1) Basic views on eliminating anti-social forces  
The Company has set forth in the Maxell Group Codes of Conduct that it takes a resolute stance against anti-social forces and works to eliminate any relationship with them.
- (2) Measures against the elimination of anti-social forces  
The Company distributes the Compliance Handbook that includes the Maxell Group Codes of Conduct, which describe behavioral guidelines against anti-social forces to all employees for their thorough awareness, and at the same time, the Company has designated the business strategy department as the department in charge of taking appropriate measures and has appointed a person responsible for preventing undue claims.  
In addition, the Company has developed internal systems to collaborate with external organs, including a corporate lawyer and the Special Violence Prevention Measures Association under the control of the Metropolitan Police Department, while simultaneously engaging in awareness-raising activities for employees.
- (3) Specific measures for eliminating anti-social forces  
All new business partners that are registered as payees in the Company's accounting system, all purchases and subscriptions of publications and all participating organizations are subject to examination. In principle, all continuous transactions are to be registered in the Company's accounting system.  
For a specific examination method, firstly, a person in the department who is in charge of carrying out actual transactions conducts an examination at the commencement of the transaction in accordance with the internal judgment criteria. Then, based on the results of the examination, such person obtains the approval of the Self-verification Committee, which is organized to conduct verification on transactions. Persons who have knowledge of general affairs, accounting, procurement, and legal affairs are appointed as members of the Self-verification Committee for judgment. Judgment is conducted based on the criteria set forth by the Self-verification Committee, such as those for listed companies and government offices. Those not applicable to the criteria are determined after comprehensive consideration of the results of article searches, the contents of the copy of the registration certificate and the overall impression at the time of the visit.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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### 2. Other Matters Concerning to Corporate Governance System

In accordance with the basic views on corporate governance, the Company strives to enhance its systems and ensure transparency.

[Initiatives for the development of the timely disclosure system]

The Group places proactive initiatives for disclosure as part of its corporate governance. To maintain and develop a trusting relationship with various stakeholders associated with the Group, the Company establishes policies to conduct fair and highly transparent information disclosure and to take responsible measures for stakeholders through various types of communication.

Information gathered is sequentially collected by the person in charge of handling information disclosure, and information to be released is disclosed in a timely manner, and in line with the fair disclosure rules, after going through prescribed reviews and procedures.

Furthermore, the Company educates its employees on the policy regarding the management's initiatives for disclosure and disclosure items along with preventative measures for insider trading through the president's routine instructions and training sessions tailored to specific job levels.

With respect to ensuring opportunities for impartial and easy access to information by shareholders, the Company actively engages in information disclosure and IR activities by posting information" on the executive officer structure, business strategy, etc., on the Company's website as necessary, proactively disclosing information through IR, etc., on the Company's website in addition to timely disclosure pursuant to the timely disclosure rules of stock exchanges, and providing easy-to-understand descriptions of business content and business models.

# Corporate Governance Structure:

## Corporate Governance System

