

Outside Director Roundtable Discussion

Expectations for Increased Innovation through Active Delegation of Authority to Executive Side and Rotation of Personnel



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Proposal Aimed at Enhancing the Effectiveness of the Board of Directors

Murase: Some companies have a one-sided approach where outside directors ask questions, and inside directors provide answers during Board meetings. At Maxell, however, there is a lot of input from internal directors, and there is active exchange of opinions based on overall management considerations.

We also hold our own informal outside

director meetings once a month to engage in frank discussions about Maxell's issues from an external perspective. Even if there are outside director personnel changes, these meetings help ensure each outside director is informed to the same degree and they help to build trusting relations, and this in turn helps to invigorate Board discussions.

Aigami: I believe that my role as an outside director is to focus on two key areas: monitoring and strengthening governance to prevent

corporate misconduct, and enhancing long-term corporate value, competitiveness, and social value. I believe that more detailed operational matters should be delegated to the executive side and discussed at meetings of the Management Committee. This would enable the Board of Directors to concentrate on monitoring to prevent misconduct and deepening its discussions relating to medium- to long-term corporate value enhancement. That approach would ultimately increase the effectiveness of the Board of Directors.

Currently, more than half of the matters discussed at Board of Directors meetings pertain to operational decisions. Reducing that to between 20% and 30% and increasing the weighting of monitoring and oversight matters to between 70% and 80% would be ideal.

Hata: I strongly believe that providing a clear and specific long-term vision for the Group is one of the most crucial tasks for us. I'd like to engage in extensive discussions on this matter at Board of Directors meetings and we intend to provide strong backup support.

This is another reason why delegating authority from the Board of Directors to the executive side is so important. At the same time, on the executive side, delegating authority from management executives down to senior managers, and creating a system where senior managers have to carefully consider issues to make decisions and take responsibility for them, will also contribute to the development of future candidates for leadership roles.

Aigami: Maxell is a "Company with an Audit and Supervisory Committee," which allows for significant delegation of authority for important executive decision-making from the

Board of Directors to executive directors. This is a significant advantage. Mr. Hata and I, as Audit and Supervisory Committee members with the authority of directors, have decision-making powers, providing us with flexibility in strengthening monitoring processes.

Hata: In our monitoring activities, we pay close attention to maintaining a balance between "acceleration" and "braking" within Maxell's governance. When it comes to governance and risk management, it's easy to end up focusing solely on applying the brakes. However, when moving to seize opportunities, it's crucial to take appropriate risks and step firmly on the accelerator to get ahead.

Murase: At Board of Directors meetings, there are discussions, decisions, and reports on a large number of topics, so the amount of time for free discussion is limited. From fiscal 2023, we've been trialing a separate forum for officers to gather and engage in open discussions on broader themes from a long-term perspective and we have high hopes for this initiative.

Materialities, Action Plans, and KPIs

Murase: In fiscal 2021, we set seven materialities and 20 action plans, and in fiscal 2022, we set KPIs for each of them. This was a significant step, and working together towards achieving these as "One Maxell" will be crucial. While KPIs are essential for enhancing the effectiveness of efforts to address materialities, we have also received reports suggesting that some KPIs need to be revised to make them more appropriate.

We aim to engage in monitoring to ensure that employees can remain actively aware of

materialities and KPIs as they go about their daily tasks. Additionally, based on regular progress reports on these initiatives, we plan to make necessary adjustments as required, with the goal of enhancing their effectiveness.

Hata: Some of our KPIs and KGIs need a little more fine-tuning, including adjustments to their time frames, and it's crucial that we constantly review them. I think we ought to continue to make adjustments as needed.

Expectations for Maxell Over the Medium- to Long-Term

Aigami: In terms of my expectations for management, first and foremost, I'm hoping for the construction of a system for an improvement in the agility of business execution. This will involve identifying matters for resolution that can be delegated from the Board of Directors, and setting up a system where directors with executive responsibilities and executive officers can swiftly make decisions and execute these tasks. The next step is to then further advance the delegation of authority to corporate officers and department and section managers. I would like to monitor this system to verify that it's operating smoothly.

Secondly, I believe we should deepen discussions aimed at accelerating the achievement of results in line with the growth strategy. It's crucial to encourage interaction among individuals within and across business divisions to create more synergies. While Maxell has previously engaged in M&A involving companies in other industries, I would like management to explore the potential for growth in collaboration with other companies in the same industries as our four business divisions, as this may make it easier to generate synergies.

Thirdly, I believe there are situations where top-down directives are also necessary. While respecting the decisions of our business divisions is important, there are initiatives where growth has lagged behind. Striking a balance between speed and respecting business division judgments is crucial.

Murase: Regarding our growth strategy, there are areas where we haven't been growing in line

with targets in our medium-term management plan MEX23, and achieving our targets in those areas won't be straightforward. We have advanced technical capabilities even from a global perspective, but these capabilities aren't necessarily all translating into profits. At Board of Directors meetings, I would like to discuss, over the medium- to long-term, how to leverage our strengths to enhance corporate value. It's vital that we address concrete issues while never losing sight of where we want the Group to be heading, and adapt to societal changes as needed, patiently cultivating areas where we ought to be pursuing further growth.

Hata: Growth requires innovation. Innovation isn't just about inventing new technologies or launching new businesses; it also involves identifying the fundamental needs of customers and markets and combining the technologies we already possess to provide solutions. Innovation and the creation of new value become possible when there's cross-organizational communication and collaboration, with multiple departments working together to tackle the same challenges. While it may take time, it's essential to implement active personnel rotation, providing each employee with experience across a variety of different businesses.

I recently attended an R&D presentation event for employees held at the Kyoto Head Office. It was a great initiative that enhanced employees' understanding of the activities of other business units. I'd like to see more opportunities like that being provided in the future.

Aigami: We have set "Creating human resources and organizations that generate value" as a materiality. Employees can become complacent if they stay in the same department for a



long time, making it challenging to spark the chemistry between different business divisions to be catalyzed by employees. It's essential to encourage active interaction and idea-sharing between business divisions including those on the corporate side.

An issue with our overseas bases is the lack of local staff in president and director roles. Instead of issuing directives from Japan, involving local staff in management and encouraging them to contribute ideas from their perspective will lead to more global growth.

Murase: Enhancing cross-organizational collaboration with the involvement of our overseas operations is crucial. While we've seen some cross-organizational efforts in manufacturing and sales gradually emerging, we need to pick up the pace. We need to leverage our Analog



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Core Technologies, which are our strengths, and combine them in order to make proposals with higher added value. Ensuring that we live up to the brand slogan “Within, the Future - the future is within” is the key to realizing Maxell’s medium- to long-term value enhancement and contributing to a sustainable society.



Nurturing Future Leaders

Hata: The rotation of employees is also crucial from the perspective of nurturing future candidates for executive roles. Gaining experience in different departments and overcoming challenges and difficulties leads to significant personal growth. Over the past year, the executive leader development program has been enhanced, and we’d like to monitor progress and provide recommendations to ensure that the mechanisms for nurturing executive candidates are functioning effectively.

Aigami: The training of young employees to groom future leaders is crucial, and I’d like to provide advice in this regard.

President Nakamura, Mr. Hata, Director Hiroyuki Suzuki, and I have been actively involved in discussions in the Nomination and Remuneration Committee. I would like, however, to engage in discussions with others beyond our current circle, including directors other than the president, corporate officers, and general managers, whom I haven’t yet had opportunities to meet with, to hold discussions concerning future leaders.

Murase: Maxell is a Group that values its employees highly, and the nurturing of future leaders is positioned as an important management issue. We intend to monitor the executive leader development program to ensure its effectiveness in nurturing future leaders, along with other personnel development strategies.

What’s important is that employees who’ve participated in the executive leader development program can feel their growth and are actively and vibrantly contributing. When other employees

are inspired by their progress, aspire to reach the same stage, and also seek out a career path towards leadership, that in turn contributes to the sustainable growth of the Group.

Aigami: It appears in general that younger employees have recently tended to be less eager to advance up the ladder after witnessing the struggles of older employees. However, I’m expecting Maxell to become a pioneer with a positive culture where younger employees can see that dreams can come true. When I visit Maxell’s workplaces, I encounter a lot of diligent and optimistic employees. Providing more opportunities for young employees to voice their opinions would be a good way to draw on their energy.

Hata: I’ve heard that the president also visits workplaces around Japan to engage in dialogue with employees. I think that is a great approach that enables the president to share the company’s policies and mission with employees, gain a better understanding of how younger employees feel about their work, and give employees opportunities to get closer to the president and talk directly with him.

It would also be good if employees, in turn, eagerly create their own visions for the future and management actively incorporates their ideas. While there’s already a diligent work culture in place, if employees start thinking a lot more innovatively and dare to provide stimulus to management in positive ways, that would bring extra vitality to the entire Group.

Murase: Hearing from members of the “M-Wing” project team brought a new strength of Maxell to my attention. M-Wing is a project aimed at promoting diversity and the team is composed of members selected from each business division.

Their slogan is “companies and workplaces where everyone can thrive” and they’re involved in a wide range of different initiatives.

The passion of younger employees about their vision for Maxell 10 or 20 years from now is a source of growth for the Group. I have great expectations for their efforts to promote the active participation of women in Maxell’s workplaces and I would also like to contribute to those efforts through dialogue with employees.