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Hitachi Maxell, Ltd.

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

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

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

1. Basic Views

At the Hitachi 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: <http://www2.maxell.co.jp/ir/governance/>)

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

[Supplementary Principle 4-2-1. Medium to Long term Performance-linked Remuneration]

The Company does not adopt a remuneration system for director that is linked to medium to long term performance. However, the establishment of a remuneration system that serves as a sound incentive for the sustainable growth of the Company is currently under consideration.

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 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.

[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 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 and summary of consolidated financial results.
- (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.
- (4) Policies and procedures for nominating candidates for directors
The policies and procedures for nominating candidates for directors of the Company are stated in the Corporate Governance Guidelines.
- (5) Explanations for the election and nomination of each candidate for director
Regarding the explanations for the election and nomination of candidates for directors of the Company, a brief profile of each candidate is stated in the convocation notices of the General Meeting of Shareholders. Regarding the candidates for outside directors, reasons for election of each candidate are also stated therein.

[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.

Important matters concerning business execution other than the matters to be decided by the Board of Directors are deliberated by the Management Committee, an advisory council to the president, based on the Management Committee Rules.

[Principle 4-8. Effective Use of Independent Outside Directors]

The Company has multiple independent outside directors, based on the policy in the Corporate Governance 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 meetings.

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. This has been implemented in fiscal year 2015 and the summary of the results has been disclosed.

[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 [updated]

Percentage of Foreign Shareholders	more than 30%
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Status of Major Shareholders [updated]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
Hitachi, Ltd.	17,143,900	32.14
Japan Trustee Services Bank, Ltd.	4,858,790	9.11
MSIP CLIENT SECURITIES	2,377,600	4.46
Nichia Corporation	1,449,200	2.72
The Master Trust Bank of Japan, Ltd.	1,405,300	2.63
Trust & Custody Services Bank, Ltd.	1,164,700	2.18
UBS SECURITIES LLC-HFC CUSTOMER SEGREGATED ACCOUNT	941,800	1.77
TAIYO HANEI FUND, L.P.	913,000	1.71

STATE STREET BANK AND TRUST COMPANY 505223	839,216	1.57
STATE STREET BANK AND TRUST COMPANY 505019	734,710	1.38
Controlling Shareholder (Except for Parent Company)	—	
Parent Company	None	

Supplementary Explanation [updated]

In the change reports on possession of large volume that were provided to public inspection on March 22, 2016, it was mentioned that Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. have 2,769,200 shares (5.19%) in total of related partners as of March 15, 2016. Despite this report, they are not included in the above list of major shareholders, since it is not possible for us to confirm the actual status as of March 31, 2016.

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 [updated]

Maximum Number of Directors Stipulated in Articles of Incorporation	19
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding in the case of holding President position)
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
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
Akira Shimizu	From Other Company							○	○			
Kouji Kihira	From Other Company								△			
Wataru Kitao	From Other Company								△			

* Categories for "Relationship with the Company":

* "○" indicates that the director currently falls or has recently fallen under the category, and "△" indicates that the director fell under the category in the past.

* "●" indicates that a close relative of the director currently falls or has recently fallen under the category, and "▲" indicates that a close relative of the director fell under the category in the past.

- Executive of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company other than remuneration as a director
- Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- 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)
- Executive of a company, between which and the Company outside directors/auditors 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
Akira Shimizu		○	Outside Director Akira Shimizu serves as Vice President and Executive Officer of Hitachi, Ltd., the top shareholder and a business partner of the Company. Business transactions between Hitachi, Ltd., and the Company account for less than 1% of annual sales (the result for the most recent fiscal year) of the Company.	Mr. Shimizu has extensive experience as a business manager as well as abundant knowledge and experience in international business operations since he has served as an executive of Hitachi, Ltd., and of numerous Hitachi Group companies. Therefore, the Company expects that he would be able to use such knowledge in management of the Company as well as in strengthening the function of the Board of Directors. In addition, there is no controlling interest between the Company and Hitachi, Ltd., and the Company has judged that he is unlikely to have any conflict of interests with general shareholders in light of the scale and nature of the business relationship between the two companies.
Kouji Kihira	○	○	Outside Director Kouji Kihira served as an officer at Ube Industries, Ltd., which is the business partner of the Company. Business transactions between Ube Industries, Ltd., and the Company account for less than 1% of annual sales (the result for the most recent fiscal year) of the Company.	Mr. Kihira held key positions at Ube Industries, Ltd., such as the senior managing executive officer in charge of the Specialty Chemicals & Products Company. Therefore, the Company expects that he would be able to strengthen the audit system of the Company utilizing his extensive experience and knowledge in the business domain that has a close

				relationship with the Company.
Wataru Kitao	○	○	Outside Director Wataru Kitao has served as an officer at Nitto Denko Corporation, which is the business partner of the Company. Business transactions between Nitto Denko Corporation and the Company account for less than 1% of annual sales (the result for the most recent fiscal year) of the Company.	Mr. Kitao held key positions at Nitto Denko Corporation, such as an executive in charge of the management strategies. Therefore, the Company expects that he would be able to strengthen the audit system of the Company utilizing his extensive experience and knowledge.

Audit and Supervisory Committee [updated]

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 Audit and Supervisory Committee	Not Appointed
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Reasons for Adoption of Current Structure

Board of Directors will assign employees who assist the duties of Audit and Supervisory Committee after discussion with Audit and Supervisory Committee, upon requested by Audit and Supervisory Committee.

Cooperation Among Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit & Supervisory Committee supervises the accounting auditor to ensure the reliability of financial reporting. The Company secures “prior approval of the Audit & Supervisory Committee for the accounting auditor’s audit plan,” “consent of auditors with respect to the amount of remuneration for the accounting auditor,” and “prior approval of the Audit & Supervisory Committee for non-audit services entrusted to the accounting auditor” to ensure the independence of the accounting auditor from directors.

Audit and Supervisory Committee regularly receive from the accounting auditor the detailed reports and explanations relating to the methods and results of audits.

With respect to internal audits, the Company has established the Internal Auditing Department under the direct control of the president, comprising three staff members. In order to ensure the efficiency in the conduct of business and compliance, the Internal Auditing Department conducts audits on the legality and appropriateness of business operations of the respective divisions of the Company and Group companies to monitor the status of business operations for improvement. The Internal Auditing Department regularly reports to the president regarding the results of internal audits and the management of risk and compliance, while monitoring the status of corrective measures for audit findings.

Voluntary Establishment of Nomination/Remuneration Committee [updated]

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

	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	-	-
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	-	-
Other	-	-
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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.

Independent Directors [updated]

Number of Independent Directors	3
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Matters Relating to Independent Directors

The Company has designated its outside directors who satisfy the qualifications for independent directors as an independent director.

Incentives

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

The remuneration, etc., of directors (excluding directors who serves as Audit and Supervisory Committee Member) consist of basic remuneration and performance-linked remuneration, and the remuneration, etc., of directors who serves as Audit and Supervisory Committee Member consist of only basic remuneration.

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

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[updated]

Policy on Determining Remuneration Amounts and Calculation Methods	None
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Supporting System for Outside Directors [updated]

There is no employee assigned to provide assistance 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.

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

(1) Board of Directors

The Board of Directors meeting 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.

(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 audits.

(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 to which three staff members are assigned as at the submission date of this report. 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 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 enable accurate decision making.

b. 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.

c. 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 Company Act of Japan.

3. Reasons for Adoption of Current Corporate Governance System [updated]

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 Revitalize the General Shareholders' Meeting and Facilitate the Smooth Exercise of Voting Rights [updated]

	Supplementary Explanations
Early Notification of General Shareholders' Meeting	The Company sends the convocation notice prior to the date permitted by law.
Scheduling Ordinary General Shareholders' Meeting to Avoid the Peak Period	The Company schedules the meeting to avoid the peak period.
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 [updated]

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings for securities analysts and institutional investors four times a year, two of which are also for the members of the press.	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").	
Establishment of Department and/or Appointment of Manager in Charge of IR	The Company has established the corporate communication department to be in charge of the Company's IR.	

3. Measures to Ensure Due Respect for Stakeholders [updated]

	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 Hitachi Maxell Group Codes of Conduct that it acts proactively and positively for the conservation of the global environment. In addition, the Company issues an Integrated Report every year, and discloses it on the Company's website.
Development of Policies on Information Provision to Stakeholders	The Company provides in the Hitachi 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 [updated]

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 “Hitachi Maxell Group Corporate Credo” and “Hitachi Maxell Group Code 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 Article 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 Audit Department.

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 “Hitachi Maxell Group Code 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 Audit Department, 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 Company.

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 Company 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.

Basic policy for consolidated management

a. 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 audit department. 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 in accordance with the Rules on Management and Operation of Affiliates and Subsidiaries, while the Company's business departments, etc., in charge of subsidiaries receive regular reports from subsidiaries on their business plans, etc.

(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 Member), 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 orders from directors (excluding directors who serve as Audit and Supervisory Member) and other employees.

(7) Systems in which directors and employees of the Company and its subsidiaries report to auditors, other systems regarding reporting to auditors, 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 auditors' audit plan 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 auditors 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 auditors and treatment of expenses or liabilities incurred in the course of the execution of such duties

When auditors 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 may collect information by attending major internal meetings, including meetings of the Management Committee 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 Audit Department 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 Hitachi 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 Hitachi 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 Divisional Self-verification Committee, which is organized to conduct verification on transactions of the department. Uncertain transactions and undeterminable cases by the Divisional Self-verification Committee are judged by the Corporate Self-verification Committee. Persons who have knowledge of general affairs, accounting, procurement, and legal affairs are appointed as members of the Corporate Self-verification Committee and the Divisional Self-verification Committee for judgment.

Judgment is conducted based on the criteria set forth by the Corporate 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
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Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System [updated]

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 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.

