

# Corporate Governance

One of Maxell Group's basic management policies is to improve corporate value over the medium to long term by implementing management measures from the perspectives of all stakeholders, including shareholders, investors, customers, and employees. In accordance with this policy, we strive to strengthen corporate governance by simultaneously accelerating management decision-making and business execution and enhancing the monitoring system.

## Corporate Governance System

### Management Structure

Our Board of Directors is responsible for establishing management policies for the Group as a whole and medium- to long-term business strategies, as well as overseeing the execution of duties by directors and executive officers and the execution of operations by each operating company. The Board of Directors is chaired by the President and Chief Executive Officer, and as of June 29, 2021, the Board of Directors consisted of nine members, including four outside directors.

Since June 2016, we have been strengthening the auditing and supervisory functions of the Board of Directors through an independent Audit and Supervisory Committee as a company with an Audit and Supervisory Committee. In addition, with the aim of ensuring objectivity and transparency in the determination of matters related to the nomination and compensation of directors and improving the effectiveness of the oversight function of the Board of Directors, we have established the Nomination and Remuneration Committee, which is composed of a majority of members and the chairperson of the committee as independent outside directors as an advisory body to the Board of Directors.

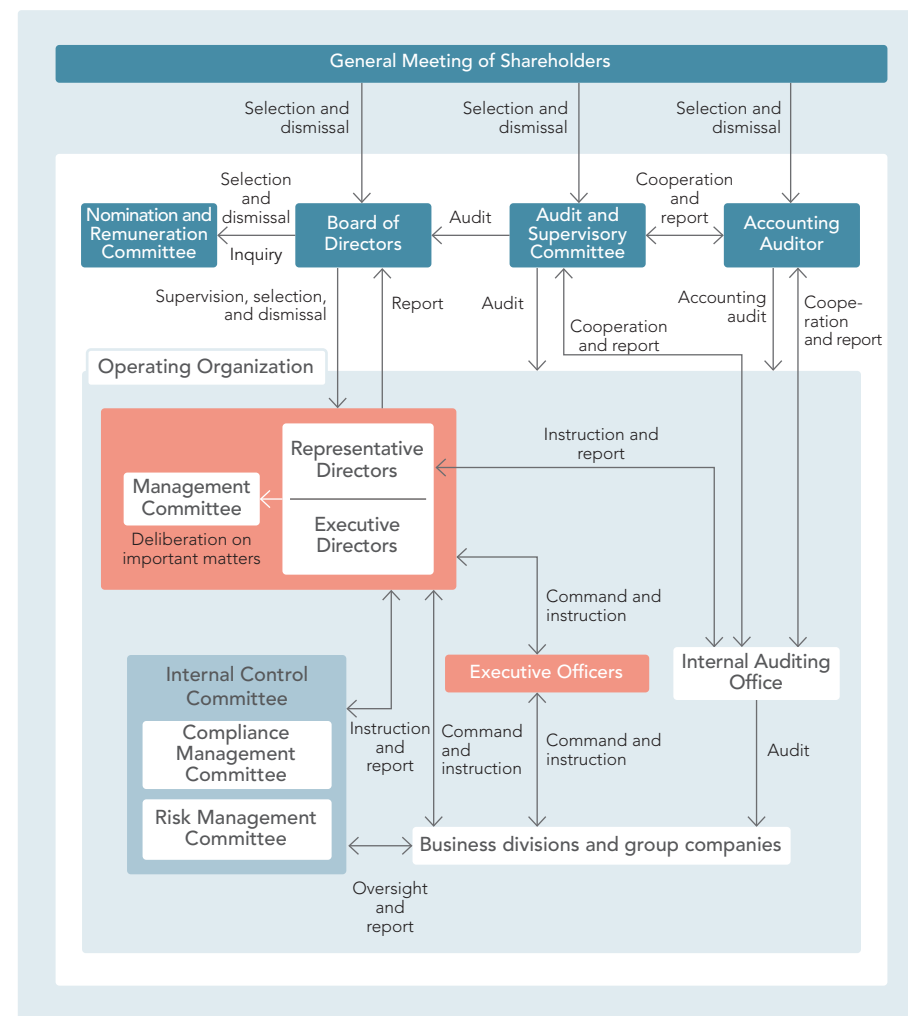
In addition, we have adopted an executive officer system to ensure prompt decision-making and management efficiency related to business execution.

### Corporate Governance Guidelines

In order to achieve sustainable growth of Maxell Group and increase its corporate value over the medium to long term, we have established the Corporate Governance Guidelines\*, which set out Maxell Group's basic philosophy and basic policies on corporate governance. We will strive to ensure appropriate information disclosure and transparency, appropriately fulfill the roles and responsibilities of the Board of Directors, and further invigorate constructive dialogue (engagement) with shareholders and investors.

\* Corporate Governance Guidelines: <https://www2.maxell.co.jp/ir/governance/>

## Corporate Governance System



## Corporate Governance

### ■ Appointment of Outside Directors

We ensure a system of outside director oversight by appointing outside directors and expressing their opinions at meetings of the Board of Directors from an independent and objective standpoint.

#### Reasons for Appointing Outside Directors

Name	Reason for Appointment
Brian K. Heywood	As the CEO of a global investment fund, he has a track record of investing in numerous Japanese companies and experience in business revitalization and development support, so he is expected to contribute to our business reforms and the enhancement of corporate value.
Sachiko Murase	She has abundant experience and expertise as an attorney with a focus on corporate legal affairs, and has experience as an outside officer of listed companies. She is therefore expected to contribute to strengthening our corporate governance and enhancing corporate value.
Tatsuhiko Izumi	He has abundant management experience in the automotive-related business and also has experience in business portfolio reform and management reform, so he is expected to contribute to our growth strategy, promotion of corporate governance, and enhancement of corporate value.
Shinobu Watanabe	He is expected to contribute to the promotion of our group governance and the enhancement of corporate value due to his abundant management experience and global insight and experience in listed companies.

Notes: 1. The Company has entered into agreements with outside directors Brian K. Heywood, Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe wherein their liability is limited to the minimum amount provided for in Article 427, Paragraph 1, and Article 425, Paragraph 1, of the Companies Act of Japan.

2. The Company has appointed the three outside directors Sachiko Murase, Tatsuhiko Izumi, and Shinobu Watanabe as independent directors in accordance with the standards defined by the Tokyo Stock Exchange and has submitted notification of this to the exchange.

#### Activities of Outside Directors (April 1, 2020–March 31, 2021)

Name	Status of Activities
Brian K. Heywood	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 11 of 11 meetings</li> <li>Status of comments at meetings of the Board of Directors: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of roles expected to be fulfilled by outside directors: Based on his abundant experience and broad insight as a manager of global investment funds, he actively points out issues related to overall management and makes proactive proposals that contribute to improving corporate value.</li> </ul>
Sachiko Murase	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 11 of 11 meetings</li> <li>Status of comments at meetings of the Board of Directors: From an expert's point of view on corporate legal affairs as an attorney, I make comments as appropriate.</li> <li>Outline of roles expected to be fulfilled by outside directors: Given the high level of expertise cultivated as an attorney, the outside directors positively point out issues related to the promotion of corporate governance and make recommendations that contribute to enhancing corporate value.</li> </ul>

Tatsuhiko Izumi	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 16 of 16 meetings</li> <li>Attendance at Audit and Supervisory Committee: Attended 13 of 13 meetings</li> <li>Status of statements by the Board of Directors and the Audit and Supervisory Committee: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of duties performed in relation to the roles expected to be performed by outside directors: Based on his wealth of experience and broad insight as a corporate manager, he is actively making recommendations regarding management reforms and contributing to the enhancement of corporate value. In addition, as the chairman of the Nomination and Remuneration Committee, which deliberates on the personnel and compensation of our senior management, we actively make recommendations on the establishment of an executive officer system and compensation systems from an objective standpoint.</li> </ul>
Shinobu Watanabe	<ul style="list-style-type: none"> <li>Attendance at meetings of the Board of Directors: Attended 16 of 16 meetings</li> <li>Attendance at Audit and Supervisory Committee: Attended 17 of 17 meetings</li> <li>Status of statements by the Board of Directors and the Audit and Supervisory Committee: The Board of Directors makes comments as appropriate from a specialist perspective on overall management.</li> <li>Outline of duties performed in relation to the roles expected to be performed by outside directors: Based on his wealth of experience and broad insight as a corporate manager, he proactively provide advice on global management and recommendations that contribute to enhancing corporate value. In addition, as a member of the Nomination and Remuneration Committee, which deliberates on the personnel and compensation of our executives, he actively make recommendations on the establishment of an executive officer system and compensation systems from an objective standpoint.</li> </ul>

### ■ Directors' Remuneration

#### Basic Policy

1. We will adopt a compensation system that meets the mandates of stakeholders and contributes to sustainable growth and enhancement of corporate value.
2. Remuneration is to that enables the recruitment of diverse and competent human resources who are responsible for group management.
3. From the viewpoint of accountability, we will design a system that emphasizes transparency, objectivity, and rationality.

#### Decision-Making Policy

As an advisory body to the Board of Directors, the Nomination and Remuneration Committee, which consists of a majority of independent outside directors and is chaired by an independent outside director, deliberates on the appropriateness of the policy and decides the policy by the Board of Directors based on the committee's recommendations.

#### Remuneration Structure

Remuneration for outside directors (excluding outside directors and directors serving on the Audit and Supervisory Committee) consists of a fixed monthly "basic remuneration" (monetary remuneration), "bonuses" (monetary remuneration) to be paid as short-term incentives, and "share-based remuneration" to be paid as medium- to long-term incentives.

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Directors and Auditors	Types of Remuneration	Summary
Directors (excluding outside directors and directors serving on the Audit and Supervisory Committee)	Basic compensation	A fixed amount is paid monthly in accordance with the position and responsibilities.
	Short-term incentives (bonuses)	In order to achieve the performance targets for a single fiscal year, bonuses will be paid in June or July of the following fiscal year in an amount calculated in the range of 0% to 200% of the standard amount for each position, depending on the degree of achievement of company-wide performance (operating income and ROIC) and individual performance (results of efforts to address management issues) for the relevant fiscal year.
	Medium- to long-term incentive (stock compensation)	As a performance-linked stock grant trust system aimed at sustainable medium-to long-term performance improvement and maximization of corporate value, points calculated in the range of 0% to 200% will be granted in June or July of the following fiscal year, depending on the degree of achievement of performance (ROIC) during the term of office, and shares will be granted in accordance with such points at the time of retirement.
Outside Directors Directors serving on the Audit and Supervisory Committee	Basic compensation	As it is independent from business execution, it consists only of monthly fixed basic remuneration.

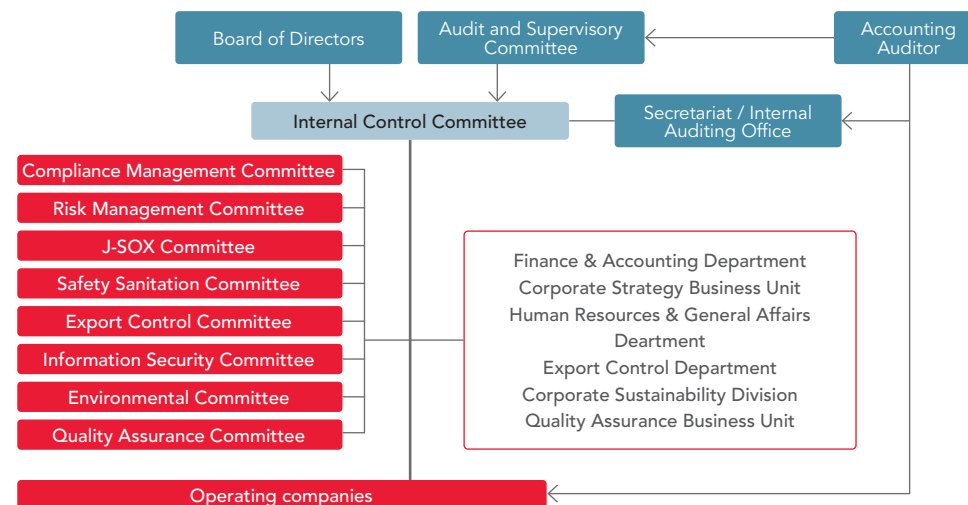
### Remuneration for Directors and Audit and Supervisory Committee Members in Fiscal 2020

Classification	Number of Employees to Be Paid	Total Remuneration (Millions of yen)
Directors (excluding directors serving on the Audit and Supervisory Committee and outside directors)	5	156
Directors serving on the Audit and Supervisory Committee (excluding outside directors)	2	20
Outside directors	6	25

### Strengthening Internal Control Systems

Maxell Group has established the Internal Control Committee to ensure and strengthen the effectiveness of corporate governance aimed at enhancing the corporate value of the Group as a whole and achieving management objectives. Through committee activities, we are striving to improve the Group-wide management system, including compliance and risk management, and to strengthen its functions, thereby enhancing our internal control system.

### Maxell Group Internal Control System Organizational Structure for Fiscal 2021



### Evaluation of the Effectiveness of the Board of Directors

The directors were given an anonymous survey covering the following topics.

Based on the results, the Board of Directors analyzed and evaluated its effectiveness as well as examined ways to make improvements.

#### 1. Method of Analysis and Evaluation of the Effectiveness of the Board of Directors

Based on the results of an anonymous questionnaire and a questionnaire for all directors covering the following items, hearings were held with outside directors. Based on the results, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors and examined future responses.

- Structure of the Board of Directors
- Effectiveness of the Board of Directors
- Effectiveness of the Nomination and Remuneration System for outside directors and executive officers
- Operations of the Board of Directors
- Individual evaluation
- System related to the support and coordination of outside directors

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- Roles of Audit and Supervisory Committee Members and Expectations of Audit and Supervisory Committee Members
- Relationships with Shareholders and Other Stakeholders

### 2. Summary of Results of Analysis and Evaluation of the Effectiveness of the Board of Directors

Our Board of Directors, as a whole, ensures diversity. Discussions are conducted from a wide range of perspectives that contribute to the improvement of the functions of the Board of Directors. We also recognize that business execution appropriately responds to the issues pointed out by the Board of Directors, and that the supervisory functions of the Board of Directors are strengthened. On the other hand, we reaffirmed that enhancement of discussions on medium- to long-term management plans, strengthening of group governance, and establishment of successor training plan are issues that we need to continue to address.

We reaffirmed that we need to continue to address these issues in the future.

### 3. Future Responses Based on Analysis and Evaluation of the Effectiveness of the Board of Directors

Our Board of Directors will work to further enhance discussions on medium- to long-term issues, restructure Group governance as we dissolve the holding company structure, and create a skills matrix for directors in light of our business strategy, and establish a succession development plan based on this.

### ■ Strengthening Compliance and Fostering Ethical Awareness

Maxell Group is constantly working to strengthen its compliance system in order to realize its basic philosophy of “ensuring fair and transparent corporate activities.” Specifically, we have established the Compliance Management Committee and are working to establish a system to strengthen compliance in Maxell Group. The committee is chaired by the director in charge of risk management, and is chaired by the directors and executive officers in charge of the sales, procurement, development, finance, general affairs, and IT divisions, and the heads of the legal & internal audit divisions. In addition, the president and directors, who are full-time Audit and Supervisory Committee members, meet regularly as observers. The committee deliberates and decides on policies for responding to issues that need to be strengthened, such as issues related to compliance promotion activities and corporate ethics activities, including education, issues that need to be strengthened through audits of each business division and Group companies, including overseas companies, and matters related to compliance violations, and reports the results of these activities.

In addition, the general managers of each business division and the presidents of each Group company are designated as their respective compliance promotion officers, and at the same time, through the compliance promotion officers assigned to each business division and each Group company, a system has been put in place to disseminate and execute decisions made by the Compliance Management Committee throughout the Group.

The Group distributes messages from the president, who is top management, calling on Maxell Group employees worldwide to emphasize and ensure “Basics and Ethics” and “Morality over Profit”. In order to strengthen employee awareness of compliance and foster an awareness of ethics, and from the perspectives of preventing competition law violations, anti-bribery, anti-social trade, and prevention of harassment, we are implementing various measures, including holding lectures by external teachers, conducting individual learning through e-learning, and holding workplace meetings to discuss the content of Maxell Group Code of Conduct at each workplace. To this end, we are striving to strengthen employee awareness of compliance and foster an awareness of ethics through various measures, including holding lectures by external lecturers, conducting individual learning through e-learning, and holding workplace discussion meetings to discuss the content of Maxell Group Code of Conduct at each workplace.

#### Anti-Bribery

Maxell Group has been implementing anti-bribery initiatives in its relationships with civil servants and non-civil servants. Furthermore, in October 2021, we established Maxell Group Anti-Bribery Guidelines with the aim of continuing to maintain fair relationships with society by complying with applicable bribery-related laws and regulations in all countries and regions involved in Maxell Group’s business activities and acting in a highly ethical manner. The guidelines stipulate eight specific action guidelines, including the prohibition of facilitation payments, and we will continue working to prevent corruption in all forms, including bribery.

#### Export Control

With regard to security trade control, the Export Control Committee closely evaluates export license requirements and conducts rigorous application and user reviews (catch-all regulatory reviews) in order to prevent the diversion of its products to weapons of mass destruction and ordinary weapons and to comply with relevant laws and regulations. In November 2014, we acquired a special general license\*, and we will continue to strive for responsible self-management.

\* A system under which a corporation submits its internal rules on export controls and related information to the Minister of Economy, Trade and Industry, which then provides bulk licenses for a combination of certain destinations and items that would previously have required individual approval.

#### Establishing an External Compliance Helpline

Maxell Group has established the Maxell Compliance Helpline as an internal reporting system to recognize illegal and fraudulent activities at an early stage and enhance the self-cleansing capabilities within the organization. In order to promote compliance management, we have also established a whistle-blowing hotline to access directly to an attorney who is independent from management as a contact point for cases that are difficult to investigate internally. Furthermore, we have already established a contact point that allows employees of overseas Group companies to report directly to us in each country’s languages, and the internal reporting system is permeating globally. In fiscal

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2020, one internal report was reported and was resolved, but there were no significant violations of laws or regulations.

### Respect for Human Rights

Maxell Group recognizes respect for human rights as one of its most important management issues. In September 2013, we established Maxell Group Human Rights Policy based on the International Charter of Human Rights and the Declaration on Basic Principles and Rights of Labor by the International Labour Organization (ILO). To raise awareness of respect for human rights among all employees, we continue to conduct training for each employee level and e-learning every year.

In addition, as part of efforts to address harassment, consultants selected from both labor and management have been assigned to each business site, and awareness-raising activities are being conducted to maintain and strengthen the internal system and prevent harassment, such as thoroughly disseminating the internal whistle-blowing system within the Company.

### ■ Risk Management

Maxell Group identifies and reviews company-wide risks, establishes divisions responsible for managing each risk item, and decides and manages response policies.

The Risk Management Committee, which meets once a year, makes decisions on important risk management matters related to strategy, finance, hazards, and operations, and summarizes each risk management activity. The results are reported to the Internal Control Committee.

### Information Security

Maxell Group has established an Information Security Policy and is thoroughly implementing rules, systems, and safety measures related to security. We are also conducting thorough employee education to raise the security awareness of each and every employee. In fiscal 2020, we provided education on information security and personal information protection. We also regularly conduct "target-type email training" as part of our education on cyber attacks. We have also acquired the Privacy Mark as a thorough measure to protect personal information, and we are currently updating it.

### Promotion of Business Continuity Plans

Maxell Group is working to strengthen its business continuity plan in order to reduce the risk of business interruption due to large-scale disasters, such as earthquakes, and accidents.

In addition to establishing an employee safety confirmation system, we have formulated initial action plans and business recovery plans for emergencies, and in order to ensure the execution of these plans, we conduct drills at each business site in anticipation of large-scale disasters. In addition, in order to respond to the contingencies of our business partners, we are gradually developing a database that includes information on the bases of our primary to secondary suppliers.

Maxell Group's overseas sales and manufacturing bases have formulated and implemented overseas crisis management manuals, and we are striving to ensure thorough crisis management even in the event of concerns about the situation, such as terrorism, and the Novel CoronaVirus infections disease.

We will continue to be vigilant in our ongoing efforts to minimize the risk of the activities of Group employees around the world, and improve our response and other initiatives in the event of an emergency.



Please refer to the Corporate Governance Report for detailed information such as the implementation status of the Corporate Governance Code.

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

### ■ Global Tax Policy

As a global corporation, we believe that paying the right amount of tax at the right time is an important part of our contribution to society and local communities overseas.

The Global Tax Policy\* comprises three topics: "Governance and risk management," "Compliance and reporting," and "Arranging our taxes." These topics have been publicly disclosed in order to enhance the transparency of the Group's tax governance as well as to meet any country-specific disclosure requirements.

\* Global Tax Policy: <https://www2.maxell.co.jp/corporate/taxpolicy.html>