

## **Corporate Governance Guidelines**

### **Chapter 1. General Provisions**

#### Article 1. Purpose

The purpose of these Guidelines is to establish the basic views and basic policy concerning the corporate governance of the Hitachi Maxell Group (hereinafter referred to as the “Group”) in pursuit of the sustainable growth of the Group and the medium to long term enhancement of its corporate value.

#### Article 2. Basic Views on Corporate Governance

At the Group, one of its basic management policies is to pursue enhanced 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.

### **Chapter 2. Corporate Governance System**

#### Article 3. Outline of Corporate Governance System

1. The Company adopts a Company with an Audit and Supervisory Committee corporate governance system, under which the Board of Directors including the directors who serves as an Audit and Supervisory Committee Member makes important decision on management and supervises business execution and further strengthen the audit and supervisory function by the Board of Directors, while the Audit and Supervisory Committee, independent from the Board of Directors, conduct audits of the status of execution of duties, etc., and plans for further substantiality of a corporate governance system.
2. We establish Nomination and Remuneration Committee as an optional advisory council in a decision of the matter about director's nomination and remuneration, etc..
3. The Company adopts the executive officer system to ensure prompt decision making and enhance the efficiency of management relating to business execution.
4. The Company establishes a Management Committee as an advisory council to the president to deliberate on important matters, the decision authority of which is delegated to the president by the Board of Directors, and thereby secures a system that enables accurate decision making.
5. The Company establishes an Internal Control Committee as a council that determines the policy on operation of internal controls and evaluates its effectiveness, and thereby builds effective internal control systems.

6. The Company establishes an Internal Auditing Office as an internal audit department to conduct internal audits on the appropriateness and adequacy of business operations of the Group, and thereby ensures efficiency in the conduct of business and compliance.

#### Article 4. Roles and Responsibilities of the Board of Directors

1. The Board of Directors is responsible for ensuring the sustainable growth of the Group and enhancing its corporate value over the medium to long term for the common interests of its shareholders through realizing efficient and effective corporate governance.
2. In order to fulfill the responsibility referred to in the preceding paragraph, the Board of Directors ensures the fairness and transparency of management by exercising its supervisory function for overall management, while developing a system for assessment and response to material risks that face the Group and making decisions concerning important business execution of the Company.

#### Article 5. Composition of the Board of Directors

1. In order to execute important managerial decision making and the supervisory function effectively, the Board of Directors establishes an appropriate system taking into consideration the balance of diversified knowledge, experience, expertise, etc., of the Board of Directors as a whole.
2. The Company develops a management supervisory system by appointing multiple independent outside directors who express their opinions from an independent and objective standpoint at Board of Directors meetings.

#### Article 6. Roles and Responsibilities of Directors

1. Directors work to contribute to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term, recognizing their fiduciary responsibility to shareholders and assuming the duty of loyalty and the duty of care of a prudent manager with respect to the execution of their duties.
2. Directors collect sufficient information to execute their duties, such as requesting explanations from other directors and the management as necessary, and engage in constructive discussions by actively exchanging opinions at the Board of Directors meetings.

#### Article 7. Roles and Responsibilities of Directors who serve as Audit and Supervisory Committee Member and Audit and Supervisory Committee

1. Directors who serve as Audit and Supervisory Committee Member and Audit and Supervisory Committee are responsible for realizing the sound and sustainable growth of the Group and its enhanced corporate value over the medium to long term and establishing a good corporate governance system to gain society's trust in recognition of their fiduciary responsibility to shareholders, through audits of directors' execution of duties independently conducted by each

Audit and Supervisory Committee Member and through to use authority which affects the selection or dismissal and audit fees of accounting auditors.

2. Directors who serve as Audit and Supervisory Committee Member and Audit and Supervisory Committee exercise their authority in a positive and active manner and express their opinions appropriately at the Board of Directors meetings and to the management in order to adequately fulfill their roles and responsibilities, including operational audits and accounting audits.
3. Directors who serve as Audit and Supervisory Committee Member and Audit and Supervisory Committee ensure adequate cooperation with the accounting auditor and the internal audit department and work to develop a system that enables appropriate audits to be undertaken.

#### Article 8. Responsibilities of Independent Outside Directors

Independent outside directors provide advice on management policies and management improvement based on their experience and knowledge from the perspective of facilitating the sustainable growth of the Group and enhancing its corporate value over the medium to long term, while expressing their opinions from a standpoint independent of the management and in view of the common interests of shareholders.

#### Article 9. Roles and Responsibilities of Nomination and Remuneration Committee

1. Nomination and Remuneration Committee secure objectivity and transparency about a matter concerned and plan for improvement of the system performance of the director function of the Board of Directors, considering a matter about director's nomination and remuneration, etc. based on consultation of the Board of Directors and submitting a report to the Board of Directors.
2. The majority of Nomination and Remuneration Committee members are composed by independent outside directors, and independent outside director shall be chairperson of the Committee.

#### Article 10. Self-study and Training for Directors

1. Directors, at all times, proactively collect information and endeavor to acquire and update knowledge about the Group's business, financial position, legal compliance, corporate governance, and other matters.
2. The Company continuously provides 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.

#### Article 11. Active Deliberations at the Board of Directors Meetings

1. The agenda, time for deliberations and frequency of the Board of Directors meetings shall be arranged appropriately so that necessary and sufficient discussions can take place at meetings.

2. Materials for the agenda and proposals for the Board of Directors meetings are distributed or delivered to directors, including outside directors, prior to the Board of Directors meetings to allow for active discussions at meetings.

#### Article 12. Access to Internal Information by Outside Directors and Audit and Supervisory Committee Member

Outside directors and Audit and Supervisory Committee Members, whenever necessary or when they deem it appropriate, request explanations or reports or provision of internal materials from directors, executive officers, and employees.

#### Article 13. Evaluation of Effectiveness of the Board of Directors

Each director performs self-evaluation every year with respect to the effectiveness of the Board of Directors and his/her performance as a director and submits the results of such self-evaluation to the Board of Directors. The Board of Directors analyzes and assesses the effectiveness of the Board of Directors as a whole based on the self-evaluation of each director, etc., and discloses the summary of the results thereof.

#### Article 14. Qualifications of Directors

1. A director shall be a person who has a superior character and insight as well as knowledge and experience with which such person can effectively engage in the management of the Company in an appropriate, fair, and efficient manner.
2. In addition to the qualifications as set forth in the preceding paragraph, Directors who serve as Audit and Supervisory Committee Member shall, in principle, be a person who can contribute to improvement of soundness of management, through audit of director's execution of duties from justice and objective viewpoint.
3. At least one director who serves as Audit and Supervisory Committee Member shall be a person who has adequate knowledge relating to finance and accounting.

#### Article 15. Qualification of Independent Outside Directors

1. In addition to the qualifications as set forth in the preceding article, an independent outside director shall, in principle, be a person who has a wealth of experience and knowledge with which such person can fully perform duties from a standpoint independent of the management of the Company and express their opinions from the perspective of facilitating the sustainable growth of the Group and enhancing its corporate value over the medium to long term.
2. The Company judges, 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 do not have the potential to cause conflict of interests with general shareholders.

#### Article 16. Nomination Procedures of directors

A director candidate is based on the evaluation result of the 13th article and the qualification of the 14th and 15th articles, and the Board of Directors decides via a consultation to Nomination and Remuneration Committee. Further for a director candidate who serves as Audit and Supervisory Committee Member, we assume to get consent of the Audit and Supervisory Committee beforehand.

#### Article 17. Concurrent Holding of Positions by Directors

Directors shall not concurrently serve as directors or auditors at in excess of four listed companies excluding the Company in order to ensure time and effort required to appropriately fulfill their respective roles and responsibilities.

#### Article 18. Remuneration, etc., of Directors

1. With respect to remuneration, etc., of directors of the Company, the Company device a remuneration system that focuses on the consolidated performance of the Group and the enhancement of its corporate value over the medium to long term, taking into accounts the level at which competent human resource can be secured.
2. The remuneration, etc., of directors (excluding directors who serves as Audit and Supervisory Committee Member) consists of basic remuneration and performance-linked remuneration.
3. The remuneration, etc., of directors who serves as Audit and Supervisory Committee Member consists of only basic remuneration.
4. The remuneration, etc., of each director (excluding directors who serves as Audit and Supervisory Committee Member) is determined by the Board of Directors via a consultation to Nomination and Remuneration Committee within the range of the total amount resolved at the General Shareholders' Meeting, and the remuneration, etc., of each director who serves as Audit and Supervisory Committee Member is determined through discussions among directors who serves as Audit and Supervisory Committee Member within the range of the total amount resolved at the General Shareholders' Meeting.

#### Article 19. Securing Proper Execution of Audits by Accounting Auditor

The Company recognizes that the accounting auditor assumes an important responsibility, one that guarantees the reliability of financial reporting and develops a system to secure the proper execution of audits, which are performed by the accounting auditor.

### **Chapter 3. Relationship with Stakeholders**

## Section 1. Relationship with Shareholders

### Article 20. Securing Rights and Equal Treatment of Shareholders

The Company endeavors to fully secure shareholder rights including voting rights at the General shareholders' Meeting. In addition, the Company treats all shareholders equally according to their respective equity interest.

### Article 21. Respecting Voting Rights at General Shareholders' Meeting

1. The Company endeavors to develop an environment in which shareholders can exercise their voting rights appropriately at the General Shareholders' Meeting.
  - (1) The Company appropriately determines the date of the General Shareholders' Meeting and any associated dates in consideration of fostering constructive dialogue with shareholders and providing accurate information necessary therefor.
  - (2) The Company endeavors to distribute the convocation notice of the General Shareholders' Meeting early enough and discloses the notice on the Company's website or by other means prior to the distribution of the notice.
  - (3) The Company develops an environment in which all shareholders can exercise their voting rights appropriately.
2. If the Board of Directors recognizes that a considerable number of votes have been cast against a proposal made by the Company, even if it has been approved, the Board of Directors analyses the reasons thereof and considers necessary measures including dialogue with shareholders

### Article 22. Constructive Dialogue with Shareholders

In order to 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, as attached, and promotes constructive dialogue with shareholders.

### Article 23. Basic Strategy for Capital Policy

1. Keeping in mind that the Company's capital policy may have a significant effect on shareholder return, the Company sets forth the basic strategy for capital policy as follows:

The Company secures the necessary financial base and aims to achieve the enhancement of its corporate value over the medium to long term by setting the return on equity (ROE) as one of its key management indicators, taking into consideration the balance of shareholders' equity efficiency, shareholder return, etc.

2. With respect to capital policy that involves change in control or significant dilution, the Company makes decisions after due deliberations concerning the effect on ROE over the medium to long term,

net income per share, etc., and provides a rational explanation to shareholders.

#### Article 24. Policy on 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 at the Board of Directors meeting with regard to the sale of such shares.
- (3) The Company appropriately exercises voting rights pertaining to cross-shareholdings 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.

#### Article 25. Anti-Takeover Measures

1. The Company will not adopt anti-takeover measures.
2. In case of a tender offer, the Board of Directors demands explanation from the tender offeror, etc., regarding the measures for the enhancement of corporate value of the Group, while expressing the Group's measures for the enhancement of corporate value over the medium to long term to shareholders, and striving to secure sufficient information and time for shareholders to make appropriate judgments.

#### Article 26. Prevention of Related Party Transactions

1. 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.
2. Transactions referred to in the preceding paragraph shall be regularly reported to the Board of Directors and disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations as well as regulations prescribed by the Tokyo Stock Exchange.

### **Section 2. Relationship with Stakeholders Other Than Shareholders**

#### Article 27. Relationship with Stakeholders Other Than Shareholders

The Group contributes to society through the development of outstanding and unique technologies and products guided by a founding spirit that advocates "harmony and cooperation, working with

heart and soul, and being of service to society, ”while making efforts to establish favorable relationships with various stakeholders.

(1) Relationship with employees

To ensure that each employee works with enthusiasm in his/her efforts to be a good corporate member, the Group is attentive to the human rights of employees and values the individuality and motivation of each employee. At the same time, the Group endeavors to train and deploy human resources who have the ability to act on the global stage. In addition, the Group has established the Maxell Group Corporate Credo in full recognition of its mission and duties with a view to continued growth and development as a truly international group, and ensures that all officers and employees of the Group are fully aware of and comply with this credo.

(2) Relationship with customers

The Group provides safe and high-quality products and services and makes efforts to improve customer satisfaction by placing great importance on addressing consumer issues.

(3) Relationship with business partners

The Group conducts procurement in accordance with the Guidelines for Procurement Activities in order to achieve fair business practices, and endeavors to engage in fair and impartial transactions with suppliers. In addition, the Group promotes CSR procurement in accordance with the Group’s CSR Policy that aims to facilitate the implementation of CSR activities.

(4) Relationship with society

In accordance with the Group’s CSR Policy that aims to facilitate the implementation of CSR activities and following the messages of the themes “support of education and culture” and “protection and beautification of the environment,” the Group actively engages in communication with stakeholders as well as various activities to contribute to society.

#### Article 28. Whistleblower System

The Group has established a whistleblower system to adhere to compliance requirements and corporate ethics and takes appropriate remedial measures to ensure the early discovery of a problem or the prevention of a scandal, or a swift response to an incident for the betterment of the situation or the resolution of a problem. At the same time, the provisions to secure the confidentiality of the party who provided information related to the aforementioned issues and prohibit any disadvantageous treatment to said party are specified in the Company rules for thorough observance.

### **Chapter 4. Enhanced Information Disclosure**

#### Article 29. Ensuring Appropriate Information Disclosure and Transparency

1. The Company discloses information in a timely and appropriate manner, complying with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and



regulations as well as regulations prescribed by the Tokyo Stock Exchange. In addition, the Company proactively discloses important or valuable information regarding management even in cases where such disclosure is not required by laws and regulations and the regulations prescribed by the Tokyo Stock Exchange.

2. In light of the ratio of foreign investors among its shareholders, the Company shall, to a reasonable extent, disclose and provide information in English.

### **Supplementary Provisions**

#### Article 1. Revision or Abolishment

1. These Guidelines shall be revised or abolished by resolution of the Board of Directors.
2. These Guidelines shall be reviewed as necessary in consideration of revisions to relevant laws and regulations as well as changes in social and economic circumstances.

(History)

Established: October 26, 2015

Revised: June 28, 2016

## Exhibit

### <Basic Policy for Dialogue with Shareholders>

(Personnel having dialogue with shareholders, etc.)

The Company has established an investor relations (IR) department and has assigned an executive in charge of IR to head of the department. The executive in charge of IR oversees overall dialogue with shareholders, etc., of the Company, and makes every effort to realize constructive dialogue between the Company and shareholders. Taking into consideration the requests and main interests of shareholders, etc., to a reasonable extent, the executive in charge of IR, each directors or a person appointed by the executive in charge of IR conducts dialogue with shareholders, etc.

(Internal system to support dialogue)

To support constructive dialogue with shareholders, etc., the Company establishes a system under which each internal department, such as IR, corporate planning, finance, accounting, legal affairs, and sales, organically collaborates by holding regular meetings or taking other measures.

(Measures to promote opportunities for dialogue)

In addition to the General Shareholders' Meeting and individual meetings, the Company endeavors to promote constructive dialogue through various activities, such as briefing sessions, taking into account interests from the medium to long term perspective of shareholders, etc.

[Major activities]

(i) Financial results briefings for analysts and institutional investors (quarterly)

(ii) Small-scale meetings for business introduction, factory tours, etc., for analysts and institutional investors (about twice a year)

(iii) Meetings with institutional investors and analysts both in Japan and overseas, organized by the management and IR department (as necessary)

(iv) Briefing sessions for individual investors (as necessary)

(v) Disclosure of information, such as presentations and question and answer sessions at financial results briefings, integrated reports and financial results, on the Company's website

(Feedback to internal departments)

The IR department and the executive in charge of investor relations regularly and in a timely manner report the opinions, interests, concerns, etc., of shareholders, etc., learned through dialogue to the management and provide feedback to the relevant internal departments in an appropriate manner for the purpose of sharing information.