

Corporate Governance

One of Maxell Group's basic management policies is to pursue medium- to long-term enhancement of corporate value by implementing management measures from the perspective of all stakeholders, including shareholders, investors, customers, and employees. Under this policy, we are striving to strengthen corporate governance by simultaneously accelerating management decision-making and business execution, and by enhancing the monitoring system.

Corporate Governance System

Management structure

The Board of Directors of the Company is responsible for establishing group-wide management policies and medium- to long-term business strategies. It is also responsible for overseeing the execution of duties by directors and executive officers and the execution of operations by operating companies. The Board of Directors is chaired by the President and Representative Director, and as of June 23, 2023, it consisted of 8 members, including 3 outside directors.

As a "Company with an Audit and Supervisory Committee," since June 2016, we have been working to strengthen the audit and supervisory functions of the Board of Directors through an independent Audit and Supervisory Committee. In addition, the "Nomination and Remuneration Committee," the majority of whose members and the chairperson are independent outside directors, has been established as an advisory body to the Board of Directors with the aim of ensuring objectivity and transparency in the determination of matters related to the nomination and compensation of directors, and working to improve the effectiveness of the Board of Directors' supervisory functions.

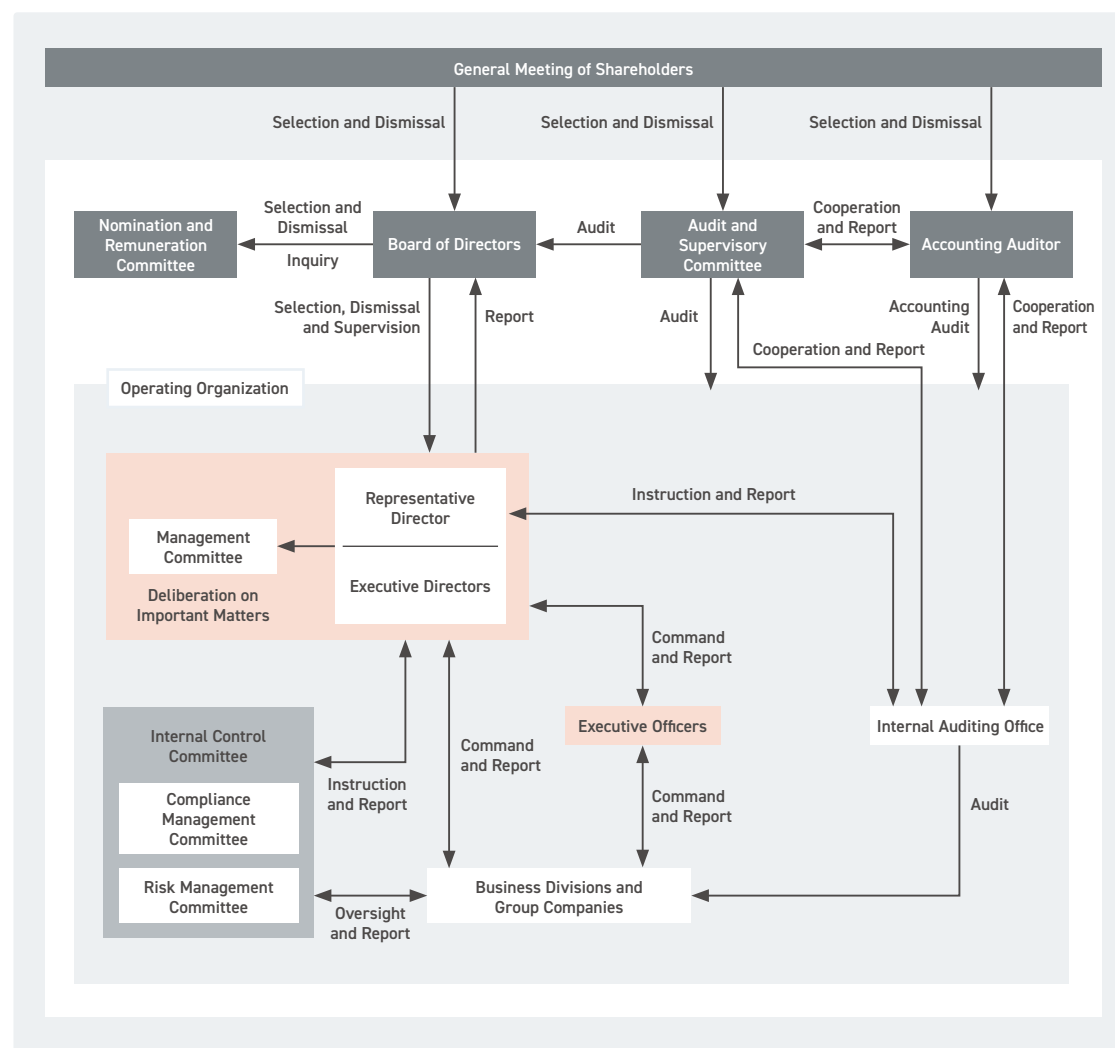
We also adopt an executive officer system to facilitate prompt decision-making and more efficient management with regard to business execution.

Corporate Governance Guidelines

In order to achieve sustainable growth and increase corporate value at Maxell Group over the medium- to long-term, we have established "Corporate Governance Guidelines,"* which define our basic approach 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 Organizational Chart



Appointment of Directors, and Ensuring Diversity

Appointment of Outside Directors

The Company secures its management oversight system as a result of appointing outside directors who express their opinions to the Board of Directors from an independent and objective standpoint.

Reasons for Appointment as Outside Directors

Name	Reasons for Appointment
Sachiko Murase	As a lawyer specializing in corporate legal affairs, Ms. Sachiko Murase has a wealth of expertise and a high level of professional knowledge. In addition to her experience as an outside officer at listed companies, since being appointed as a director at the Company she has been committed to providing valuable advice at Board of Directors' meetings. Accordingly, she is expected to continue to contribute to sustaining and strengthening the Group's growth strategies, corporate governance, and risk management.
Kazuhiro Aigami	Mr. Kazuhiro Aigami has served as the Representative Director for JVCKENWOOD Corporation and in other important posts, and thus has a wealth of management experience, as well as extensive insight into global sales and marketing strategies. Accordingly, he is expected to contribute to sustaining and enhancing Maxell's global business strategies and governance by providing his advice and recommendations regarding the Company's overall management.
Kazuyoshi Hata	Mr. Kazuyoshi Hata has served as a Senior Executive Officer at Konica Minolta, Inc., and in other roles, and as such, he not only has a proven track record and vast experience in business management and business reforms, but also a wide range of insight stretching from the technology arena through to the management planning arena. Accordingly, he is expected to contribute to sustaining and enhancing Maxell's business strategies and governance in new business fields by providing his advice and recommendations regarding the Company's overall management.

Note: The Company has appointed the three outside directors – Sachiko Murase, Kazuhiro Aigami, and Kazuyoshi Hata – as independent officers based on the standards defined by the Tokyo Stock Exchange, and has submitted notification of this to the Exchange.

Status of Outside Directors' Activities (April 1, 2022 – March 31, 2023)

Name	Status of Activities	
Kazuaki Tsutsumi	Attendance at Board of Directors' meetings: Attended 13 of 13 meetings	<p>Status of comments at Board of Directors' meetings He comments appropriately based on his specialist perspective concerning management as a whole.</p> <p>Overview of duties carried out in connection with the role expected to be fulfilled by outside directors He actively points out challenges extending across management as a whole and makes recommendations conducive to enhancing corporate value, based on his wealth of experience at, and broad-ranging insight into, global companies and investment funds.</p>
Sachiko Murase	Attendance at Board of Directors' meetings: Attended 16 of 16 meetings	<p>Status of comments at Board of Directors' meetings She comments appropriately based on her specialist perspective on corporate legal affairs as an attorney.</p> <p>Overview of duties carried out in connection with the role expected to be fulfilled by outside directors She actively points out challenges relating to corporate governance and makes recommendations conducive to enhancing corporate value, based on the high level of expertise she has cultivated as an attorney. She also provides beneficial advice on empowering female employees.</p>
Kazuhiro Aigami	Attendance at Board of Directors' meetings: Attended 13 of 13 meetings Audit and Supervisory Committee meetings: Attended 13 of 13 meetings	<p>Status of comments at Board of Directors' meetings and Audit and Supervisory Committee meetings He comments appropriately based on his specialist perspective concerning management as a whole.</p> <p>Overview of duties carried out in connection with the role expected to be fulfilled by outside directors He actively points out challenges relating to global management and makes recommendations conducive to enhancing corporate value, based on his wealth of experience and broad-ranging insight as a businessman. In addition, as Chairman of the Nomination and Remuneration Committee, which considers the personnel system and remuneration of the Company's senior management, he actively makes recommendations on the structuring of the Company's executive and remuneration systems, from an objective standpoint.</p>
Kazuyoshi Hata	Attendance at Board of Directors' meetings: Attended 13 of 13 meetings Audit and Supervisory Committee meetings: Attended 13 of 13 meetings	<p>Status of comments at Board of Directors' meetings and Audit and Supervisory Committee meetings He comments appropriately based on his specialist perspective concerning management as a whole.</p> <p>Overview of duties carried out in connection with the role expected to be fulfilled by outside directors He actively raises points concerning business reforms and growth strategies and makes recommendations conducive to enhancing corporate value, based on his wealth of experience and broad-ranging insight as a businessman. In addition, as a member of the Nomination and Remuneration Committee, which considers the personnel system and remuneration of the Company's senior management, he actively makes recommendations on the structuring of the Company's executive and remuneration systems, from an objective standpoint.</p>

Note: Kazuaki Tsutsumi retired after the end of his term of office at the end of the 77th General Meeting of Shareholders held on June 23, 2023.

Directors' Skills Matrix

Name	Position at the Company	Experience and Expertise							
		Business Portfolio Management	Global Business	Sales & Marketing	New Technology Creation	Production Improvement	Finance	Legal Affairs & Compliance	ESG
Keiji Nakamura	President and Representative Director	○			○	○			○
Hiroyuki Ota	Director	○			○	○			○
Shinichiro Takao	Director		○	○					○
Noritoshi Masuda	Director		○				○	○	○
Sachiko Murase	Outside Director							○	○
Hiroyuki Suzuki	Director (Full-time Audit and Supervisory Committee member)		○				○	○	○
Kazuhiro Aigami	Outside Director (Audit and Supervisory Committee member)	○	○	○					○
Kazuyoshi Hata	Outside Director (Audit and Supervisory Committee member)	○			○	○			○

Definitions of Skills (Experience and Specialties)

- Business Portfolio Management: Business management experience at a domestic listed company with multiple businesses or at a global company
- Global Business: Experience in overseas business management and extensive knowledge of overseas culture and business environments
- Sales & Marketing: Extensive knowledge in the area of sales and marketing, and experience as a leader in the area
- New Technology Creation: Management experience and extensive technological knowledge as a leader in charge of promoting new technology creation (innovation)
- Production Improvement: Extensive knowledge in the area of manufacturing, including productivity improvement and cost reduction, and experience as a leader in the area
- Finance: Extensive knowledge in the area of corporate finance, and experience as a leader in the area
- Legal Affairs & Compliance: Extensive knowledge in the area of legal affairs and compliance, and experience as a leader in the area
- ESG: Extensive knowledge in the area of ESG, and experience as a leader in the area

Remuneration for Directors

Basic Policy

1. We will adopt a remuneration system that meets the mandates of stakeholders and contributes to sustainable growth and enhancement of corporate value.
2. We will set up remuneration 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.

Determination Policy

The appropriateness of the policy for determining directors' remuneration is discussed at the Nomination and Remuneration Committee, an advisory body to the Board of Directors, in which the majority of members and chairperson are independent outside directors, and the policy is decided at the Board of Directors based on the committee's recommendations.

Remuneration Structure

Remuneration for directors (excluding outside directors and directors who serve as Audit and Supervisory Committee members) consists of a fixed monthly "base 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.

Directors' Remuneration for Fiscal 2022

Classification	Number of Directors to be Paid	Total Remuneration (million yen)
Directors (excluding directors who serve as Audit and Supervisory Committee members and outside directors)	5	96
Directors who serve as Audit and Supervisory Committee members (excluding outside directors)	1	20
Outside directors	5	26

Classification	Type of Remuneration	Summary
Directors (excluding outside directors and directors who serve as Audit and Supervisory Committee members)	Base remuneration	A fixed amount is paid monthly in accordance with the position and responsibilities.
	Short-term incentives (bonuses)	In the interest of achieving single-fiscal-year performance targets, 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, according to the degree of achievement of company-wide performance (operating profit, ROIC, and ROE) and individual performance (track record in addressing management issues), for the relevant fiscal year.
	Medium- to long-term incentives (share-based remuneration)	As a performance-linked stock grant trust system aimed at sustainable performance improvement in the medium- to long-term and maximizing corporate value, points will be granted in June or July of the following fiscal year, which will be calculated in the range of 0% to 200% according to the degree of achievement of performance (ROIC) during the term of office, and the shares will be granted at the time of retirement, according to the relevant points.
Outside directors/directors who serve as Audit and Supervisory Committee members	Base remuneration	As their position is independent from business execution, their base remuneration consists only of the monthly fixed base remuneration.

Assessment of the Effectiveness of the Board of Directors

Based on the Corporate Governance Guidelines, the Company regularly evaluates the effectiveness of the Board of Directors, with the aim of increasing the effectiveness of the Board of Directors and enhancing corporate value.

For fiscal 2022 as well, we analyzed and evaluated the effectiveness of the Board of Directors as follows.

1. Methods of analysis and evaluation related to the effectiveness of the Board of Directors

An anonymous survey of all directors regarding the following items was carried out, and based on the outcome of an external agency's tabulation and analysis of those survey results, the effectiveness of the Board of Directors was analyzed and evaluated at the Board of Directors, and ways to respond going forward were considered.

- Board of Directors' structure
- Board of Directors' effectiveness
- Effectiveness of appointment and remuneration systems for directors and executives
- Board of Directors' management
- Personal evaluation
- Structure of support and cooperation by outside directors
- Roles of Audit and Supervisory Committee members, and the expectations placed on them
- Relationship with shareholders and other stakeholders

*The evaluation covers the same items covered in fiscal 2021 in order to make the results comparable with the results of the fiscal 2021 evaluation.

2. Outline of analysis and evaluation results related to the effectiveness of the Board of Directors, and responses going forward

The Board of Directors of the Company recognizes that it is undertaking appropriate discussions based on the mutual understanding of directors regarding the roles and responsibilities that the Board of Directors should perform. In addition, with regard to establishing successor development plans, which emerged as an issue in fiscal 2021, the Board of Directors recognized that the established plans would need to be continuously monitored.

On the other hand, the Board of Directors reacknowledged that deepening medium- to long-term strategic discussions at the Board of Directors, and examining agenda items that are aligned with objectives of the Board of Directors, are the matters that need to be continuously addressed going forward.

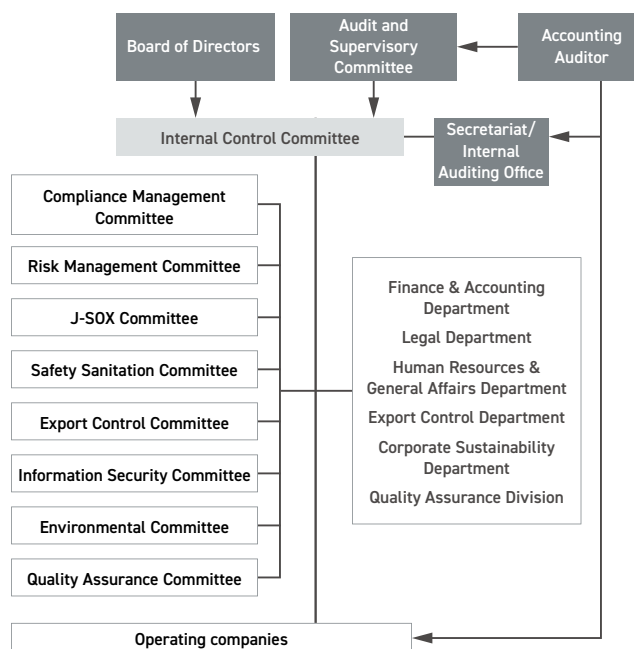
Based on the analysis and evaluation results, the Board of Directors of the Company will concentrate on addressing the above-mentioned issues, and will strive to further improve its effectiveness.

Enhancing Internal Control Systems

Maxell Group has established the Internal Control Committee to ensure and strengthen the effectiveness of corporate governance, toward enhancing the corporate value of the Group as a whole and achieving management objectives.

Through the Committee's activities, we are striving to improve the management system and to strengthen the functions of the Group as a whole, including compliance and risk management, thereby enhancing our internal control systems.

Organizational Structure of Maxell Group's Internal Control Systems



Strengthening Compliance and Fostering Ethical Awareness

Compliance System

Maxell Group established the "Maxell Group Code of Conduct," which is shared and applied within the Group, in order to realize its fundamental philosophy of "ensuring fair and transparent corporate activities," and is constantly working to strengthen its compliance system. Specifically, we have established a Compliance Management Committee, which is working to establish a system to strengthen compliance within the Maxell Group. The Compliance Management Committee is chaired by the director in charge of risk management, and is composed of the directors and executive officers in charge of the sales, procurement, development, finance, general affairs, and IT departments, along with the heads of the legal and internal auditing departments. In addition, the committee meets regularly (2 times or more per year) with the president and the director who serves as full-time Audit and Supervisory Committee member attending as observers. The Compliance Management Committee deliberates and decides on policies for responding to issues that need to be addressed, such as issues related to compliance promotion activities and corporate ethics activities, including education; issues that audits, etc., of business divisions and Group companies inside and outside Japan have demonstrated; and matters related to compliance violations. It reports on the outcomes of its activities.

The Compliance Management Committee also sets out a compliance program that employees should engage in on a daily basis, chiefly from the standpoints of "preventing violations of competition laws," "preventing bribery" and "preventing anti-social trading," and it holds regular audits to confirm the state of that program's implementation. The Committee carries out audits by making on-site visits to each business division and Group company within Japan once a year, and to Group companies overseas once every two years. It uses these visits to confirm the content of various ledgers and work-related emails, and to confirm the presence or absence of contact with rival companies and/or civil servants through interview-based hearings.

Meanwhile, since 2016 the general managers of each business division and the presidents of each Group company have been designated as their respective division and company's compliance promotion officers, and simultaneously, the compliance promotion officers assigned to each business division and each Group company have been positioned as secretariats. The compliance promotion officers are responsible for making known and implementing decisions pertaining to compliance made by the Compliance Management Committee, at the respective business divisions and

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Group companies they are in charge of, and also have a duty to take appropriate steps, such as by setting out business procedures for preventing compliance violations by disseminating compliance awareness among employees.

The status of the Compliance Management Committee's activities outlined above is reported at the Board of Directors once a year, via the Internal Control Committee, which oversees the activities of all the committees in Maxell Group.

Anti-Bribery

Up to now, Maxell Group has also been implementing initiatives concerned with the prevention of bribery in relationships with civil servants as well as non-civil servants. Furthermore, in October 2021, the "Maxell Group Anti-Bribery Guidelines" were established with the aim of continuing to maintain fair relationships with society by complying with applicable bribery-related laws and regulations in all countries and areas related to Maxell Group's business activities, and acting in a highly ethical manner. These Guidelines include eight specific action guidelines, such as prohibiting facilitation payments, and all employees at Group companies inside and outside Japan have studied the content of the Guidelines through e-learning or other platforms (3,561 employees have participated).

In addition, by conducting on-site interviews and by confirming the content of accounts and ledgers in the regular audits of Group companies inside and outside Japan, checks are made regarding whether or not activities are violating these Guidelines. We will continue working to prevent corruption in all forms, including bribery, in the future as well.

Export Control

With regard to Security Export Control, the Export Control Committee carries out accurate compliance determination, and undertakes rigorous application and user screenings (Catch-all Control screenings), in order to prevent the diversion of Maxell's products to weapons of mass destruction and conventional weapons, and ensure compliance with relevant laws and regulations.

In November 2014, we acquired a Special General Bulk Export License,* and will continue to work on responsible self-management.

* Special General Bulk Export License: A system under which a company submits its internal export control rules and related information to the Ministry of Economy, Trade and Industry (METI). Provided METI recognizes that the company in question is carrying out appropriate export control, it provides the company with a bulk license for a combination of specific destinations and items that would otherwise require individual licenses.

Establishment of an Internal Reporting Desk Independent from the Management

Maxell Group has established the "Maxell Compliance Helpline" as an internal reporting system that can be utilized by employees of the Group, and is enhancing its capacity for in-house "self-cleansing" by ensuring that it becomes aware of any illegal and fraudulent activities promptly. In addition, in order to promote compliance management, we have also established a whistle-blowing hotline to an attorney who is independent of the management, as a contact point for cases that are difficult to investigate internally. Furthermore, the internal reporting system stretches globally – we have already established a dedicated contact point that allows employees of overseas Group companies to report directly in their own language.

Incidentally, there were 13 cases of internal reports in fiscal 2022, but no reports concerning major legal violations, etc.

Respect for Human Rights

Maxell Group recognizes respect for human rights as one of its key management issues. In September 2013, we formulated the "Maxell Group Human Rights Policy" based on the International Bill of Human Rights and the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work. In an effort to raise awareness of respect for human rights among all employees, we continue to conduct training at each employee level, and education through e-learning, every year.

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

Implementing Compliance and Ethics Education

Compliance and ethics education activities covering all Group employees (including temporary employees and part-timers)

Since 2009, Maxell Group has designated October of each year as "Corporate Ethics Month," and it carries out Corporate Ethics Month activities globally with the aim of becoming a model company that is trusted by society in all its company activities in regions worldwide, as a result of Maxell Group employees executing sincere and fair business, protecting the environment, ensuring sound relationships with society, civil servants, etc., respecting human rights, and ensuring good workplace environments that are free from power harassment and sexual harassment. More specifically, we distribute

the President's compliance message in the local language of each country, and we also hold e-learning courses, "workplace discussion meetings" that bring together employees to hold discussions on an individual workplace basis, and "compliance lectures" to which external lecturers are invited, on themes such as "preventing violations of competition laws," "preventing bribery," "preventing anti-social trading," and "preventing insider trading," and attendance records are kept.

As a new initiative in fiscal 2022, we distributed a "compliance card" for employees. Employees can use the internal reporting contact points printed on the cards, and can also refer to the "Maxell Group Code of Conduct" on their smartphones and other devices by following a URL (via a QR code).

Compliance education as one part of hierarchical training

Compliance education tailored to employment posts is held for new employees, for newly-appointed managers newly taking on a managerial position, and for all managers/senior managers. Additionally, compliance education that involves direct lectures by attorneys or other external experts is held for executive officers, who are the Company's top management.

Number of employees who participated in compliance education and activities held in Japan over the past 3 years (total number of people)

	FY2020	FY2021	FY2022
e-learning	7,504	6,629	7,344
Ethics Month "workplace discussions"	4,131	3,226	3,158
New distributions of compliance cards	—	—	3,622
Hierarchical training (managers/senior managers, newly appointed managers, new employees, others)	72	281	305
Training for executives	34	23	33
Total	11,741	10,159	14,462

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Number of employees who participated in compliance education and activities held overseas over the past three years (total number of people)

	FY2020	FY2021	FY2022
Americas	117	81	74
Europe	129	114	104
Asia	1,238	1,742	1,716
Total	1,484	1,937	1,894

Risk Management

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

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

Maintaining Information Security

Maxell Group has set out 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 addition to annual education on information security and personal information protection, we also regularly conduct "targeted e-mail drills" as training for cyberattacks. We also acquired "PrivacyMark" certification as a way of thoroughly protecting personal information, and continue to keep that certification updated and current.

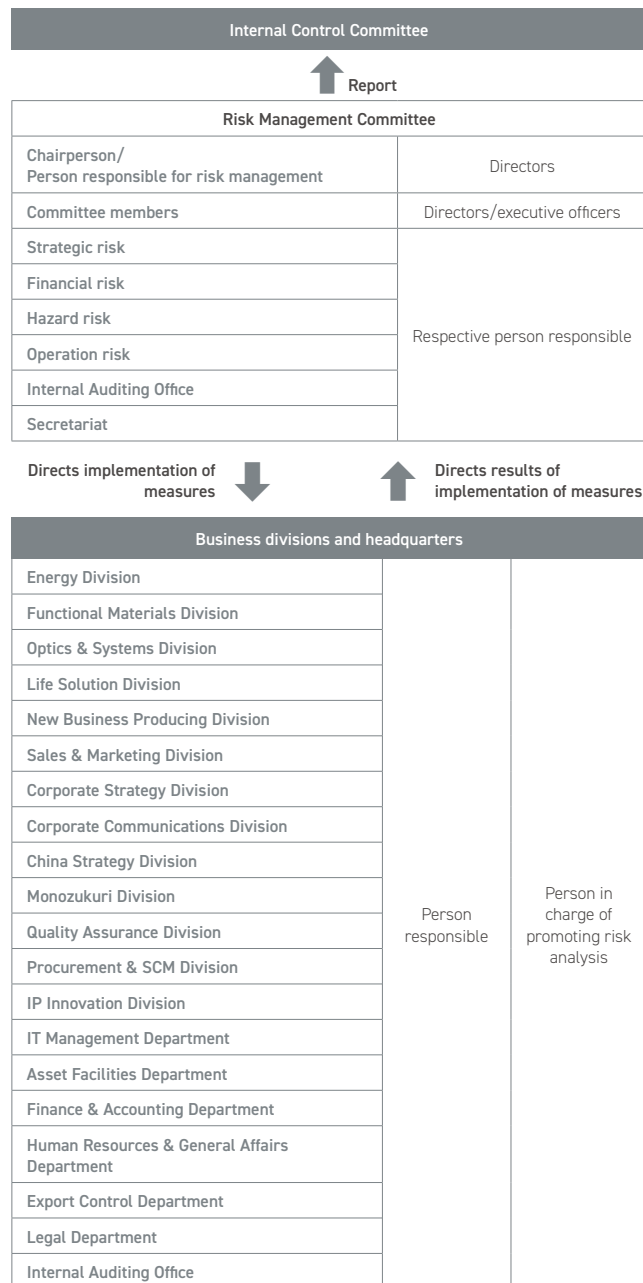
With cyberattacks growing more diverse recently, we are also working on strengthening our security measures.

Promoting the Business Continuity Plan

Maxell Group is working to strengthen its business continuity plan in order to reduce the risk of business interruptions arising from 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 training at each business site in anticipation of large-scale disasters. Furthermore, in order to respond to contingencies at our business partners, we are making steady progress in developing a database that includes information

Risk Management System



on the locations of our primary to secondary suppliers. At the Group's overseas sales and manufacturing sites, we formulate and operate overseas crisis management manuals to ensure thorough crisis management, including with regard to terrorism and other unstable situations.

Going forward, the Group will work to minimize all risks facing its entire workforce while also making improvements, including in its responses when emergencies strike.

Global Tax Policy (published on October 1, 2021)

As a global company, Maxell Group believes paying tax correctly is an important part of its contribution to society and local communities overseas.

Maxell Group publishes its "Global Tax Policy,"* which covers "Governance and risk management," "Compliance and reporting," and "Arranging our taxes," in the interests of enhancing the transparency of the Group's governance regarding its tax affairs. The Global Tax Policy's content satisfies the disclosure requirements in the countries in which Maxell Group operates businesses.

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

Participation in the United Nations Global Compact

Maxell Group supports the United Nations Global Compact. We support the 10 principles of human rights, labor, environment, and anti-corruption, and are engaged in activities in each field.



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/>