

Corporate Governance Report

[TRANSLATION]

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IBIDEN Co, Ltd.

Takeshi Aoki, President & CEO

Contact: Yasuhito Hirose

Division Manager

Strategic Corporate Planning Division

(0584)81-7973

Securities Code: 4062

<https://www.ibiden.com/>

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

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

1. Basic Views

Our Group (hereinafter collectively termed “the Group”) considers corporate governance to be a key management mechanism for transparent, fair, prompt and resolute decision-making, and all Group companies are thus actively committed to improving corporate governance. As part of the Group’s corporate governance, we are enhancing internal control by proactively undertaking activities to advance compliance and risk management. Furthermore, we are expanding/strengthening the management oversight functions of the Board of Directors and the audit functions of our Audit and Supervisory Committee. These steps will enable us to construct a transparent corporate governance system worthy of the trust of shareholders and other stakeholders and fulfill our corporate social responsibilities, and will help us improve our corporate value through sustained growth.

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

The Company implements each principle of the Code’s principles. (Fully Comply)

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-Shareholdings]

1. Policy on Cross-Shareholding

Our basic policy when engaging in investment for purposes other than pure investment is to give comprehensive consideration to the shares we hold in terms of their importance in implementing our business strategy and strengthening business alliances for the sake of improving corporate value over the medium-to-long term. Meanwhile, the Company appropriately proceeds to sell the shares deemed unnecessary in order to make an effort to reduce holding shares. Furthermore, the profitability in consideration of the status of the listed shares we hold, the purpose and the capital cost is reported to the Board of Directors on an annual basis

to examine the policy on cross-shareholdings. When the shares deemed necessary, the Company discloses the purpose of them.

2. Standards for the Exercising Voting Rights

The voting rights for these shares are exercised based not only upon the sustainable growth of the investee company but upon the enhancement of the corporate value in which the Company holds shares for the medium and long term, while considering the strategic status of cross-shareholding through dialogues with respective companies.

[Principle 1-7 Related Party Transactions]

When the Company engages in transactions with its Directors, the Company submits the important matters and requires a resolution of them by the Board of Directors pursuant to the Rules of the Board of Directors. The Company also provides all the Directors and presidents of leading subsidiaries with a questionnaire in order to supervise related parties transactions annually. In the case of important transactions between the Company and a major shareholder, it also requires a resolution of the Board of Directors pursuant to the Rules of the Board of Directors.

[Principle 2-6 Roles of Corporate Pension Funds as an Asset Owner]

The Company does not come under the principle not holding defined benefit corporate pension plan. Consequently, the Company adopts a selective Annuity Certain System as measures for the assets formation for employees for their retirement, which enables them to manage and invest their contribution on their own so that the Company assumes no financial obligation for its employees involving no risks to be attached.

[Principle 3-1 Full Disclosure]

(i) Company Objectives (e.g., business principles), Business Strategies and Business Plans

The Company's corporate philosophy, i.e., the behavioral mindset that all employees should share, as well as our medium-term management plan has been posted at the Company's website (URL: <https://www.ibiden.com/>).

(ii) Basic Views and Guidelines on Corporate Governance Based on Each of the Principles of the Code

Our basic policy on Corporate Governance is described in "1. Basic Views" above, and published on the Company's website and in Securities Reports.

(iii) Board Policies and Procedures in Determining the Compensation of the Senior Management and Corporate Directors

The policy on determining the amount and the calculation method of compensation for the Company's officers, as described below, was resolved at the 947th meeting of the Board of Directors of the Company held on February 26, 2021, in accordance with deliberations and reports by the Nomination/Remuneration Committee.

a. Policy on determining the amount and the calculation method of officers' compensation and the method of determination

The Group upholds the corporate philosophy that “We contribute to the progression of society through innovative technology, with respect for both individuals and the global environment.” Based on this philosophy, the Company has designed its officers’ compensation system in a way that clarifies management responsibilities while also providing an incentive toward improving our corporate value over the medium-to-long term through sustained growth.

The remuneration for the Company’s Corporate Directors who are not Audit and Supervisory Committee Members and Senior Executive Officers comprises (1) a fixed monthly remuneration, (2) bonuses, as performance-linked remuneration, and (3) stock compensation, at a ratio of roughly 50%, 35%, and 15%, respectively. The monthly remuneration for Corporate Directors who are not Audit and Supervisory Committee Members is calculated within the limits approved by the general meeting of shareholders, based on the remuneration table provided in the internal regulations according to their job positions, with broad consideration to their job responsibilities and external remuneration survey data, among others. The Board of Directors has resolved to subsequently re-entrust the determination of such remuneration to President & CEO (Takeshi Aoki, mainly in charge of overseeing overall business execution), who is best qualified to make a comprehensive assessment of each recipient including their job performance, in accordance with deliberations and reports by the Nomination/Remuneration Committee on individual payment amounts. In addition, bonuses are paid in cash once a year after the end of each fiscal year within the scope of a total amount based on a prescribed formula approved by the general meeting of shareholders. The amount allocated to each individual is determined based on the degree of contribution to the Company’s operations made by each Corporate Director who is not an Audit and Supervisory Committee Member. The Board of Directors has resolved to subsequently re-entrust the determination of such bonuses to President & CEO, who is best qualified to make a final assessment on the degree of contribution to the Company’s operating results made by each recipient, in accordance with deliberations and reports by the Nomination/Remuneration Committee on individual payment amounts. For this fiscal year, the amount of bonuses for Directors was calculated to be 134 million yen, and it was resolved at the Board of Directors meeting held on May 15, 2020 to pay the amount, in accordance with the Nomination/Remuneration Committee’s reports on the individual payment amount based on comprehensive deliberation taking into account the recipients’ job position and operating results of their departments.

The monthly remuneration for Senior Executive Officers is calculated based on the remuneration table provided in internal regulations according to their job positions, with broad consideration to the suitable balance with Corporate Directors who are not Audit and Supervisory Committee Members, evaluation of their individual job performance, and external remuneration survey data. The Board of Directors has resolved to entrust the determination of such remuneration to President & CEO in accordance with deliberations and reports by the Nomination/Remuneration Committee. In addition, bonuses are calculated based on the degree of contribution to the Company’s operating results made by each Senior Executive Officer, and the Board of Directors has resolved to entrust the determination of such bonuses to President & CEO in accordance with deliberations and reports by the Nomination/Remuneration Committee.

Outside Directors who are not Audit and Supervisory Committee Members and Members of the Audit and Supervisory Committee, being in positions independent of the execution of operations, are only paid fixed remuneration of a certain amount within the limits approved by the general meeting of shareholders.

b. Summary of the resolutions of the general meeting of shareholders regarding officers’ compensation

(1) At the 164th Ordinary General Meeting of Shareholders held on June 16, 2017, the amount of monthly remuneration for Directors who are not Audit and Supervisory Committee Members was resolved to be 30 million yen (not more than 5 million yen for Outside Directors (of whom there were three (3) at the time of

the resolution), and not more than 25 million yen for other Directors (of whom there were four (4) at the time of the resolution)) per month.

(2) At the 164th Ordinary General Meeting of Shareholders held on June 16, 2017, the total amount of bonuses to be paid to Corporate Directors who are not Audit and Supervisory Committee Members (of whom there were four (4) at the time of the resolution) was resolved to be the sum of 0.5% of profit attributable to owners of parent for each fiscal year and 1.6% of the annual dividends for such fiscal year (provided, however, that the sum shall not exceed 440 million yen annually, with any amount less than 1 million yen resulting from the calculation to be rounded off). As performance indicators for the calculation of the total amount of bonuses, profit attributable to owners of parent and the total amount of annual dividends have been adopted, as an indicator that functions as incentives toward the Group's sustained growth and the enhancement of corporate value, while also being linked to the interests of the shareholders.

(3) With regard to stock compensation for Corporate Directors who are not Audit and Supervisory Committee Members, a resolution was passed at the 164th Ordinary General Meeting of Shareholders held on June 16, 2017, to introduce a stock compensation plan using a trust for a period of three years, with the amount of cash contribution during the trust period limited up to 270 million yen, for Corporate Directors who are not Audit and Supervisory Committee Members (of whom there were four (4) at the time of the resolution), in order to clarify the link between the Company's stock value and the remuneration for Directors, and thereby elevate their awareness of contributing to improving medium- to-long-term operating results and increasing corporate value. Under the plan, points are granted according to the amount of payment calculated using a formula provided in internal regulations on the basis of the recipients' position and the amount of monthly remuneration and bonus for the previous fiscal year, converted at one point to one share, (provided, however, that the total number of points to be granted is limited to 100,000 points per fiscal year), and shares are accordingly granted to the recipients at the time of their retirement.

(4) At the 164th Ordinary General Meeting of Shareholders held on June 16, 2017, the amount of remuneration for Directors who are Audit and Supervisory Committee Members (of whom there were five (5) at the time of the resolution) was resolved to be not more than 13 million yen per month.

(iv) Policies and Procedures for Selection of Corporate Managers and Assignment of Director Candidates by the Board of Directors

Candidates for Corporate Management Members and Directors who are not Audit and Supervisory Committee Members are selected/assigned from the perspective of placing the right person in the right job, with due consideration given to the number of people that would enable precise and prompt decision-making and to a balance of knowledge, experience and skills among the Corporate Management Team/the Board of Directors overall. Candidates for Audit and Supervisory Committee Members are also selected/assigned from the perspective of placing the right person in the right job, with due consideration given to a balance among knowledge of accounting, tax and legal matters, knowledge about the Company's business, and other perspectives pertinent to corporate management. Given the above, the assignment for Audit and Supervisory Committee Member candidates is resolved by the Board of Directors after Audit and Supervisory Committee deliberates and agrees on it. The assignment for Corporate Director candidates, prior to a resolution of the Board of Directors, after it has been sufficiently deliberated by the Nomination/Remuneration Committee as an advisory body to the Board of Directors and reported to the Board of Directors. The standards for dismissal from a Corporate Director or a Senior Executive Officer is determined pursuant to Director and Senior Executive Officer Regulations; dismissal of Directors is resolved in the Shareholders Meeting and one of Senior Executive Officers is resolved in the Board of Directors Meeting following the standards and the deliberation by the Nomination/Remuneration Committee.

(v) Explanation of Individual Selection/Assignment when Selecting Corporate Managers and Assigning Director Candidates in accordance above (iv)

The career histories of Director candidates are included in the reference documentation for general meetings of shareholders. For Outside Director candidates, we include other information regarding the reasons for their selection and their degree of independence in addition to their individual career histories in the reference documentation for general meetings of shareholders. The nomination for Senior Executive Officers is resolved by the Board of Directors after the Nomination/Remuneration Committee deliberates and agrees on it.

[Supplementary Principle 4-1-1 Roles and Responsibilities of the Board of Directors]

The Company has established Rules of the Board of Directors to set down clear-cut agenda criteria stipulating what the Board of Directors itself may decide/approve in accordance with laws, regulations, and the Articles of Incorporation. For other decision-making and the execution of operations, regulations governing organizations, job classifications and division of duties have been established to clarify the scope, which a corporate management may execute.

[Principle 4-9 Qualification and Credentials for Independent Outside Directors]

In selecting an independent Outside Director who is not an Audit and Supervisory Committee Member, we place importance on a wealth of experience and a high level of knowledge regarding corporate management and our industry field, in addition to the requirements stipulated in the Companies Act and the criteria established by the financial instruments exchanges on which the Company is listed. In selecting an Outside Director who is an Audit and Supervisory Committee Member, we place importance on a wealth of experience and a high level of knowledge regarding financial affairs, accounting, and tax practice and law. The Company registers only those as independent Executives, who satisfy the above conditions and who pose no potential conflict of interest with general shareholders.

[Supplementary Principle 4-11-1 Overall Balance of Knowledge, Experience and Skill, Diversity, and Size of the Board of Directors]

In selecting Director candidates, to allocate a right person to right work, as a comprehensive deliberation, the sufficient number of the Board of Directors Members that enables the Board of Directors to make eligible and prompt decision and overall balance of knowledge, experience and skill among the members of the Board of Directors are considered while referring to the reports by the Nomination/Remuneration Committee.

[Supplementary Principle 4-11-2 Concurrent Service of Directors as Executives at Other Listed Companies]

The Company discloses information about important positions concurrently held by Directors, including positions at other listed companies, in our business reports and in the reference documentation for general meetings of shareholders.

[Supplementary Principle 4-11-3 Overview of Results of Analysis/Evaluation of Effectiveness of Board of Directors as a Whole]

The Company conducts annual analysis and evaluation to verify whether the Board of Directors functions effectively or not, with an aim to improve further function of the Board of Directors by continuing process

to take measures to remedy problems and strengthen advantages. Results of analysis and evaluation made in fiscal year 2019 are as below;

1. Evaluation Method

1) Between February and March in 2020, all Directors including Outside Directors and Audit and Supervisory Committee Members performed self-evaluations by answering questionnaires about effectiveness of the Board of Director's function, which is prepared by an administrative office in Strategic Corporate Planning Division for the Board of Directors.

2) Evaluation Items

The followings are the evaluation items:

- ① Effectiveness of discussion and deliberation
- ② Effectiveness of supervisory function
- ③ Effectiveness of leadership
- ④ Effectiveness of environment development status
- ⑤ Effectiveness of correspondence to shareholders and stakeholders
- ⑥ Effectiveness of organization of the board of directors

3) Evaluation Method

- ① Surveys were carried out by signatures
- ② Five-grade evaluation was applied as a measure for evaluation (5=Excellent, 3=Acceptable 1=unacceptable)
- ③ In the questionnaire result tabulation, questionnaires were separated into 2 categories, "Corporate Directors who are not Audit and Supervisory Committee Members," "Outside Directors who are not Audit and Supervisory Committee Members and Audit Supervisory Committee Members."
- ④ Regarding the questionnaire result, the Company intensively focused on analyzing the big differences between evaluation results from "Corporate Directors who are not Audit and Supervisory Committee Members" and those of "Outside Directors who are not Audit and Supervisory Committee Members and Audit Supervisory Committee Members."
- ⑤ Results of evaluation and analysis were disclosed to the Board of Directors, and the Board of Directors made resolution for evaluation results of effectiveness of the Board of Directors' function, on March 30, 2020.

2. Overview of Results of Analysis and Evaluation

As a result of questionnaire tabulation made by Corporate Directors, Outside Directors, Audit and Supervisory Committee Members rated all evaluation items listed in a preceding clause 2, as 3.5 points or

above. The results could be analyzed and evaluated as that the Board of Directors largely secured the effectiveness in its function.

On the other hand, the questionnaire results tabulation found that there were still tasks and room for improvements on the items below. The Company and the Board of Directors will place priority on those.

1) Challenges and Issues Recognized

- ① Establishment of an effective risk management structure that can support appropriate risk taking
- ② Arrangement of a system that enables Outside Directors to develop their further understanding of agendas with ample time to consider them in advance

2) Further Company Actions

- ① The Company holds an annual Enterprise Risk Management Promotion Committee Meeting, where risk awareness and the policy are shared with the Management based on Risk Management Regulations concurrently reviewing the prior activities for risk management based on the PDCA cycle. The Company also has established a framework where affiliated companies in Japan and overseas report to the Management on the necessary and timely information every two weeks since 2015 in order to understand the latest risk information. In addition, on a matter of utmost urgency such as COVID-19, the Company launches a task force led by President of Strategic Corporate Planning Operation, which acquires needed information and issues instructions throughout the Company. The task force reports to the Board of Directors and the Management on appropriate information concerning social conditions, policies and countermeasures on a timely basis. The Company is to establish more effective risk management system with collecting information, providing guidelines by the Headquarters and using chief area companies because there are level differences on risk management systems between main overseas manufacturing plants and small-scale locations.
- ② The Company has pursued steady implementations of a process that Outside Directors can share information at the earliest possible time introducing a fully secure file-sharing system since FY2018 followed by conventional explanation ahead of a board meeting by a head of the drafting of the proposal and administrators in advance on the day of the meeting. The Company intends to further improve environments in order to enhance the effectiveness of discussions with implementing share of exclusive materials and minutes of the Board Meeting in the process of the Board Meeting. When important issues in need of business judgement are provided, the administrators or a head of the drafting of the proposal explains properly with an ample amount of time in advance.

The Board of Directors will continuously improve the effectiveness of its function, with taking the results of evaluation including further tasks into their further considerations.

[Supplementary Principle 4-14-2 Guidelines on Training for Directors]

The Company has established a system to provide financial and other support to Corporate Directors to allow them to attend when necessary outside training sessions, seminars, etc., which will enable them to acquire the knowledge they need and better understanding of their roles and duties. The Company is encouraging newly assigned Company Directors who are not Audit and Supervisory Committee Members in particular to participate in courses for new directors to enhance their understanding of the knowledge needed in their positions. To enable full-time Audit and Supervisory Committee Members to play a key part in corporate governance, the Company has them participate in courses and study sessions conducted by the Japan Audit & Supervisory Board Members Association (JASBA) and other organizations as well as in outside

networking events so that they can acquire the knowledge they need as the members and better understand their roles and duties as the members. We are arranging courses on the Companies Act and other content suited to the circumstances at the time to be conducted by internal and external experts for Company Directors and Managing Officers who are not Audit and Supervisory Committee Members and Senior Executive Officers.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The Company provides explanatory meetings and opportunities for separate dialogues on a proactive and reasonable basis in an effort to contribute greatly to the sustainable growth of the Company and the value of the Company over the medium-to-long term. The Company also discloses the policy on improving the system in order to develop constructive dialogues with the shareholders, after examined and approved by the Board of Directors.

i) The Managing Director in charge of the Strategic Corporate Planning Operation oversees the Company's IR activities as the Executive responsible for IR, with Strategic Corporate Planning Operation serving as the principal division responsible for these activities.

ii) The Company is actively committed to dialogues with shareholders and investors through results briefings and other means. The Executive responsible for IR, the Corporate Planning Group, the Finance Group, the Legal Group and the General Affairs Group cooperate with each other in order to share the information certainly.

iii) The Company's principal IR activities are as follows:

- ① Annual Ordinary General Meeting of Shareholders is chaired by President & CEO.
- ② Biannual Results Meetings for Analysts and Institutional investors are conducted by President & CEO after the second-quarter and full-year financial statements are released.
- ③ Press Briefings are held quarterly.
- ④ The Company accordingly participates in IR forums hosted by securities companies; Briefings for Overseas Investors are conducted by President & CEO then.
- ⑤ IR-related materials such as information of Results Briefings, summaries of Financial Results, Notices of Ordinary General Meetings of Shareholders, timely disclosures, press releases, Integrated Reports and Securities Report are posted on the Company website.

iv) The Company strives to provide feedback as needed to the President & CEO as well as to relevant directors and organizations on the opinions expressed by shareholders in dialogues in order to share/utilize the information.

v) The Company controls access to insider information by limiting dialogues with investors during silent periods between quarterly settlement dates and quarterly results announcements, and by carefully managing insider information in accordance with in-house disclosure rules and guidelines for managing insider trading. We also use the IBIDEN Standards for Employee Behavior to educate all company employees on points to bear in mind when handling insider information.

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2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	14,753,118	10.55
The Master Trust Bank of Japan ,Ltd. (Trust Account)	13,120,000	9.38
DENSO Corporation	7,712,900	5.51
Toyota Industries Corporation	6,221,500	4.45
The Ogaki Kyoritsu Bank, Ltd.	4,150,000	2.97
The Juroku Bank, Ltd.	4,130,200	2.95
IBIDEN Partner Shareholding Association	4,091,204	2.92
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,188,800	2.28
IBIDEN Employee Shareholding Association	2,992,337	2.14
TAIJU LIFE INSURANCE COMPANY LIMITED	2,539,700	1.82
Controlling Shareholder (except for Parent Company)	-	
Parent Company	Nil	

[Supplementary Explanation]

The listing of major shareholders is based on the shareholder registry as of March 31, 2020.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section Nagoya 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	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 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

Organization Form

Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	23 including 7 or under Directors who are Audit and Supervisory Committee Members
Term of Office Stipulated in Articles of Incorporation	1 year for Directors who are not Audit and Supervisory Committee Members 2 years for Directors who are Audit and Supervisory Committee Members
Chairperson of the Board	Company Chairperson
Number of Directors	12 including 5 Directors who are Audit and Supervisory Committee Members
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Chiaki YAMAGUCHI	From another company									△			
Toshio MITA	From another company									△			
Noriko ASAI	Academic												○
Fumio KATO	Tax Accountant												○
Masaki HORIE	CPA												○
Nobuko KAWAI	Attorney-at-Law												○

*Categories for "Relationship with the Company"

*"○" When the director presently falls or has recently fallen under the category;

"△" When the director fell under the category in the past

*"●" When a close relative of the director presently falls or has recently fallen under the category;

"▲" When a close relative of the director fell under the category in the past

a. Executive of the Company or any of its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of an affiliate (subsidiary of the Company's parent company) of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. 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)

i. Executive of a company, between which the Company's Outside Directors/*kansayaku* 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)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Chiaki YAMAGUCHI	○	<p>As Representative Director & Senior Vice President of Toyota Industries Corporation until June 2015, Mr. Yamaguchi was engaged in the execution of operations for that company. Although our company has sold products to Toyota Industries Corporation, these sales accounted for less than 2% of our company's sales for fiscal year 2019. Thus, that was deemed insignificant.</p>	<p>Mr. Yamaguchi suitably provides advice and oversight based on his plentiful and wide-ranging experience and knowledge in corporate management and other fields, and he also satisfies the criteria for Independent Director. Given that he presents no potential conflict of interest with general shareholders, we are convinced that we can count on him to contribute to appropriate corporate governance at our company and expect him to offer advice on our standards of conduct.</p>
Toshio MITA	○	<p>As President & CEO, Representative Director of Chubu Electric Power Co., Inc. until June 2010, Mr. Mita was engaged in the execution of operations for that company. Although our company has consumed their electric power and had business based on renewable energy feed-in tariffs (FIT). The amount accounted for less than 2% of our company's sales for fiscal year 2019. Thus, that was deemed insignificant. Mr. Mita is also serving now as Advisor to Chubu Electric Power Co., Inc., Auditor for Nagoya Railroad Co., Ltd., and Auditor of CBC Television Co., Ltd. with</p>	<p>Mr. Mita suitably provides advice and oversight based on his plentiful and wide-ranging experience and knowledge in corporate management and other fields, and he also satisfies the criteria for Independent Director. Given that he presents no potential conflict of interest with general shareholders, we are convinced that we can count on him to contribute to appropriate corporate governance at our company and expect him to offer advice on our standards of conduct.</p>

which he is not involved in the execution of operations.

Noriko ASAI

○

Ms. Asai has been engaged in CKD Corporation as an incumbent Outside Director. Although our company has sold products to CKD Corporation through a specialized trading company, these sales accounted for less than 2% of our company's sales for fiscal year 2019. Thus, that was deemed insignificant.

Ms. Asai can suitably provide advice and oversight based on her plentiful and wide-ranging experience and acquirement on business science in execution of business as Scholar. She also meets the requirements of Independent Director. Given that she presents no potential conflict of interest with general shareholders, we are convinced that we can count on her to contribute to appropriate corporate governance at our company and expect her to offer advice on our standards of conduct.

Fumio KATO

○

None

Mr. Kato can provide insights and oversight of company operations based on his wealth of knowledge and experience in tax-related matters as Tax Accountant. He also meets qualifications for Independent Director. Given that he presents no potential conflict of interest with general shareholders, we are convinced that we can count on him to contribute to appropriate corporate governance at our company and expect him to offer advice on our standards of conduct.

Masaki HORIE

○

Mr. Horie has been engaged in Futaba Industrial Co. Ltd., as an incumbent non-executive Outside Director. Although our company has sold products to Futaba Industrial Co. Ltd., these sales accounted for less than 2% of our company's sales for fiscal year 2019. Thus, that was deemed insignificant.

Mr. Horie can provide insights and supervise company operations based on the expertise with his high-level wealth of knowledge and experience as Certified Public Accountant. He also meets qualifications for Independent Director. Given that he presents no potential conflict of interest with general shareholders, we are convinced that we can count on him to contribute to appropriate corporate governance at our company and

Nobuko KAWAI



Ms. Kawai has been engaged in FUJI Corporation as an incumbent Outside Director. Although our company has sold products to FUJI Corporation through a specialized trading company, these sales accounted for less than 2% of our company's sales for fiscal year 2019. Thus, that was deemed insignificant.

expect him to offer advice on our standards of conduct. Ms. Kawai can provide insights and supervise company operations based on the expertise with her high-level wealth of knowledge and experience as Attorney. She also meets qualifications for Independent Director. Given that she presents no potential conflict of interest with general shareholders, we are convinced that we can count on her to contribute to appropriate corporate governance at our company and expect her to offer advice on our standards of conduct.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	5	2	2	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee

Nil

Reason to Adaption of the Current Corporate Governance System

The Company has appointed two (2) full-time Audit and Supervisory Committee Members. Now therefore, the Company considers that Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee is not needed.

Cooperation among Audit and Supervisory Committee, Accounting Auditors and Internal Audit Departments

Audit and Supervisory Committee holds a consultative meeting with Accounting Auditor and Internal Audit Division on a quarterly basis, and collaborates with them in conducting audits of our company and group companies in accordance with all applicable laws, regulations, and rules.

[Voluntary Establishment of Nomination/Remuneration Committee]

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
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination/Remuneration Committee	Nomination/Remuneration Committee
All Committee Members	6	6
Full-time Members	-	-
Inside Directors	3	3
Outside Directors	3	3
Outside Experts	-	-
Other	-	-
Chairperson	Outside Director	Outside Director

Supplementary Explanation

One Inside Director, who is an Audit and Supervisory Committee Member, participates in the Committee as an observer without a voting right.

[Independent Directors]

Number of Independent Directors	6
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Matters relating to Independent Directors

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[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration, Other
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Supplementary Explanation

As the compensation for Directors who are not Audit and Supervisory Committee Members, the Company adopts the fixed monthly salary, the bonus and the performance-linked remuneration as incentives. As the compensation for Outside Directors who supervise the company operations and Audit and Supervisory Committee Members, the Company adopts solo fixed compensation plan. The monthly salary for Directors who are not Audit and Supervisory Committee Members is based on internal regulations with respective Directors' position and work patterns and is also entrusted to President & CEO in accordance with deliberations and reports by the Nomination/Remuneration Committee, which is resolved by the Board of Directors. The amount of bonus for Directors who are not Audit and Supervisory Committee Members is calculated on the basis of their performances and contribution under the amount resolved at shareholders

meetings and entrusted to President & CEO in accordance with deliberations and reports by the Nomination/Remuneration Committee, which is resolved by the Board of Directors. Since FY 2017, Stock Compensation has been introduced as a performance-linked stock compensation plan in which points shall be granted according to their positions in order to define correspondence between the stock value of the Company and their performance and accumulated points shall be distributed when they retire as Directors, etc.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

Partial Individual Disclosure

Supplementary Explanation

Individual remuneration for officers who have a total amount of consolidated remuneration etc. of 100 million yen or more is disclosed on the financial statement.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

It is written in (iii) Board of Policies and Board Policies and Procedures in Determining the Compensation of the Senior Management and Corporate Directors, Principle 3-1 of "Disclosure Based on the Principles of the Corporate Governance Code."

[Supporting System for Outside Directors]

The Company has introduced the system that provides Outside Directors with information at the stage of the basic outline of agendas of Board of Directors meetings, which enables them to sufficiently consider the relevant matters beforehand. Moreover, a proposing Director or the Secretariat of the Board of Directors provides explanations to the Outside Directors prior to the meetings by the Board of Directors if an agenda is concerning capital investments with high specialties.

[Status of Retired Representative Directors and Presidents, others]

Names, etc. of Advisers and Counselors, etc. Formerly Served as Representative Directors and Presidents, etc.

Name	Position	Responsibilities	Form and Conditions of Work (Full-time/Part-time; Compensation, etc.)	Date of Retirement as President, etc.	Term of Employment
Junichiro TAGA	Honorary Advisor	Activities of various economic bodies and industry groups and social contribution activities (not involved in management)	Form of Work: Part-time Compensation: No	June 27, 1991	-

Yoshifumi IWATA	Supreme Advisor	Activities of various economic bodies and industry groups and social contribution activities (not involved in management)	Form of Work: Part-time Compensation: Yes	March 31, 2007	-
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Total number of Advisors, etc. formerly served as Representative Directors and Presidents, etc.	2
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Other Matters

The Advisors are not involved in the Company's management while engaging social contribution to activities of economic bodies and industry groups by their talents nurtured by the Company during their office. When the Company appoints Advisors and Councilors, it will consult Nomination Committee to ensure objectivity and transparency in the selection by the Board of Directors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

[Overview of Current System and Reasons for Adopting Current System]

To ensure fair and transparent company management, six (6) Outside Directors attend Board of Directors meetings and there provide advice on company management. For fair and transparent procedures applied to nominate these Outside Directors and to determine their compensation, the Company has voluntarily established the Nomination/Remuneration Committee. An Executive Officer System has been introduced to permit rapid management decision-making and quicker execution of operations, which can clarify each role for Executive Directors and Senior Executive Directors and can get the right person in the right place with flexibility and mobility. The Audit and Supervisory Committee has also been given robust check-and-balance functions to help them monitor decision-making by the Board of Directors and the execution of operations by representative Directors.

[Items Pertaining to Outside Directors]

The Company has taken the steps necessary to ensure that six (6) Outside Directors are assigned and permitted to provide needed insights on the agenda and deliberations of Board of Directors meetings so that they can contribute to appropriate corporate governance at the Company and offer advice on our standards of conduct.

[Efforts to Strengthen the Functions of Audit and Supervisory Committee Members]

Audit and Supervisory Committee Members attend the Board of Directors meetings and other important meetings and audit Directors' performance of their professional duties, and full-time Audit and Supervisory Committee Members collaborate with Internal Audit Division and Accounting Auditor in conducting audits of the Company and the Group companies in accordance with all applicable laws and regulations and rules. The presence of three (3) Outside Audit and Supervisory Committee Members with a considerable level of knowledge in financial affairs, accounting, and tax practice and law suitably ensures that the above functions are performed.

[Posting of Information on Securing Independent Directors]

The Company has determined that Mr. Yamaguchi, Mr. Mita and Ms. Asai as Outside Directors and Mr. Kato, Mr. Horie and Ms. Kawai as Outside Audit and Supervisory Committee Members present no potential conflict of interest with general shareholders and, convinced that we can count on them to contribute to appropriate corporate governance at the Company and to offer advice on our standards of conduct, we have assigned them as Independent Directors.

3. Reasons for Adoption of Current Corporate Governance System

We have assigned six (6) Outside Directors including three (3) Audit and Supervisory Committee Members to ensure that the Company's managerial decision-making is fair and transparent.

The Company has made a transition to a Company with Audit and Supervisory Committee gaining in June 2017, to make more swift decision-making structure and an additional layer of strength in the supervisory functions by the Board of Directors who is Audit and Supervisory Committee Members with voting rights.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Notices are sent out early to inform shareholders about the meeting well in advance.
Scheduling AGMs Avoiding the Peak Day	General meetings of shareholders are held outside of concentrated days to allow as many shareholders as possible to attend the general meeting of shareholders.
Allowing Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet and mobile phone.
Participation in Electronic Voting Platform	The Company participates in the voting rights electronic exercise platform for institutional investors run by ICJ Co., Ltd.
Providing Convocation Notice in English	English-language versions of notices are posted on our English-language website.
Other	Notices are posted in both Japanese and English on our websites and on the platform by 1 week before they are mailed out to shareholders.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Disclosure rules have been established but not made publicly available.
Regular Investor Briefings for Individual Investors	—
Regular Investor Briefings for Analysts and Institutional Investors	We hold biannual briefings for analysts and institutional investors after the announcements of both interim results and year-end financial statements.
Regular Investor Briefings for Overseas Investors	The Company accordingly participates in IR forums hosted by securities companies.
Posting of IR Materials on Website	We post information of Results Briefings, summaries of Financial Results, Notices of Ordinary General Meetings of Shareholders, timely disclosures, press releases, Integrated Reports and Securities Report on the Company's website.

Establishment of Department and/or Manager in Charge of IR	Strategic Corporate Planning Division in Strategic Corporate Planning Operation
Other	As a general rule, all briefing information is translated into English and promptly disclosed either at the same time or after the Japanese-language information is disclosed.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Respect for our stakeholders is explained in the IBIDEN Standards for Employee Behavior and in the IBIDEN Social Responsibility Management Standards.
Implementation of Environmental Activities, CSR Activities etc.	We prepare Integrated Report as ESG detailed information, which are made publicly available on the Company's website.
Development of Policies on Information Provision to Stakeholders	Disclosure guidelines have been established in keeping with our Disclosure Rules.
Other	—

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

<p>(1) System to ensure that the performance of professional duties by directors and employees complies with laws, regulations and the Articles of Incorporation</p> <p>① The Group's basic compliance policy requires full compliance with domestic and foreign laws and regulations, the Articles of Incorporation, in-house regulations and corporate ethical standards (hereinafter, "compliance") by all executives and employees in order to become a Group earning the trust of the international community through its open and fair corporate activities.</p> <p>② The compliance promotions above will be implemented by the Division Manager appointed by the Executive Officer, who will report to the Corporate Compliance Promotion Committee chaired by President & CEO.</p> <p>③ The Group has established proper reporting lines as well as multiple compliance consultation desks. Executives and employees may report in their own names either to the person in charge at the compliance consultation desk or anonymously to outside specialists.</p> <p>④ When a compliance-related problem arises, the Compliance Committee chaired by the Division Manager will be convened to deliberate on how to respond to or resolve the matter and on how to prevent recurrences and serious problems – particularly those involving Directors – will be reported to the Board of Directors.</p> <p>⑤ The Company discloses information pertaining to management of the Group in a fair, timely and appropriate manner. The Company also exercises strict control of matters to ensure appropriateness and reliability of statements on finance and accounting.</p> <p>⑥ Six (6) Outside Directors have been assigned and granted robust check-and-balance functions to ensure the legality of Directors' performance of their professional duties at the Company.</p> <p>(2) Systems for saving and managing information relating to Directors' performance of their professional duties</p>
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Information, documents and other materials relating to resolutions by the Board of Directors, decisions on the execution of operations by Directors and oversight of the same, etc. will be suitably saved and managed in compliance with the Company Regulations.

(3) Regulations on managing the risks of loss, and other systems

- ① The Group has a basic risk management policy to enable the Group to continue by analyzing the various risks surrounding its business operations to ensure the safety of shareholders, customers, and executives and employees, reducing losses of management resources and preventing recurrences.
- ② The Group will actively engage in risk management activities, which will be implemented by the Division Manager, appointed by the Executive Officer in charge of the Division, and will be reported to the Corporate Risk Management Promotion Committee chaired by the President & CEO.
- ③ If an internal audit uncovers an action taken in the course of executing operations that presents a risk of loss, the Executive Officer in charge of the Strategic Corporate Planning Operation will issue instructions for measures to be promptly taken in order to prevent such loss. Should a large-scale accident or disaster occur, the Executive Officer would immediately establish a task force and endeavor to minimize the loss.

(4) System for ensuring that Directors perform their professional duties efficiently

- ① The performance targets and budgets based on the consolidated medium-term management plan as well as the Group's fiscal year plans formulated each year based on this management plan are presented and the Executive Officers placed in charge of the execution of operations at each of the business groups undertake activities to achieve the targets established for each line. The Executive Officer in charge of the Strategic Corporate Planning Operation periodically verifies whether progress is being made toward the established targets in accordance with the performance reports through performance reports from the respective Executive Officers at Management Council Meetings.
- ② All the matters to be discussed items for the Board of Directors or Management Council Meetings are without fail placed on the respective agendas.
- ③ Authority for the day-to-day performance of professional duties is appropriately delegated in accordance with the regulations governing organizations, job classification and division of duties as well as regulations on administration authority. Professional duties are also performed properly and efficiently by persons endowed with decision-making authority in accordance with the decision-making standards set out in the approval regulations.

(5) System to ensure the propriety of operations in the corporate grouping comprising the Company and its subsidiaries

- ① Strategic Corporate Planning Operation is an organization responsible for overseeing and managing internal control at all of the Company's subsidiaries and it collaborates with other internal control promotion organizations to provide guidance and support to all of the subsidiaries.
- ② The Company has adopted a system by which the execution of important operations by the Directors or the Boards of Directors of subsidiaries are reported in advance to the Company. Moreover, decision-making is properly carried out at the Company in accordance with the Group's regulations on managing corporate decision-making.
- ③ The division manager appointed by the Executive Officer in charge of the Internal Audit Division satisfactorily exchanges information with the internal audit offices of subsidiaries or with the Directors in charge of organizations corresponding to such offices and thereby ensures the effectiveness of the Group internal audit system.

(6) Relevant items required to make the Audit and Supervisory Committee's audit system effective

- ① No employees have been assigned at present to assist the Audit and Supervisory Committee with their duties. Should the Audit and Supervisory Committee request an assistant be assigned to help out with his/her duties, a full-time or concurrently assigned assistant will be assigned.
- ② The assignment and personnel change of an assistant in question will require the consent of the Audit and Supervisory Committee. The assistant will perform his/her duties under the direction of the Audit and Supervisory Committee.
- ② Executives, employees, etc., must report and provide information on serious violations of laws, regulations or the Articles of Incorporation or illegal actions occurring in the course of the performance of professional duties, facts that could cause significant harm to the Company in compliance with the Rules of the Audit and Supervisory Committee set out by the Audit and Supervisory Committee. The Company may never mete out disadvantageous treatment for the provision of such information to the Audit and Supervisory Committee by executives, employees, etc.
- ④ The Company has a system in place by which executives, employees, etc., can request the attendance of the Audit and Supervisory Committee at various meetings when deemed necessary to ensure the operations are being conducted properly and to enable the Audit and Supervisory Committee to ascertain directly the circumstances of deliberations and reports. The Audit and Supervisory Committee will meet periodically with the representative Director and audit firms to exchange views.
- ⑤ When deemed necessary by the Audit and Supervisory Committee, the Company will allocate the funds for hiring an attorney, a certified public accountant, a consultant, or other outside advisor to support the Audit and Supervisory Committee's audits.

(7) Others

To satisfy the requirements of the Financial Instruments Exchange Act on establishing internal control for financial reporting, the Company reviews and administers our internal control system to ensure the propriety of financial reports as the Group, establish systems for monitoring and internal audits in order to ensure their reliability, and consistently undertakes promotion activities in line with the Company's basic plan and policies.

2. Basic Views on Eliminating Anti-Social Forces

(1) Basic approaches to excluding anti-social forces

The Group's fundamental policy in this regard, as clarified in the IBIDEN Standards for Employee Behavior, is that all executives and employees must adopt a resolute attitude in opposition to anti-social forces and groups and pay careful attention to prevent any actions that might violate laws or corporate ethical standards.

(2) Efforts to exclude anti-social forces

- ① The IBIDEN Standards for Employee Behavior stipulates that employees contacted by anti-social forces/groups or aware of potential trouble for the Company at the hands of such forces/groups should avoid dealing with these issues personally and should instead immediately consult with the organizations responsible for dealing with such matters. Executives and employees are being thoroughly familiarized with this policy through compliance education.
- ② The organizations responsible for dealing such matters will be the Strategic Corporate Planning Operation and the Personnel & General Affairs Division, both of which will designate persons responsible for thwarting unreasonable demands.
- ③ The Company keeps in close contact at all times with our consulting attorney and with the competent police units to handle unreasonable demands from anti-social forces. We also participate regularly in liaison meetings held by the police as one means of collecting/managing information on anti-social forces.

[Outline of Internal Timely disclosure system (chart)]

[Chart of IBIDEN Group’s Internal Timely Disclosure System]

