

Messages from the Outside Directors



Brian K. Heywood
Outside Director

PROFILE

Mr. Heywood joined J.D. Power and Associates in 1991. After years of experience working in operating companies and financial institutions, he co-founded a global investment fund that pioneered engagement investing in Japan, Taiyo Pacific Partners L.P. As CEO, he has successfully invested in numerous Japanese companies and worked with management to rejuvenate growth and drive shareholder value. In June 2020, Mr. Heywood was appointed as a board member of Maxell and is leveraging his unique experiences and expertise to drive business reforms aimed at maximizing long-term corporate value.

“Unleashing” the Power within the Organization to Transform Maxell

Maxell is an attractive company with a long, interesting history. Recent profits have been down, however, and from the outside, it may look like Maxell has lost its way. So, when I talk to the Board, I ask them some key questions: Do you know what Maxell’s real identity is? What do you do well, and can you go forward and continue to make products that impact the world in positive, important, and game-changing ways? Management clearly understands what their core technology is. So that is a really important starting point. I think what can be improved is really bringing Maxell’s focus back to applying that core technology. As with most companies, over time the product portfolio has expanded into some areas where the linkage is not as strong to that core technology.

How can outside board members help drive positive changes? The real innovations and most effective changes come from within an organization because that is where all the ideas, all the experiences, all the technologies, and all the frustrations are. Thus, in addition to improving corporate governance, an outside board member’s role is to help refresh the “idea pool” and “unleash” what is trapped in the imagination of management and employees by asking questions and challenging the status quo. An outside board member can also play an important role in improving board discussions, for example, by advising to focus more on long-term strategies and capital allocation decisions that have a

larger impact on performance. Lastly, an outside board member can provide the expertise necessary to help drive key strategies such as an M&A to rejuvenate the business portfolio.

My expertise and experience are in helping companies “unleash” the power that is within the organization to transform itself. I discovered this when I first joined the board of a portfolio company. When I can have direct conversations with the CEOs, I can help them “unleash” their potential. When I listen to overseas management teams, I hear their pride in the company but also their frustration. I can help bridge the gaps: communication gaps, cultural gaps, and structural gaps. Doing this helps the “inside” people really see the core issues they are facing more clearly. I want to help company leadership manage better by unleashing the skills and experiences, the knowledge, and the technology that they already have. The key is improving communication. That is what I do.

The impacts of COVID-19 will continue to spread and will last for years. Maxell will need to focus on how it can become a more resilient company amid this crisis (“KiKi”) by identifying the “Kikai (opportunities)” within the “Kiken (danger, or risks).” By unleashing their full potential, Maxell’s employees can take pride and have satisfaction in their work and increase motivation to develop more attractive products. I hope that Maxell will continue to create this virtuous cycle, even amid this crisis.

Messages from the Outside Directors



Sachiko Murase
Outside Director

PROFILE

Ms. Murase joined Nichiha Corporation in 1995. In 2008, she registered as a lawyer and joined Seiya Meitetsu Law Office. Subsequently, she served as an outside Audit & Supervisory Board member on several listed companies before becoming an outside director of Maxell Holdings, Ltd. in June 2020. She has a wealth of experience and expertise as a lawyer working mainly in the field of corporate law, as well as experience and insight as an outside director of listed companies. Ms. Murase will draw on this experience, expertise, and insight to strengthen the Company's corporate governance and increase its corporate value.

Building Corporate Governance That Encourages Innovation

The optimal form of corporate management differs from company to company. It is important to adopt the best governance system to suit the business operations and environment. Japan's Corporate Governance Code is one guideline for this, but rather than simply applying it formally, it is important to select what to incorporate and what to discard in order to customize it appropriately.

For the Maxell Group as it promotes management reforms, the important thing is to build a governance structure that supports the Company's constant creation of innovation as a manufacturer. We must pay constant attention to appropriate risk taking that is a necessary aspect of the pursuit of innovation. I recognize that I am expected to apply my experience and insight as a lawyer in this area of risk taking. Risks of a scale that threatens major damage to a company do not just suddenly occur; rather, there are various warnings or early signs that occur beforehand, and companies tend to incur significant damage by overlooking or underestimating these. By using my experience in corporate law to notice the early signs of risks and foresee and determine risks, I will support the Maxell Group's appropriate risk taking and help the Group to carry out its new mission: "Contribute to a sustainable society by innovating unique, original technologies."

Maxell is also taking proactive steps to promote the active participation of women, and has acquired two stars under the Eruboshi ("L Star") certification program of the Ministry of Health, Labour and Welfare. Promoting active participation of women is one example of diversity, but the original purpose for diversity promotion is to broaden the scope of decision-making by incorporating opinions from various viewpoints. The same principle applies in management decision making. Rather than viewing matters from the perspective of homogenous personnel, by having members of the board with different nationalities, age groups,

genders, and career backgrounds, the Company can ensure diversity, increasing the variety of observations. New observations provide opportunities to generate innovation, and also lead to picking up new risks. Maxell Holdings is working to promote diversity in its Board of Directors by appointing Brian K. Heywood, a non-Japanese investor, and myself, a woman and qualified lawyer, as outside directors. I aim to contribute to the further development of diversity within the Maxell Group.

The world is facing an unprecedented situation due to the COVID-19 pandemic. With manufacturers unable to create products because their plants are closed and restaurants unable to serve food and drinks indoors, the very foundations of society are being shaken. Facing this situation, it is important to identify the Company's supporting core competences. The Maxell Group has stated that its core competence is in creating new value from its Analog Core Technologies: Mixing & Dispersion technology, Fine Coating technology, and High Precision Molding & Forming technology. In the face of the present challenges, I believe that the Maxell Group must leverage analog technologies as its core competence to convert its difficulties into opportunities, conducting flexible and swift decision making to increase its corporate value as much as possible. To this end, I will leverage diversity to promote lively discussion within the Board of Directors.

The Maxell Group has used its technology capabilities to deliver a host of world-first technologies. Over the coming years, I expect to see the added benefits of how these technologies can produce profits, and how they can contribute to the realization of a sustainable society. The Maxell Group has now reached a point where it must change in order to strengthen these added benefits. I aim to assist the success of the Group's management reforms by contributing to the enhancement of its corporate governance.